Company Registration No. 03958217 (England and Wales)

INTELLIGENT ENERGY LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

INTELLIGENT ENERGY LIMITED

COMPANY INFORMATION

Directors	D I Woolhouse C D Dudfield P A Spall T D Shakerchi
Secretary	P A Spall
Company number	03958217
Registered office	Charnwood Building Holywell Park Ashby Road Loughborough Leicestershire LE11 3GB
Auditor	RSM UK Audit LLP Chartered Accountants Suite A 7th Floor, East West Building 2 Tollhouse Hill Nottingham NG1 5FS

The Directors present their Strategic Report for the year ended 31 December 2021.

Review of business
Intelligent Energy remains well placed to grow in expanding fuel cell markets. During 2021 the Company and its subsidiaries (the "Group") continued the process, started in 2019, of developing and enhancing a range of fuel cell products based on its long-standing fuel cell technologies developed by the Company over more than two decades. Significant progress was achieved in the Group's strategy to manufacture and market a range of robust modular PEM fuel cell products in the range 1kW to 300kW.

The main addressable markets have been identified as heavy-duty transport, aerospace, passenger vehicles, light commercial vehicles, warehouse trucks/AGVs, standby power, mini-grids, utility/inspection, and package delivery. The demand in all markets continued to increase in 2021, and the Company is well placed to grow rapidly as the development of its products completes.

Revenue for the year was £5.9m (2020: £5.7m). Whilst only a small increase on the prior year this represented a pleasing performance given the continuing challenges of the COVID-19 pandemic and unprecedented electronics supply chain disruption. Strong progress was made in commercial relationships and sales opportunities across all product ranges giving us confidence for the future.

Investment in R+D continued to grow, resulting in 20 patents filed. The development of stack technology underpinning the products resulted in class-leading performance for power density and reliability.

Work continues on two major collaboration programmes with UK government support. With Changan UK a 100kW fuel cell engine will be fitted in an SUV. With GKN Aerospace a very high-power density fuel cell will be developed as part of a full regional aircraft solution to the net zero challenge.

The Directors primarily use adjusted EBITDA to monitor performance as this most closely reflects operating cash flow. This is measured as earnings before interest, tax, depreciation, amortisation, impairment, and exceptional items. On this measure, adjusted EBITDA for the period was a loss of £12.6m (2020: loss of £12.6m), which was in line with expectations. Losses are anticipated in the short term as the business continues to invest heavily in its products and their commercialisation.

The total loss for the year was £13.2m (2020: loss of £14.8m), the year-on-year improvement attributable to continued focus on overhead cost control and receipt of a one-off R&D tax credit.

As in the prior year the COVID-19 pandemic had a negative impact on supply chain availability and the Company's ability to interact with customers. The Company continued to adapt its operations to enable it to deliver its commitments to customers' product development targets. Measures implemented were continually reviewed to ensure a COVID-compliant workplace for the safety of employees, contractors, and visitors.

Continued support and investment from the parent group maintains the funding necessary to commercialise the Company's technology. The cash and cash equivalent balance increased to £20.9m (2020: £9.3m) due in the main to the timing of additional funding.

The Board has approved a combined capital investment of c£10m to increase production and test capacity. Planning to increase production capacity from £50m to £500m continues.

Regular dialogue with the UK Government around alignment and support in developing the 'Hydrogen Economy' is ongoing. This level of engagement and support of initiatives is echoed by governments around the world. The hydrogen fuel cell is the engine of the Hydrogen Economy, and the Directors believe that Intelligent Energy has technology which offers significant advantages to customers in terms of power density and performance.

Business KPIs
The Board has assessed that the following metrics are relevant in tracking commercialisation of the Group's activities towards fulfilling the Group's long-term objectives:

1. Revenue. Revenue in the period increased by 2.5%, limited by the continued impact of the COVID-19 pandemic. Progress continued on the strategic transition from providing purely R&D services to focusing more on the development of standard fuel cell products and sales into developing commercial applications.
2. Adjusted EBITDA. Adjusted EBITDA losses were broadly flat on an annualised basis compared with the prior year, continued investment in people resources was offset by overhead cost savings.
3. Cash and liquidity. Average cash used in operations was in line with the prior year. Liquidity is maintained by additional investment by the parent group.

Future developments
The Group anticipates the continued manufacture and selling of units in the automotive, aerospace, heavy duty, materials handling, UAV, and stationary power markets within the coming year. It is already clear that 2022 will be significantly impacted by supply shortages of electronics components but the increased focus on clean power around the globe, the level of customer demand and the progress of the technology all provide reasons for confidence in the years beyond. Planning to increase production capacity from £50M to £500M continues.

Principal risks and uncertainties
Intelligent Energy reviews its risk profile on a regular basis. The main risks and uncertainties being associated with the relative immaturity of the fuel cell market and the Group's ability to deliver certified products and secure customer contracts both in the short and longer term. That said, the Group is well placed to take advantage of any future market growth as it continues to commercialise its technology, and further develop its product range and commercial relationships with customers.

There is a risk that any future growth may be constrained by production capacity. The Group continues to monitor options for volume manufacturing solutions and remains agile to the need to invest at the appropriate time, whether in the UK or elsewhere.

The Group is dependent on proprietary technology underpinned by intellectual property (IP). There is a risk that the Group may not be able to obtain, maintain, defend, or enforce those IP rights. The Group registers its IP rights where appropriate to aid enforcement and to protect against infringements and challenges. IP boundaries and ownership rights are an integral part of all contract negotiations and is covered by the Group's in-house IP specialist provision.

While these risks are focused on the year ahead, they are also relevant for the medium to longer term and in order to mitigate will need further investment, which is fully supported by the parent group.

Financial risk management
The Directors monitor the risks facing the Group with reference, in the year under review, to the exposure to liquidity risk, with suitable policies and procedures in place to mitigate where appropriate and feasible. The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade debtors and trade creditors, which arise from its operations.

Liquidity risk – The Group meets its day-to-day working capital requirements through its cash resources. The current position of the Group and its development plans result in cash consumption which is financed by the parent group.

Financial risk management (continued)
Credit risk – Credit risk arises in respect of amounts receivable from customers and amounts on deposit with banks. Credit risk in respect of customers is limited due to the nature of the Group's significant customers, primarily large corporations, and government bodies. Credit risk in respect of banks is managed by limiting deposits to banks with strong credit ratings.

Currency risk – The Group is international, operating in Asia, Middle East, Europe, Africa, and the Americas. Receipts and purchases are in different currencies, potentially impacting profitability when converted. Currency fluctuations are routinely reviewed, and appropriate policies adopted when necessary.

Approved by the Board of Directors and signed on behalf of the Board by

DWoolhouse

D I Woolhouse
Director
28/09/22

INTELLIGENT ENERGY LIMITED

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and the financial statements of the Group for the year ended 31 December 2021.

Principal activities
The principal activity of the Group continues to be that of developing fuel cell technology to commercialise products for sale.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A H I Ball	(Resigned 16 July 2021)
D I Woolhouse	
C D Dudfield	(Appointed 1 July 2021)
P A Spall	(Appointed 1 October 2021)
T D Shakerchi	(Appointed 1 October 2021)

Results and dividends
The results for the year are set out on page 11.

Qualifying third-party indemnity provisions
The Group has made qualifying third-party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

Research and development
The Group continues to make investment into research and development activities to develop PEM fuel cells and PEM fuel cell systems. Included in the year was £2.3m (2020: £2.8m) charge in relation to this.

Branches outside the UK
The Group has a French branch as part of the development work undertaken with the French Alternative Energies and Atomic Energy Commission in Grenoble. The branch is currently in the process of being closed.

Employees
The Group attaches significant importance to good employee relations, employee engagement and employee development. The Group recognises it's responsibilities for the fair treatment and equality of opportunity for all current and future employees in accordance with legislation applicable to the territories in which the business operates.

The Group is committed to promoting equality and diversity and eliminating discrimination in all aspects of its employment and business. Its aim is to develop an environment that is free from discrimination where all individuals can freely contribute their skills and are encouraged to develop to their full potential.

In the event of disability, every effort is made to ensure that employment continues, and appropriate adjustments are made, and training given. Career development and promotion of disabled people is, as far as possible, identical to that of other employees.

Going concern

Intelligent Energy continues to receive funding from its parent Group with £25.0m being received in 2021 as a loan from Meditor European Master Fund Limited ("MEMFL"), the owner of the Company's immediate parent company, which is repayable on demand and does not incur interest.

The Directors have prepared a cash flow forecast for the 12-month period from the date of approval of these accounts which indicate, taking account of reasonably possible downsides, the Group will have sufficient funds through additional funding from MEMFL, to meet it liabilities as they fall due for the period. Those forecasts are also dependent on MEMFL not seeking repayment of the loan amounts currently due of £25m.

MEMFL has provided a letter of support to Intelligent Energy Limited which indicates its intentions to continue to make available such funds as are needed by the Group. The Directors acknowledge that there can be no certainty that this support from MEMFL will continue although, at the date of approval of these accounts, they have no reason to believe that it will not do so.

The Directors remain confident that following the £25m injection in 2021 and continued support from MEMFL, the Group has the necessary means to meet its financial commitments and has the ability to control costs to offset any shortfalls in revenue.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of the approval of the accounts and consequently have prepared the accounts on a going concern basis.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic Report

The Group has chosen in accordance with the Companies Act 2006, s.414C(11) to set out in the Group's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of a review of the business, its principal risks, financial risks, post balance sheet events and future developments.

Statement of disclosure to auditor

As far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Group's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Group's auditor is aware of that information.

On behalf of the Board

DWoolhouse

D I Woolhouse
Director

28/09/22

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTELLIGENT ENERGY LIMITED

Opinion
We have audited the financial statements of Intelligent Energy Limited (the 'parent company') and its subsidiaries (the "group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the group is in compliance with these laws and regulations.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- Testing manual journal entries and other adjustments;
- Evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; and
- Cut-off testing and other substantive testing procedures to validate revenue recognition throughout the year.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Neil Stephenson

Neil Stephenson (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A
7th Floor, East West Building
2 Tollhouse Hill
Nottingham
NG1 5FS

28/09/22

INTELLIGENT ENERGY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	5,897	5,657
Cost of sales		(7,304)	(6,109)
Gross loss		(1,407)	(452)
Administrative expenses		(12,060)	(13,106)
Exceptional administrative expenses	9	(366)	(989)
Operating loss		(13,833)	(14,547)
Interest receivable	7	49	20
Loss before taxation	4	(13,784)	(14,527)
Taxation	8	552	(260)
Loss for the period		(13,232)	(14,787)
Other comprehensive income			
Exchange differences on foreign currency translation		(3)	(5)
Total comprehensive income for the period		(13,235)	(14,792)

Total comprehensive income arises from continuing activities.

INTELLIGENT ENERGY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9		5,782		5,982
Tangible assets	10		1,653		967
			7,435		6,949
Current assets					
Stocks	12	2,515		1,371	
Debtors	13	3,872		4,697	
Cash at bank and in hand	14	20,931		9,293	
		27,318		15,361	
Creditors: amounts falling due within one year	15	(30,816)		(5,138)	
Net current (liabilities)/assets			(3,498)		10,223
Total assets less current liabilities			3,937		17,172
Capital and reserves					
Called up share capital	17		1,825		1,825
Share premium account	18		14,925		14,925
Profit and loss reserves	18		(12,813)		422
Total equity			3,937		17,172

The financial statements were approved by the Board of Directors and authorised for issue on 28/09/22 and are signed on its behalf by

DWoolhouse

D I Woolhouse
Director

INTELLIGENT ENERGY LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Intangible assets	9		5,782		5,982
Tangible assets	10		1,653		967
Investments	11		-		-
			7,435		6,949
Current assets					
Stocks	12	2,515		1,371	
Debtors	13	3,866		4,696	
Cash at bank and in hand	14	20,847		9,214	
		27,228		15,281	
Creditors: amounts falling due within one year	15	(31,087)		(5,413)	
Net current (liabilities)/assets			(3,859)		9,868
Total assets less current liabilities			3,576		16,817
Capital and reserves					
Called up share capital	17		1,825		1,825
Share premium account	18		14,925		14,925
Profit and loss reserves	18		(13,174)		67
Total equity			3,576		16,817

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income. The company's loss for the year was £13,282,000 (2020: £15,082,000) and total comprehensive income for the period was £(13,241,000) (2020: £(15,124,000)).

The financial statements were approved by the Board of Directors and authorised for issue on 28/09/22 and are signed on its behalf by

DWoolhouse

D I Woolhouse
Director

INTELLIGENT ENERGY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Group	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 31 December 2019	1,750	-	15,214	16,964
Year ended 31 December 2020:				
Loss for the year	-	-	(14,787)	(14,787)
Effect of foreign currency translation differences	-	-	(5)	(5)
Total comprehensive income for the year	-	-	(14,792)	(14,792)
Transactions with owners:				
Capitalisation of merger reserve	75	14,925	-	15,000
Balance at 31 December 2020	1,825	14,925	422	17,172
Year ended 31 December 2021:				
Loss for the year	-	-	(13,232)	(13,232)
Effect of foreign currency translation differences	-	-	(3)	(3)
Total comprehensive income for the year	-	-	(13,235)	(13,235)
Balance at 31 December 2021	1,825	14,925	(12,813)	3,937

INTELLIGENT ENERGY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Company	Share capital	Share premium account	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
Balance at 31 December 2019	1,750	-	15,191	16,941
Year ended 31 December 2020:				
Loss for the year	-	-	(15,082)	(15,082)
Effect of foreign currency translation	-	-	(42)	(42)
Total comprehensive income for the year	-	-	(15,124)	(15,124)
Transactions with owners:				
Capitalisation of merger reserve	75	14,925	-	15,000
Balance at 31 December 2020	1,825	14,925	67	16,817
Year ended 31 December 2021:				
Loss for the year	-	-	(13,282)	(13,282)
Effect of foreign currency translation differences	-	-	41	41
Total comprehensive income for the year	-	-	(13,241)	(13,241)
Balance at 31 December 2021	1,825	14,925	(13,174)	3,576

INTELLIGENT ENERGY LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Cash used in operations	19	(12,483)	(11,674)
Taxes		772	(251)
Net cash used in operating activities		(11,711)	(11,925)
Investing activities			
Purchase of intangible assets		(707)	(839)
Purchase of tangible assets		(1,033)	(584)
Proceeds on disposal of intangible fixed assets		43	-
Proceeds on disposal of tangible fixed assets		-	2
Interest received		49	20
Net cash used in investing activities		(1,648)	(1,401)
Financing activities			
Proceeds from issue of shares		-	15,000
Proceeds from new loan	15	25,000	-
Net cash from financing activities		25,000	15,000
Net Increase in cash and cash equivalents		11,641	1,674
Cash and cash equivalents at beginning of the year		9,293	7,624
Effect of exchange rate changes on foreign currency cash balances		(3)	(5)
Cash and cash equivalents at end of the year		20,931	9,293

Included within cash and cash equivalents is £1.3m (2020: £nil) of restricted cash which is ring fenced in relation to a client project.

1. Accounting policies

Company information
Intelligent Energy Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is Charnwood Building, Holywell Park, Ashby Road, Loughborough, LE11 3GB.

The group consists of Intelligent Energy Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", including the adoption of the amendments issued in December 2017, ("FRS 102") and the requirements of the Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures
This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of the exemptions of the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company is consolidated in these financial statements.

Reporting period
The company's accounting reference date is 30 December. The company and group have drawn up these accounts for the year ended 31 December 2021, in line with company law allowing accounts to be drawn up to within 7 days of the accounting reference date, and as such all figures are comparable unless specifically stated otherwise.

Basis of consolidation
The consolidated financial statements incorporate those of Intelligent Energy Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the period are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

1. Accounting policies (continued)

Basis of consolidation (continued)
All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued, and liabilities incurred or assumed, plus directly attributable costs. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. Where the cost of a business combination is lower than the fair value of identifiable net assets acquired, negative goodwill is recognised and subsequently amortised over the period in which the related assets and liabilities are settled.

Going concern
Intelligent Energy continues to receive funding from its parent Group with £25.0m being received in 2021 as a loan from Meditor European Master Fund Limited ("MEMFL"), the owner of the Company's immediate parent company, which is repayable on demand and does not incur interest.

The Directors have prepared a cash flow forecast for the 12-month period from the date of approval of these accounts which indicate, taking account of reasonably possible downsides, the Group will have sufficient funds through additional funding from MEMFL, to meet it liabilities as they fall due for the period. Those forecasts are also dependent on MEMFL not seeking repayment of the loan amounts currently due of £25m.

MEMFL has provided a letter of support to Intelligent Energy Limited which indicates its intentions to continue to make available such funds as are needed by the Group. The Directors acknowledge that there can be no certainty that this support from MEMFL will continue although, at the date of approval of these accounts, they have no reason to believe that it will not do so.

The Directors remain confident that following the £25m injection in 2021 and continued support from MEMFL, the Group has the necessary means to meet its financial commitments and has the ability to control costs to offset any shortfalls in revenue.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of the approval of the accounts and consequently have prepared the accounts on a going concern basis.

Turnover
Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and receivable turnover can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before turnover is recognised:

Provision of engineering services
Consultancy for technology and product advancement turnover is recognised by reference to the stage of completion. Stage of completion is measured by reference to the cost of labour hours and materials for each contract. Past experience has shown costs incurred to be the best measure of progress. Where the contract outcome cannot be measured reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

When contracts are extended or combined, the total consideration received is merged, and the turnover recognised over the full revised contract.

1. Accounting policies (continued)

Turnover (continued)
Where elements of contract turnover can be separately identifiable, this turnover is spread across the substantive delivery period for these elements. Where multiple element contracts are entered into and the constituent parts do not stand alone, all turnover is spread over the contact.

Sale of goods
Fuel cell and hydrogen generation product turnover is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of goods.

Public body funded work
Project work is undertaken for public bodies where such work is of benefit to the group's ongoing research and development activities. The group measures turnover on such contracts using the stage of completion method, to ascertain the appropriate turnover to recognise during a contract. The stage of completion is measured by reference to the cost incurred as a percentage of total estimated cost.

Government grants
Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received. A grant that specifies performance conditions is recognised in revenue when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in revenue when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Goodwill
Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Negative goodwill arises when the cost of a business combination is less than the fair value of the interest in the identifiable assets, liabilities and contingent liabilities acquired. The amount up to the fair value of the non-monetary assets acquired is credited to profit or loss in the period in which those non-monetary assets are recovered. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to profit or loss in the periods expected to benefit, which the directors considered to be one year.

Intangible assets other than goodwill
Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Intangible assets with a finite life have no residual value and are amortised on a straight-line basis over their expected useful lives as follows:

Patents	-	15 to 20 years
Software	-	3 to 5 years

Amortisation is revised prospectively for any significant change in useful life or residual value.

Patents
Patents have been granted on intellectual property rights for a period of 15 to 20 years by the relevant government agencies in countries where patents are applied for. Each patent application is carried at cost less accumulated amortisation and impairment losses. Patent renewal fees are taken to the statement of comprehensive income in the year in which they are incurred. The directors have elected not to capitalise development costs and such expenditure is expensed as incurred.

1. Accounting policies (continued)

Tangible fixed assets
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid, and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is recognised on a straight-line basis over its expected useful life to its residual value, as follows:

Plant, machinery and equipment	-	3 to 5 years
Office equipment, fixtures and fittings	-	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

Fixed asset investments
In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets
At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials and goods for resale: purchase cost on a first-in, first-out basis
- Work in progress and finished goods: cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Obsolete and defective inventory is impaired to its estimated recoverable amount.

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1. Accounting policies (continued)

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments
Equity instruments issued by the group are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets' fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Taxation
The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

1. Accounting policies (continued)

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits
For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Foreign exchange
Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

For the purposes of the financial information, the assets and liabilities of foreign operations are translated into sterling using exchange rates prevailing at the end of each financial year. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in a foreign currency translation reserve within equity.

2. Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key accounting estimates and assumptions

Impairment of non-financial assets
The group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Judgement is required in determining the recoverable amounts of these assets, particularly in preparing value in use calculations and assessing fair value.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Research and development tax credit
A tax credit is recognised based on costs that are expected to qualify for research and development tax relief. Management use judgement to assess the nature of costs incurred and identify those that are expected to qualify for this tax relief.

Contract turnover
The group measures revenues on provision of engineering contracts using the stage of completion method, to ascertain the appropriate amount to recognise during a contract. The stage of completion is measured by reference to the contract costs incurred as a percentage of total estimated cost.

Net realisable value of inventories
Inventories are stated at the lower of cost and net realisable value. The realisable value is an estimate based on the future activities of the business. The carrying value of inventories at the balance sheet date was £2,515,000.

3. Turnover

An analysis of the group's turnover is as follows:

Turnover analysed by class of business	2021 £'000	2020 £'000
Provision of engineering services	3,173	2,824
Sale of goods	1,487	1,468
Research and development tax credits income	1,237	1,365
	5,897	5,657

Turnover analysed by geographical market	2021 £'000	2020 £'000
United Kingdom	4,544	4,802
Europe	278	273
Rest of the World	1,075	582
	5,897	5,657

4. Loss before taxation

Loss before taxation is stated after charging/(crediting):

	2021 £'000	2020 £'000
Amortisation of intangible fixed assets	541	646
Impairment of intangible fixed assets	366	989
Depreciation of owned tangible fixed assets	347	286
Profit on disposal of intangible fixed assets	(43)	-
Operating lease charges	531	499
Exchange loss	6	11
Research and development expenditure	2,318	2,802
Fees payable to the company's auditor and its associates:		
- for the audit of the company's financial statements	34	28
- for taxation compliance	6	4
- for other services	23	30

The impairment of intangible assets above is included within exceptional items on the statement of comprehensive income.

5. Employees

The average monthly number of persons (including directors) employed during the year was:

	Group		Company	
	2021 Number	2020 Number	2021 Number	2020 Number
Research and development	104	24	103	23
Operations and application engineering	45	114	44	114
Corporate and commercial	38	37	37	34
	187	175	184	171

Their aggregate remuneration comprised:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Wages and salaries	8,898	8,246	8,632	7,929
Social security costs	957	868	939	849
Pension costs	387	365	387	365
	10,242	9,479	9,958	9,143

6. Directors' remuneration

	2021 £'000	2020 £'000
Remuneration for qualifying services	392	328
Pension contributions to defined contribution schemes	9	7
	401	335

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020: 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £'000	2020 £'000
Remuneration for qualifying services	207	207
Pension contributions to defined contribution schemes	-	-
	207	207

7. Interest receivable and similar income

	2021 £'000	2020 £'000
Interest income		
Interest on bank deposits	49	20

8. Taxation

	2021 £'000	2020 £'000
Current tax		
Current year RDEC tax debit	221	260
Prior year RDEC tax credit	(773)	-
Total current tax	(552)	260
Total tax credit	(552)	260

The total tax charge for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2021 £'000	2020 £'000
Loss before taxation	(13,784)	(14,527)
Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2020: 19%)	(2,619)	(2,760)
Expenses that are not deductible in determining taxable profit	118	98
Depreciation on assets not qualifying for tax allowances	(45)	(22)
Additional deduction for R&D expenditure	21	164
Deferred tax not recognised	1,973	2,780
Taxation for the year	(552)	260

A deferred tax asset in respect of unrelieved tax losses is not recognised due to the uncertainty of the group generating sufficient taxable surpluses in the foreseeable future. The amount unprovided at 31 December 2021 net of other timing differences is £57,979,000 (2020: £41,297,000), using the substantively enacted rate of corporation tax at the year-end of 25% (2020: 19%).

Factors that may affect future tax charge
In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Substantive enactment occurred on 24 May 2021 therefore its effects have been included in these financial statements. The deferred tax balances within these financial statements have been calculated at 19% or 25% depending on when the related timing difference will reverse (2020: 19%).

9. Intangible fixed assets

Group	Negative goodwill £000	Development costs £000	Patents £000	Software £000	Total £000
Cost					
At 1 January 2021	(794)	1,991	23,894	4,100	29,191
Additions	-	-	703	4	707
Disposals	-	-	(12,701)	-	(12,701)
At 31 December 2021	(794)	1,991	11,896	4,104	17,197
Amortisation					
At 1 January 2021	(794)	1,991	17,913	4,099	23,209
Amortisation charge for the year	-	-	540	1	541
Impairment charge for the year	-	-	366	-	366
Disposals	-	-	(12,701)	-	(12,701)
At 31 December 2021	(794)	1,991	6,118	4,100	11,415
Carrying amount					
At 31 December 2021	-	-	5,778	4	5,782
At 31 December 2020	-	-	5,981	1	5,982

Company	Development costs £000	Patents £000	Software £000	Total £000
Cost				
At 1 January 2020	1,991	22,076	4,032	28,099
Additions	-	703	4	707
Disposals	-	(12,701)	-	(12,701)
At 31 December 2020	1,991	10,078	4,036	16,105
Amortisation				
At 1 January 2020	1,991	16,095	4,031	22,117
Amortisation charge for the year	-	540	1	541
Impairment charge for the year	-	366	-	366
Disposals	-	(12,701)	-	(12,701)
At 31 December 2020	1,991	4,300	4,032	10,323
Carrying amount				
At 31 December 2021	-	5,778	4	5,782
At 31 December 2020	-	5,981	1	5,982

Amortisation charged in the year is included within administrative expenses.

A review of the group's and company's IP portfolio has concluded it appropriate to impair patents not aligned with the technology the group is focused on commercialising. As such, an impairment charge of £366k (2020: £989k) has been recognised in the group financial statements and £366k (2020: £989k) and company financial statements as an exceptional item.

10. Tangible fixed assets

Group

	Plant, machinery and equipment £000	Office equipment, fixtures and fittings £000	Total £000
Cost			
At 1 January 2021	16,950	2,511	19,461
Additions	689	344	1,033
At 31 December 2021	17,639	2,855	20,494
Depreciation			
At 1 January 2021	16,129	2,365	18,494
Depreciation charge for the year	228	119	347
At 31 December 2021	16,357	2,484	18,841
Carrying amount			
At 31 December 2021	1,282	371	1,653
At 31 December 2020	821	146	967

Company

	Plant, machinery and equipment £000	Office equipment, fixtures and fittings £000	Total £000
Cost			
At 1 January 2021	16,866	2,531	19,397
Additions	689	343	1,032
At 31 December 2021	17,555	2,874	20,429
Depreciation			
At 1 January 2021	16,050	2,380	18,430
Depreciation charge for the year	228	118	346
At 31 December 2021	16,278	2,498	18,776
Carrying amount			
At 31 December 2021	1,277	376	1,653
At 31 December 2020	816	151	967

11. Investments

Company	Investments in subsidiaries £000
Cost	
At 1 January 2021 and 31 December 2021	9,400
Provision	
At 1 January 2021 and at 31 December 2021	9,400
Carrying amount	
At 31 December 2021 and at 31 December 2020	-

The investment in subsidiaries during the year represents 100% of the ordinary share capital of the following companies:

Name	Country of incorporation	Registered office	Principal activity
Intelligent Energy Inc	USA	19925 Stevens Creek, Suite 100, Cupertino, CA 95014, USA	Fuel processing development and partnering activities in the US including IE fuel cell power systems in the USA.
Intelligent Energy Holdings (Singapore) Private Limited	Singapore	80 Robinson Road, #02-00 Singapore, 068898	Holding company
Intelligent Energy Japan Limited	Japan	Hayabusa Asuka Law Offices, Kasumigaseki Building 4F, 3-2-5 Kasumigaseki, Chiyoda-ku, Tokyo 100-6004, Japan	Partnering activities in Japan including IE fuel cell power systems
Essential Energy India Private Limited	India	1st Floor, Ferns Icon, Doddanekkundi , Outer Ring Road, Bangalore 560 037, India	Non-trading

Essential Energy India Private Limited is a wholly owned subsidiary of Intelligent Energy Holdings (Singapore) Private Limited. Intelligent Energy Limited controls these companies by way of its 100% shareholding in Intelligent Energy Holdings (Singapore) Private Limited.

Intelligent Energy Holdings (Singapore) Private Limited and Essential Energy India Private Limited are in the process of being wound down and liquidated.

12. Stocks

	Group and Company 2021 £'000	2020 £'000
Raw materials and finished goods	2,220	1,263
Work in progress	295	108
	2,515	1,371

13. Debtors

Amounts falling due within one year:	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Trade debtors	466	1,799	466	1,799
R&D tax credit recoverable	1,917	1,443	1,917	1,443
Other debtors	203	189	197	192
Prepayments and accrued income	1,286	1,266	1,286	1,262
	3,872	4,697	3,866	4,696

14. Cash at bank and in hand

Included in cash and bank in hand is £1.3m (2020: £nil) which is ring fenced in relation to a client project.

15. Creditors: amounts falling due within one year

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Trade creditors	726	632	726	632
Amounts owed to other group undertakings	-	-	480	480
Corporation tax	-	1	-	-
Other taxation and social security	-	99	-	106
Accruals and deferred income	2,306	2,113	2,109	1,914
Deferred income	2,636	2,218	2,636	2,218
Other creditors	148	75	136	63
Amounts due to related parties	25,000	-	25,000	-
	30,816	5,138	31,087	5,413

During the year Meditor European Master Fund Limited provided a loan of £25.0m to the company which is repayable on demand and does not incur interest. This includes a charge over the company's assets. This is included within amounts due to related parties.

16. Retirement benefit schemes

Defined contribution schemes	2021 £'000	2020 £'000
Charge to profit or loss in respect of defined contribution schemes	387	365

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

17. Share capital

	2021 £'000	2020 £'000
Ordinary share capital		
Issued and fully paid		
36,500,000 (2020: 36,500,00) Ordinary of 5p each	1,825	1,825

Holders of the ordinary shares are entitled to receive dividends and other distributions and to attend and vote at any general meeting. The shares do not have any right to redemption.

18. Reserves

Share premium account
The balance classified as share premium relates to the total net proceeds less nominal value of shares on issue of the company's equity share capital.

Profit and loss reserves
Cumulative profit and loss net of distributions to owners. Also included in profit and loss reserves is amounts relating to capital reductions.

19. Cash used in group operations

	2021 £000	2020 £000
Loss after taxation	(13,232)	(14,787)
Adjustments for:		
Amortisation of intangible assets	541	646
Exceptional impairment of intangible assets	366	989
Depreciation of tangible fixed assets	347	286
Gain on disposal of intangible fixed assets	(43)	-
Interest receivable	(49)	(20)
Unrealised foreign exchange gain	-	-
Taxation	(773)	260
Operating cash flows before movements in working capital	(12,843)	(12,626)
Increase in stocks	(1,144)	(83)
Decrease/(increase) in debtors	825	(1,322)
Increase/(decrease) in creditors	679	2,357
Cash used in operations	(12,483)	(11,674)

20. Analysis of changes in net debt - group

	1 January 2021 £'000	Cash flows £'000	Exchange rate movements £'000	31 December 2021 £'000
Cash at bank and in hand	9,293	11,641	(3)	20,931
Loans from related parties	-	(25,000)	-	(25,000)
	9,293	(13,359)	(3)	(4,069)

21. Operating lease commitments

Lessee
At the reporting end date, the group and company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group and Company 2021 £'000	2020 £'000
Within one year	499	499
Between one and five years	1,125	1,687
	1,624	2,186

22. Financial commitments, guarantees and contingencies liabilities

Barclays Bank holds a fixed and floating charge over the assets of the company.

Meditor European Master Fund Limited holds a charge over the assets of the company in relation to the loan provided.

23. Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel of the group, which includes the directors, was £453,000 (2020: £374,000).

During the year the company secured a loan with Meditor European Master Fund Limited, see note 15 for more details.

24. Controlling party

The immediate parent of the group is Meditor Energy Limited, a company incorporated in Bermuda.

The ultimate controlling party is the trustee of the Nineveh Trust.