

**ADVANCED PROPULSION CENTRE UK LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2018**

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# ADVANCED PROPULSION CENTRE UK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr Geoffrey Bicknell Mr Robert Evans (resigned 31st December 2017) Professor Colin Garner Dr Thomas Pixton (resigned 31 <sup>st</sup> December 2017) Mr Simon Edmonds Mr Ian Constance Professor Robert Dover Ms Sabine Mosner Mr Charles Haswell (appointed 9 <sup>th</sup> May 2018)
<b>Company number</b>	08791933
<b>Registered office</b>	6 <sup>th</sup> Floor 60 Gracechurch Street London EC3V 0HR
<b>Auditors</b>	RSM UK Audit LLP Chartered Accountants Abbotsgate House Hollow Road Bury St Edmunds Suffolk IP32 7FA

# ADVANCED PROPULSION CENTRE UK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2018

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The directors present their annual report and financial statements for the year ended 31<sup>st</sup> March 2018. The comparative figures cover the period from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.

#### Principal activities

The company's principal activity is to support the UK automotive industry through facilitating funding for innovation in low carbon propulsion systems. This is achieved predominantly by establishing co-funded collaborative projects run by industry. These are selected through competing projects bidding into to regular competitions over a ten year lifecycle. The overall funding is based on £1 billion over ten years, provided jointly by government and the automotive industry project participants. The programme is supported by Innovate UK, which administers the government funding for the main competitions in collaboration with and on behalf of the APC.

#### Review of Business

The statement of comprehensive income for the year is set out on page 8. The total comprehensive profit for the year of £387,308 (2017: loss of £2,997) reflects the running costs of APC, offset by BEIS grant funding and contributions from grant recipients as project support fees. Net liabilities of £1,143,491 predominantly arise from deferred revenues, being the front loading of grant funding income from BEIS in earlier years to support the ramp up of project activity and associated income.

This financial year has seen a further strengthening of the project portfolio which has or is now supporting 37 core competition projects, engaging more than 190 organisations and has committed circa £589m of funding to projects. A number of projects awarded in APC1 and 2 have successfully completed in the 2017-18 financial year and subsequent projects resulting from the APC3 to APC8 competitions will complete in the following years. The overall projects to date are projecting to 34 million tonnes of CO2 savings and to safeguard/secure in excess of 20,000 jobs. A positive review of the APC main competition process by BEIS, using Ipsos Mori, was also undertaken in the year.

The APC has also been involved in the Faraday Challenge, part of the Industrial Strategy Challenge Fund, part of which was to run a competition to establish a National Battery Manufacturing Development Facility.

Following the successful launch of the first wave of the Technology Developer Accelerator Programme, designed to help fast track innovative low carbon propulsion SME's towards commercialisation, wave 2 has now been launched. Wave 1 has filtered the most promising technologies and the remaining 9 projects are in the final characterisation development phase supporting process and product development. Through mentoring of technology developers, the APC aims to accelerate the development of both their product and organisational capability through better understanding of the Automotive Industry requirements and visibility to a range of industry players.

The APC, in conjunction with the Niche Vehicle Network (NVN), facilitates funding c£1m per annum of smaller projects (typically £500k) through SME consortia, focussing on smaller volume vehicle manufacture exploitation. 2017 saw support of a second of three years of funding for this programme.

Work has continued between the APC and the Spoke Community to encourage collaboration and development of ongoing technical projects. The APC outreach continues to develop, with six spokes covering a range of strategic and enabling technologies all aimed at developing communities of expertise that can focus on the acceleration of their core themes, in order to drive the development and adoption of improved Low Carbon Propulsion Technologies into the Automotive Systems of tomorrow. In 2017 a new project ("MUSTER") was launched to develop a distributed vehicle environment that will provide means of coordinating the approach to whole vehicle virtualisation and analysis-led development through the use of models with open access. This development continues.

# **ADVANCED PROPULSION CENTRE UK LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2018**

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In addition, the APC, along with the Spoke Community, is also continuing to sponsor the "Greenpower" project which supports schools to build and race their own electric vehicles. Throughout the year we provided financial support and technical mentoring during the build phase along with driver training before the schools competed in the IET Greenpower Formula Goblin Race Series.

Following release of the UK wide capability study in the summer of 2016, a refresh programme of the UK's Automotive Roadmaps took place in 2017 with formal public release of 4 product and 5 technology roadmaps.

The APC continues to co-ordinate an automotive international events programme, positioning the UK as a centre of excellence of low carbon propulsion technologies and promoting the UK's capability in key strategic markets for UK companies and Government. A number of thought leadership "Future of Technologies" events were also held nationwide covering a variety of technologies.

The National propulsion showcase, established at the hub on the University of Warwick campus, is in the process of being refurbished and updated with APC's refreshed branding and will showcase the developments in technology since APC was established. In 2017/18 it has had in excess of 1,200 visitors, these ranged from Government officials, industry personnel, students and school children, and hosted a number of events. The APC has also refreshed its website.

The APC's CEO sits on the joint industry and Ministerial Automotive council and presents the progress the APC is making in this high level forum; membership is also supported by the Executive of the 3 sub-groups of the Council.

At the request of the Automotive Council the APC, working closely with the Government's Centre for Connected and Autonomous Vehicles (CAV), has established a subsidiary – Meridian Mobility UK Limited – which is developing an ecosystem for UK wide testing and development infrastructure for CAV's. Four projects, funded and administered via IUK, are currently underway in building test beds for future R&D projects.

The company earns revenue based on the level of funding obtained by successful grant applicants and the accounts should be read in the context of a 10 year period where the excess expenditure in any one year will be subject to grant applications and related income that will be received in subsequent years.

#### **Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue to operate for the foreseeable future and for this reason, the going concern basis continues to be an appropriate basis on which to prepare the financial statements.

In reaching this conclusion the directors have considered the financial position of the company and its funding for a period of at least 12 months from the date of approval of the financial statements. The directors have undertaken a detailed review of the company's forecasts and associated risks.

#### **Third party indemnity provision for directors**

Qualifying third party indemnity provision is in place for the benefit of all directors and key management personnel of the company.

# ADVANCED PROPULSION CENTRE UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### Directors

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

Mr Geoffrey Bicknell  
Mr Robert Evans (resigned 31<sup>st</sup> December 2017)  
Professor Colin Garner  
Doctor Thomas Pixton (resigned 31<sup>st</sup> December 2017)  
Mr Simon Edmonds  
Mr Ian Constance  
Professor Robert Dover  
Ms Sabine Mosner  
Mr Charles Haswell (appointed 9<sup>th</sup> May 2018)

#### Results

The results for the year are set out on page 8.

#### Auditor

The auditor, RSM UK Audit LLP, Chartered Accountants, has expressed its willingness to continue in office.

#### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr Ian Constance  
Director

3rd July 2018

Date

# **ADVANCED PROPULSION CENTRE UK LIMITED**

## **DIRECTORS' RESPONSIBILITY STATEMENT**

### **FOR THE YEAR ENDED 31 MARCH 2018**

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The directors are responsible for preparing 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 year. Under that law the directors have 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 of the profit or loss of the company for that period.

In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ADVANCED PROPULSION CENTRE UK LIMITED**

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## **Opinion**

We have audited the financial statements of Advanced Propulsion Centre UK Limited (the 'company') for the year ended 31 March 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cashflows 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 company's affairs as at 31 March 2018 and of its profit 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 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **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.

In connection with our audit of the financial statements, 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ADVANCED PROPULSION CENTRE UK LIMITED

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## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and the Executive Committee's 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5 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 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 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.

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, 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

Peter Howard BA ACA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Abbotsgate House  
Hollow Road  
Bury St Edmunds IP32 7FA

*22/08/18*



# ADVANCED PROPULSION CENTRE UK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	1,988,023	1,462,961
Administrative expenses		(3,244,606)	(2,933,982)
Operating expenses		(2,058,195)	(1,065,595)
Other operating income	4	3,701,155	2,533,308
<b>Operating profit/(loss)</b>		<b>386,377</b>	<b>(3,308)</b>
Interest receivable and similar income	5	1,027	948
Interest payable and similar charges	6	-	(475)
<b>Profit/(loss) before taxation</b>	7	<b>387,404</b>	<b>(2,835)</b>
Taxation	10	(96)	(162)
<b>Profit/(loss) for the financial period</b>		<b>387,308</b>	<b>(2,997)</b>
<b>Total comprehensive income for the period</b>		<b>387,308</b>	<b>(2,997)</b>

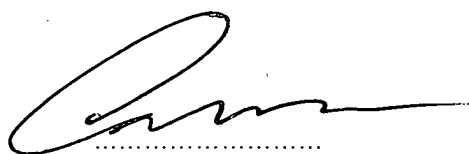
**ADVANCED PROPULSION CENTRE UK LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

Company number: 08791933

**AS AT 31 MARCH 2018**

		2018		2017	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11		2,598		4,549
Tangible assets	12		619,879		700,602
Investments	13		1		-
			<u>622,478</u>		<u>705,151</u>
<b>Current assets</b>					
Debtors due within one year	14	2,561,736		3,755,316	
Cash at bank and in hand		501,456		780,854	
		<u>3,063,192</u>		<u>4,536,170</u>	
<b>Creditors: amounts falling due within one year</b>	15	(4,829,161)		(6,772,120)	
<b>Net current liabilities</b>			<u>(1,765,969)</u>		<u>(2,235,950)</u>
<b>Net liabilities</b>			<u>(1,143,491)</u>		<u>(1,530,799)</u>
<b>Reserves</b>					
Profit and loss account			<u>(1,143,491)</u>		<u>(1,530,799)</u>

The financial statements on pages 8 to 23 were approved by the board of directors and authorised for issue on 3/7/18 and are signed on its behalf by:



Mr Geoffrey Bicknell  
Director



Mr Ian Constance  
Director

# ADVANCED PROPULSION CENTRE UK LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

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	Profit and loss account £
Balance at 1 April 2016	(1,527,802)
Year ended 31 March 2017:	
Loss and total comprehensive income for the year	(2,997)
Balance at 31 March 2017	<u>(1,530,799)</u>
Year ended 31 March 2018	
Profit and total comprehensive income for the year	387,308
Balance at 31 March 2018	<u><u>(1,143,491)</u></u>

# ADVANCED PROPULSION CENTRE UK LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
<b>Operating activities</b>			
Cash generated from/(used in) operations	18	(81,225)	852,995
Interest paid		-	(475)
<b>Net cash from/(used in) operating activities</b>		<u>(81,225)</u>	<u>852,520</u>
<b>Investing activities</b>			
Purchase of intangible assets		-	(5,446)
Purchase of tangible fixed assets		(199,199)	(535,412)
Purchase of investment		(1)	-
Interest received		1,027	948
<b>Net cash used in investing activities</b>		<u>(198,173)</u>	<u>(539,910)</u>
<b>Financing activities</b>			
Repayments of obligations under finance leases		-	(5,428)
<b>Net cash used in financing activities</b>		<u>-</u>	<u>(5,428)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(279,398)</u>	<u>307,182</u>
<b>Cash and cash equivalents at beginning of period</b>		780,854	473,672
<b>Cash and cash equivalents at end of period</b>		<u>501,456</u>	<u>780,854</u>
<b>Relating to:-</b>			
Bank balances and short term deposits included in cash at bank and in hand		<u>501,456</u>	<u>780,854</u>

# ADVANCED PROPULSION CENTRE UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 1 Accounting policies

##### General information

Advanced Propulsion Centre UK Limited ("the company") is a company limited by guarantee domiciled and incorporated in England and Wales. As a company limited by guarantee it does not have share capital and in the event of a winding up or dissolution of the company each member's liability towards the debts of the company is restricted to a sum not exceeding £1.

The address of the company's registered office is 6<sup>th</sup> Floor, 60 Gracechurch Street, London, EC3V 0HR. The principal place of business is University Road, Coventry, CV4 7HP.

The company's principal activities are disclosed in the Directors' Report.

##### Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, and under the historical cost convention.

The financial statements are presented in sterling, which is also the functional currency of the company. Monetary amounts in the financial statements are rounded to the nearest £.

The company has taken advantage of the exemption in section 399 of the Companies Act 2006 from the requirement to prepare consolidated financial statements on the basis that the group qualifies as small. Consequently, these financial statements present the financial position and financial performance of the company as a single entity.

##### Going concern

The directors feel it is appropriate to prepare the financial statements on a going concern basis, as they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors also believe that there are no material uncertainties related to events or conditions that may cast significant doubt over the ability of the company to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Although the company has net liabilities of £1,143,491 the APC has support from the Department of Business, Energy and Industrial Strategy (BEIS) in the form of a 10 year grant to 31<sup>st</sup> March 2023 for £17.464m to contribute towards the running costs of the APC. The progress of APC is reviewed annually to confirm continued support from BEIS and the grant for the next year is agreed in advance. The contribution from BEIS has been front-loaded to recognise the set-up period of the APC and the ramp up of project activity on which APC earns commercial income. Hence there is a deferred income balance of £3.39m that will be released over the coming years, recognising increasing commercial income that will match public funding over the life of the APC.

##### Turnover

Turnover represents amounts receivable in relation to the administration of grant funding applications, net of VAT. Turnover is recognised at the point the company becomes entitled to the income, which is when the grant claim is submitted.

It also includes services provided to its newly incorporated subsidiary, Meridian Mobility UK Limited.

# ADVANCED PROPULSION CENTRE UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 1 Accounting policies (continued)

##### Other operating income

###### *Government grants*

These are shown net of grants received and those awarded. Income from government grants is recognised when the associated performance conditions are met and is presented within operating income. Grants awarded are recognised when spend has been incurred and the associated performance conditions are met.

###### *Interest income*

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

##### Intangible fixed assets

Intangible assets purchased are recognised when future economic benefits are probable and the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Computer software	3 years
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Amortisation is revised for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

##### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Plant and machinery	3 years
Fixtures, fittings and equipment	5 years
Motor vehicles	3 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

##### Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses and recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss. On reversal of an

# ADVANCED PROPULSION CENTRE UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 1 Accounting policies (continued)

impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

#### **Investment in subsidiaries**

Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investments in subsidiaries are accounted for at cost less impairment.

#### **Grants awarded**

Grants awarded include claims made under the Technology Developer Accelerator Programme and are credited to profit or loss when claims fall due and are included within other income.

#### **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 tax is based on taxable profit or loss for the period. Taxable profit or loss differs from total comprehensive income because it excludes items which are not taxable or allowable for tax purposes and items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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 is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits or losses 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.

Current and deferred tax is charged or credited in 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 a net basis or to realise the asset and settle the liability simultaneously.

#### **Leases**

##### *Finance leases*

An asset and corresponding liability are recognised for leasing and hire purchase agreements that transfer to the company substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease and hire purchase payments are treated as consisting of capital and interest elements.

# ADVANCED PROPULSION CENTRE UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

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#### 1 Accounting policies (continued)

Interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### *Operating leases*

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the lease term.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward any unused holiday entitlement at the reporting date. The cost of any unused entitlement has not been recognised in the financial statements.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Retirement benefits**

###### *Defined contribution plans*

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

##### **Financial instruments**

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

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

###### Financial assets:

###### *Trade debtors*

Trade debtors which are receivable within one year are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

###### Financial liabilities and equity:

###### *Trade creditors*

Trade creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

###### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some



# ADVANCED PROPULSION CENTRE UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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### 1 Accounting policies (continued)

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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

### 2 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Depreciation charges:

Depreciation charges to recognise consumption of economic benefits of tangible fixed assets by the company are calculated based on rates of depreciation. Depreciation rates are determined by estimation of the diminution in the recoverable amounts in respect of tangible fixed assets over their estimated useful economic lives.

#### Accruals and deferred income:

Accruals and deferred income are present obligations arising from past events that result in the outflow of resources embodying economic benefits. Accruals are determined by estimating the present obligation of the future outflow of resources embodying economic benefits.

#### Prepayments and accrued income:

Prepayments and accrued income are resources controlled by the company from which future economic benefits are expected to flow. Prepayments and accrued income are determined by estimating the cost or value of the resource from which the flow of future economic benefits is expected to be derived.

#### *Critical areas of judgement*

#### Recognition of deferred tax assets:

In order to determine the value of deferred tax assets, judgements are required regarding the extent of which the flow of future economic benefits is sufficiently probable to meet the deferred tax asset recognition criteria.

#### Grant income recognition:

In order to determine the value of grant income, judgements are required regarding whether grants will be received and whether conditions attached to the grants have been met.

# ADVANCED PROPULSION CENTRE UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

#### 3 Turnover

The company's turnover is all derived from the provision of professional services relating to grant funding applications and PR support within the United Kingdom.

#### 4 Other operating Income

	2018 £	2017 £
Government grant income	4,401,126	4,847,688
Grants awarded	(699,971)	(2,314,380)
	<u>3,701,155</u>	<u>2,533,308</u>

#### 5 Interest receivable and similar income

	2018 £	2017 £
Interest on bank deposits	871	948
Other interest	156	-
	<u>1,027</u>	<u>948</u>

#### 6 Interest payable and similar charges

	2018 £	2017 £
Interest on finance leases and hire purchase contracts	-	475

#### 7 Profit/(loss) before taxation

	2018 £	2017 £
Profit/(loss) before taxation is stated after charging or crediting:		
Depreciation of tangible fixed assets		
- owned	218,621	259,112
- held under finance leases and hire purchase contracts	-	13,362
(Profit)/Loss on disposal of tangible fixed assets	61,301	(20,581)
Amortisation of intangible assets	1,951	8,524
Operating lease rentals	241,934	240,268
Finance lease rentals	-	5,903
Foreign exchange losses	196	-

Fees payable to RSM UK Audit LLP and its associates in respect of audit services are as follows:

	2018 £	2017 £
Audit services – statutory audit of the company	9,975	7,500
Tax compliance	750	750
Grant accountants' reports	13,125	11,400
Tax advisory services	2,290	9,795
Other services	1,303	1,200

# ADVANCED PROPULSION CENTRE UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

#### 8 Employees

	2018 No.	2017 No.
The average monthly number of persons (including directors) employed by the Company during the year was:		
Management & Administration	14	14
Business Development	8	6
Technology & Projects	9	9
	<u>31</u>	<u>29</u>
	2018 £	2017 £
Staff costs for the above persons:		
Wages and salaries	1,561,033	1,404,088
Social security costs	181,421	162,271
Defined contribution pension cost	206,630	200,143
	<u>1,949,084</u>	<u>1,766,502</u>

#### 9 Directors' remuneration

	2018 £	2017 £
Remuneration	328,225	301,865
Pension contributions	16,087	15,787
	<u>344,312</u>	<u>317,650</u>

Remuneration disclosed above includes £261,812 (2017: £227,651) paid to the highest paid director which includes £16,087 (2017: £15,787) in respect of pension contributions. The number of directors in the pension scheme in the year was 1 (2017: 1)

#### 10 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax	96	162
	<u>96</u>	<u>162</u>
<b>Total tax on profit/(loss)</b>	<b>96</b>	<b>162</b>

# ADVANCED PROPULSION CENTRE UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

Factors affecting the tax charge for the period:

The tax assessed for the period is different to that calculated at the standard rate of corporation tax 19% (2017:20%). The differences are explained below:

	2018 £	2017 £
Profit/(loss) before taxation	(387,404)	(2,835)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%)	73,607	(567)
Effects of:		
Expenses not deductible in determining taxable loss	1,208	2,697
Unrelieved tax losses	(75,029)	(11,869)
Other short term timing differences	-	9,785
Movement in provisions	310	116
<b>Tax expense</b>	<b>96</b>	<b>162</b>

As at the year end the company had tax losses of £1,161,535 (2017 - £1,599,432), which could provide future tax relief of £220,692 (2017 - £271,904) at current tax rates, for use against future taxable trading profits. The deferred tax asset in respect of these losses has not been recognised on the basis that there is uncertainty over when these losses will be utilised.

#### 11 Intangible assets

	Computer software £
<b>Cost</b>	
1 April 2017 and 31 March 2018	28,100
<b>Amortisation</b>	
1 April 2017	23,551
Amortisation charged in the year	1,951
31 March 2018	25,502
<b>Carrying amount</b>	
31 March 2018	2,598
31 March 2017	4,549

The amortisation charge for the year is recognised within administrative expenses.

# ADVANCED PROPULSION CENTRE UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

#### 12 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>			
1 April 2017	269,510	953,897	1,223,215
Additions	173,843	25,356	199,199
Disposals	-	(153,251)	(153,251)
31 March 2018	<u>443,361</u>	<u>825,802</u>	<u>1,269,163</u>
<b>Depreciation</b>			
1 April 2017	218,050	304,563	522,613
Depreciation charged in the year	27,881	190,740	218,621
Eliminated in respect of disposals	-	(91,950)	(91,950)
31 March 2018	<u>245,931</u>	<u>403,353</u>	<u>649,284</u>
<b>Carrying amount</b>			
31 March 2018	<u>197,430</u>	<u>422,449</u>	<u>619,879</u>
31 March 2017	<u>51,468</u>	<u>649,134</u>	<u>700,602</u>

#### 13 Investments

Total fixed asset investments comprise:

	2018 £	2017 £
Investment in subsidiary	<u>1</u>	<u>-</u>

#### Interest in subsidiary:

At the year end the company had interests in the following subsidiary:

Subsidiaries	Type of shares held	Proportion held (%)	Country of incorporation
Meridian Mobility UK Limited	Ordinary	100%	United Kingdom

The subsidiary's business is to support the UK's Connected and Autonomous Vehicle programme.

For the period 17 August 2017 to 31 March 2018 Meridian Mobility UK Limited recorded a loss of £331,729 and as at 31 March 2018 had net liabilities of £331,728.

Meridian Mobility UK Limited registered office is 6<sup>th</sup> Floor, 60 Gracechurch Street, London. EC3V 0HR and its principal place of business is University Road, Coventry, CV4 7AL.

# ADVANCED PROPULSION CENTRE UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

#### 14 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	671,050	382,787
Amounts owed by group undertakings	759,856	-
Other debtors	7,006	57,464
Prepayments and accrued income	675,406	690,176
Grant claims due	448,418	2,624,889
	<u>2,561,736</u>	<u>3,755,316</u>

#### 15 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	347,384	320,494
Corporation tax	96	162
Other taxes and social security	54,115	56,742
Other creditors	18,908	17,278
Accruals and deferred income	4,408,658	4,078,158
Grant claims payable	-	2,299,286
	<u>4,829,161</u>	<u>6,772,120</u>

#### 16 Financial instruments

	2018 £	2017 £
<b>Financial assets</b>		
Debt instruments measured at amortised cost	<u>1,463,848</u>	<u>3,305,348</u>
<b>Financial liabilities</b>		
Measured at amortised cost	<u>678,383</u>	<u>2,846,230</u>

#### 17 Government grants

The company recognised income of £4,401,126 (2017: £4,847,688) in respect of capital and expenditure grants from the Department for Business, Energy and Industrial Strategy (BEIS), Innovate UK and EPSRC to cover part of the cost of grant fund applications and specific projects. The grants are conditional upon sufficient relevant expenditure being incurred. Typically grant funding is available at 50% of relevant expenditure. The grants recognised in the year were to cover the costs of running the APC (£1.619m), but also including delivery of the following projects:

- Support the Technology Developer Accelerator programme which is designed to fast track low emission technologies to commercialisation. TDAP provides mentoring as well as facilitating financial support for technology developers and SMEs, helping bringing forward their innovative technologies.
- Co-ordination of a programme of international events for government and project partners overseas to promote UK Automotive Innovation.
- Support the establishment of a Connected Autonomous Vehicle UK strategy, hub and organisation to accelerate the development of the UK CAV ecosystem.

# ADVANCED PROPULSION CENTRE UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

#### 18 Reconciliation of Profit/(loss) after tax to net cash (used in)/generated from operations

	2018 £	2017 £
Profit/(loss) after tax	387,308	(2,997)
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	218,621	272,474
Amortisation of intangible assets	1,951	8,524
(Profit)/Loss on disposal of tangible fixed assets	61,301	(20,581)
Interest receivable	(1,027)	(948)
Interest payable	-	475
<b>Operating cash flows before movements in working capital</b>	<b>668,154</b>	<b>256,947</b>
Decrease/(increase) in trade and other debtors	1,193,580	1,989,769
(Decease)/increase in trade and other creditors	(1,942,959)	2,585,817
<b>Cash generated from/(used in) operations</b>	<b>(81,225)</b>	<b>852,995</b>

#### 19 Retirement benefits

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The contributions payable by the company charged to profit or loss amounted to £206,630 (2017: £200,143). Contributions totalling £18,908 (2017: £17,278) were payable to the fund at the year end and are included in creditors.

#### 20 Remuneration of key management personnel

The total remuneration of the directors and the executive team which are considered to be key management personnel of the company (including employers NI) was £842,568 (2017: £790,592).

#### 21 Contingent liabilities

A contingent liability exists in respect of grant income recognised in excess of matched industry funding received to date. Any excess may become repayable in the future if a matched level of industry funding is not received. As at 31 March 2018 the maximum potential liability is £1,018,663 (2017: £1,722,897).

#### 22 Other financial commitments

In 2015, the company entered into a 5 year agreement with Prolinx, for the provision of IT services. As at the year end the company had a total commitment under the remaining terms of the agreement of £135,183 (2017: £205,713)

# ADVANCED PROPULSION CENTRE UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2018

#### 23 Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases for property were as follows:

	2018 £	2017 £
<b>Amounts due:</b>		
Within one year	246,480	240,932
Between one and five years	184,860	421,631
	<u>431,340</u>	<u>662,563</u>

The annual rent increases by CPI on 1 May each year.

#### 24 Reserves

Reserves of the company represent cumulative profit and loss.

#### 25 Company limited by guarantee

The company is limited by guarantee and does not have share capital. In the event of the winding up or dissolution of the company each member's liability towards the debts and liabilities of the company is restricted to a sum not exceeding £1.

#### 26 Related party transactions

During the year, the Company entered into the following transactions with related parties:

	Other related parties	
	2018	2017
	£	£
Income from project services	1,992	2,144
Recharges of services provided in year	1,074	-
Purchases of goods/services in year	57,642	96,434
Amounts owed by related parties at year end	-	217
Amounts owed to related parties at year end	-	-

These are related parties of the Company because the CEO of Cenex, Robert Evans, was been a Non-Executive director and sole member of APC from 1st October 2015 to 31<sup>st</sup> December 2017. Robert Evans ceased to be a director and member of the Advanced Propulsion Centre UK Limited on 31 December 2017.