



Abbreviated accounts Acal Energy Limited

For the year ended 31 March 2011

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COMPANIES HOUSE

Company No. 5209861

Company information

Registered office

c/o Grant Thornton UK LLP
Royal Liver Building
Liverpool
Merseyside
L3 1PS

Directors

A M Creeth
R Pettigrew
J Wilkie
D Fyfe
S B Cha
J B McCormick
P B Francoisse

Secretary

J Dunne

Bankers

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Liverpool
L2 2PP

The Co-operative Bank
The Plaza 100 Old Hall Street
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HSBC Bank Plc
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Solicitors

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CB2 1PH

Auditor

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Statutory Auditor
Chartered Accountants
Royal Liver Building
Liverpool
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Independent auditor's report to Acal Energy Limited under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts which comprise the principal accounting policies, balance sheet and the related notes, together with the financial statements of Acal Energy Limited for the year ended 31 March 2011 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to them in a special 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

A handwritten signature in black ink, appearing to read "K Engel".

Kevin Engel (Senior Statutory Auditor)
For and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Liverpool

1 July 2011

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The principal accounting policies of the company are set out below and remain unchanged from the previous year

Basis of preparation-going concern

These accounts have been prepared on a going concern basis which assumes the company will be able to pay its debts as they fall due for a period of at least 12 months from approval of these financial statements. This assumption is supported by a cashflow forecast prepared for the period to 30 June 2012 which includes funding income from external sources amounting to £1,486k received in April and early May 2011, and grants in respect of fulfilment of conditions attaching to grants already agreed, amounting to £429k

The directors are also confident that the company will continue to fulfil the conditions required to satisfy its continuing eligibility for grant funding from various sources throughout the period

The cashflow forecast prepared demonstrates that the company will need further funding income from external sources from 1 July 2012 to pay its debts as they fall due. The directors plan a further share issue at that time which, if successful, will provide the company with further funds to continue its research activities beyond July 2012

Whilst there is no certainty concerning the achievement of further funding from July 2012 or the receipt of grant income of £429k which is contingent on future events, the directors are confident the company can continue to operate and achieve its various research milestones in the period to 30 June 2012, and operate with sufficient cash headroom within its existing forecast assumptions. Therefore the going concern basis of preparation of these financial statements remains appropriate

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts

The accounts present information about the company only and not other members of the group

Research and development

Research and development expenditure including patent costs is written off in the year in which it is incurred

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold improvements	- 3 years straight line
Plant and machinery	- 20% straight line
Equipment	- 33% straight line

Assets under construction are not depreciated until they are put into use

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Classification as equity or financial liability

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Compound instruments

Compound instruments comprise both a liability and an equity component. At date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar debt instrument. The liability component is accounted for as a financial liability.

The residual is the difference between the net proceeds of issue and the liability component (at time of issue). The residual is the equity component, which is accounted for as an equity instrument.

The interest expense on the liability component is calculated applying the effective interest rate for the liability component of the instrument. The difference between this amount and any repayments is added to the carrying amount of the liability in the balance sheet.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Deferred government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

Government grants/assistance of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

Certain grants are receivable based on the achievement of specific research milestones as determined by the grant-making body.

Abbreviated balance sheet

	Note	2011 £	2010 £
Fixed assets	1		
Tangible assets		663,128	320,981
Investments		76	-
		<u>663,204</u>	<u>320,981</u>
Current assets			
Debtors		467,445	313,515
Cash at bank and in hand		2,253,812	1,896,055
		<u>2,721,257</u>	<u>2,209,570</u>
Creditors: amounts falling due within one year		<u>537,395</u>	<u>376,892</u>
Net current assets		<u>2,183,862</u>	<u>1,832,678</u>
Total assets less current liabilities		<u>2,847,066</u>	<u>2,153,659</u>
 Creditors: amounts falling due after more than one year		 1,952,599	 1,132,582
Government grants	2	143,709	17,778
		<u>2,096,308</u>	<u>1,150,360</u>
Capital and reserves			
Called-up share capital	3	378,208	376,067
Share premium account		9,258,236	6,333,493
Ordinary shares equity adjustment		(612,779)	(386,843)
Profit and loss account		(8,272,907)	(5,319,418)
		<u>750,758</u>	<u>1,003,299</u>
Shareholders' funds		<u>2,847,066</u>	<u>2,153,659</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on ~~14~~ **June** 2011, and are signed on their behalf by



R Pettigrew
Director

Company Registration Number 5209861

The accompanying accounting policies and notes form part of these abbreviated accounts.

Notes to the abbreviated accounts

1 Fixed assets

	Tangible assets £	Investments £	Total £
Cost			
At 1 April 2010	448,144	–	448,144
Additions	446,162	76	446,238
At 31 March 2011	<u>894,306</u>	<u>76</u>	<u>894,382</u>
Depreciation			
At 1 April 2010	127,163	–	127,163
Charge for year	104,015	–	104,015
At 31 March 2011	<u>231,178</u>	<u>–</u>	<u>231,178</u>
Net book value			
At 31 March 2011	<u>663,128</u>	<u>76</u>	<u>663,204</u>
At 31 March 2010	<u>320,981</u>	<u>–</u>	<u>320,981</u>

At 31 March 2011 the company held more than 20% of the share capital of the following undertaking incorporated in Japan

	Class of shares held	Proportion held	Nature of business	Capital and reserves £	Loss for the year £
ACAL Japan KK	Ordinary	100%	Provision of consultancy services	(3,393)	(483)

2 Government grants

	2011 £	2010 £
Received and receivable	160,878	18,423
Amortisation	(17,169)	(645)
	<u>143,709</u>	<u>17,778</u>

3 Share capital

Allotted, called up and fully paid

	2011		2010	
	No	£	No	£
91,665 Ordinary shares of £0.01 each	91,665	917	91,665	917
133,332 A ordinary shares of £0.01 each	133,332	1,333	133,332	1,333
37,000,000 Deferred shares of £0.01 each	37,000,000	370,000	37,000,000	370,000
274,559 B Ordinary shares of £0.01 each	274,559	2,746	274,559	2,746
321,274 C Ordinary shares of £0.01 each	321,274	3,213	107,142	1,071
	<u>37,820,830</u>	<u>378,208</u>	<u>37,606,698</u>	<u>376,067</u>

During the year shares were issued as follows

C ordinary shares of £0.01 each

214,132 shares with an issue value of £14 each and consideration received of £2,997,848

Premium on issue amounted to £2,995,707 against which were deducted deal expenses of £70,964 leaving a net addition to the share premium account of £2,924,743

The A, B and C ordinary shareholders are entitled to a cumulative dividend of 8% from the respective date of issue, based on the total issue price of each share

Conversion rights attach to the holders of A, B & C shares for automatic conversion into fully paid ordinary shares immediately prior to and conditional upon a qualifying IPO at a rate determined in accordance with the Articles of Association

The rights to a return of capital of the company on a liquidation or otherwise are that payment is made of liabilities and all dividends declared but unpaid, followed by repayment to the C, B, A, ordinary and deferred shareholders (the latter an amount of £1 only) in that order, with any balance distributed to those shareholders in the same order proportionate to the numbers of shares held

In the event of a total sale to an existing shareholder, no payment is made to that shareholder as detailed above, and that acquiring shareholder is to be ignored in calculating payments in the order detailed above

The holders of the deferred shares have no voting rights and the company may acquire the deferred shares at its discretion at any time for £1

Subject to the above details, the rights attaching to the classes of shares are the same

4 Post balance sheet events

The company has issued further C ordinary shares, subsequent to the year end, with net proceeds of £1,554,801