

REGISTERED NUMBER SC338109

IE CHP (UK & Eire) Limited

Report and Financial Statements

30 September 2013

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COMPANIES HOUSE

IE CHP (UK & Eire) Limited

Officers and professional advisers

DIRECTORS

MG Graham	(resigned 23 July 2013)
Dr M Lawson-Statham	(resigned 24 April 2013)
NA Ellis	
JA Hughes	
Dr L Juby	(appointed 24 April 2013)
SJ Storey	(appointed 23 July 2013)

SECRETARY

Dr M Lawson-Statham	(resigned 24 April 2013)
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AUDITOR

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

BANKERS

Barclays Bank Plc
5/6 High Street
Hitchin
Hertfordshire
SG5 1BJ

SOLICITORS

Pinsent Masons
1 Park Row
Leeds
LS1 5AB

REGISTERED OFFICE

4th Floor 115 George Street
Edinburgh
Scotland
EH2 4JN

IE CHP (UK & Eire) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2013.

Results and dividends

The loss for the year, after taxation, amounted to £1,233,512 (2012: £834,436). The directors do not recommend the payment of a dividend (2012: £nil).

Principal activity

IE CHP (UK & Eire) Limited is a joint venture company owned by Intelligent Energy Holdings plc (50%), SSE Venture Capital Limited (43%) and Scottish Enterprise Venture Fund (7%). The Company's activities are mainly in the UK and are directed towards the development of fuel cell solutions for use in CHP and distributed power generation systems for both commercial and residential applications. As these Smart Energy technologies and operating processes continue to be developed, the business will be able to capture the associated intellectual property rights. It is the Board's belief that IE CHP (UK & Eire) Limited is a company at the forefront of technological advancement in the distributed power generation sector with unique system designs that will exhibit exceptional cost effective performance.

Review of business and future developments

Since its incorporation in February 2008 IE CHP (UK & Eire) Limited has made significant advances in its technology to develop fuel cell distributed power generation systems and the associated system control intellectual Property. IE-CHP (UK & Eire) remains firmly on track with its business plan.

Within the financial year, the business has focussed on the development of residential Smart Energy solutions and has developed significant Intellectual Property relating to the control of the fuel cell solutions. Post the year end the business has successfully installed a domestic fuel cell system in a first field trial with proprietary company control solutions. The directors are satisfied with the results for the period to September 2013 and with the state of the company's affairs at the balance sheet date. The directors continue to be optimistic about the future prospects, performance and growth potential of the business.

Going concern

The directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. To reach this conclusion, the directors have reviewed detailed forecasts for the period to June 2015 which take account of current activity with reasonable judgement and estimates. The company regards the cash in hand as adequate in terms of liquidity for its needs. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Business KPI's

The Board has assessed that the following financial Key Performance Indicators (KPIs) are the most effective measures of progress towards achieving the company's strategies and as such towards fulfilling the company's objectives.

Cash and liquidity

Cash and liquidity represent the most crucial KPI for the Board as the business is still within its development phase. The cash balance at the end of September 2013 was £412,769 (2012: £1,847,417). Strong control over working capital has allowed the Company to meet its obligations to suppliers and for other short term liabilities.

Revenue

Turnover from continuing operations for the period is £168,432 (2012: £68,543). The turnover represents contributions to continuing technology development from the Government and from commercial contracts. The Company will derive its future revenues from business to business relationships when the research and development phase of its operations are further completed.

Headcount

Headcount in the business is three (2012: three). The research and development activity is supplemented by outsourcing to subcontractor.

IE CHP (UK & Eire) Limited

Directors' report *(continued)*

Financial risk management

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure to liquidity risk and credit risk. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as tax debtors and trade creditors, which arise directly from its operations. During the period no trading in financial instruments was undertaken.

Liquidity risk

The Company has sufficient available funds for operations and planned activities.

Credit risk

Credit risk is limited because of the nature of the group's customers, primarily governmental bodies and large corporate entities. The company has no past history of bad debts.

Research and development

The Company makes significant investment into research and development activities to develop fuel cell CHP and distributed generation Smart Energy systems. Significant progress continues to be made in these areas thus reducing risks associated with these technologies as the Company accrues knowledge and operating experience.

Directors and their interests

The directors who served during the year are shown on page 1. There are no interests to disclose.

Contracts

There were no contracts of significant substance during or at the year end, in which a director was materially interested.

Auditor

KPMG LLP were the companies auditor during the year. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP therefore continues in office.

Directors' statement as to disclosure of information to auditor

The directors who were members of the Board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

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



Dr L. Juby
Director

25 June 2014

IE CHP (UK & Eire) Limited

Statement of director's responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

Under Company Law the directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company that period. In preparing the financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Companies financial position and financial performance; and
- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Companies 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 and Article 4 of the IAS Regulation. 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 members of IE CHP (UK & Eire) Limited

We have audited the financial statements of IE CHP (UK & Eire) Limited for the year ended 30 September 2013 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2013 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Wayne Cox (Senior statutory auditor)

for and on behalf of KPMG LLP

Statutory Auditor

St Nicholas House, Park Row, Nottingham, NG1 6FQ

25 June 2014

IE CHP (UK & Eire) Limited

Income statement

for the year ended 30 September 2013

	Note	2013 £	2012 £
<i>Revenue</i>	4	168,432	68,453
Cost of sales		(397,252)	(173,170)
<i>Gross loss</i>		(228,820)	(104,717)
Administration expenses		(1,081,172)	(733,292)
<i>Operating loss</i>	5	(1,309,992)	(838,009)
Bank interest received		1,222	3,573
<i>Loss before tax</i>		(1,308,770)	(834,436)
Income tax	7	75,258	-
<i>Loss for year attributable to the ordinary equity holders of the company</i>		(1,233,512)	(834,436)

All of the activities of the company are classed as continuing. The company has no other comprehensive income or expenses other than the results for the current year or prior period as set out above.

IE CHP (UK & Eire) Limited

Statement of changes in equity for the year ended 30 September 2013

	Share capital £	Share premium £	Retained losses £	Total £
At 1 October 2011	1,039,433	3,973,049	(2,588,446)	2,424,036
Loss for the year	-	-	(834,436)	(834,436)
At 30 September 2012	1,039,433	3,973,049	(3,422,882)	1,589,600
At 1 October 2012	1,039,433	3,973,049	(3,422,882)	1,589,600
Loss for the year	-	-	(1,233,512)	(1,233,512)
At 30 September 2013	1,039,433	3,973,049	(4,656,394)	356,088

IE CHP (UK & Eire) Limited

Registered number: SC338109

Balance sheet at 30 September 2013

	Note	2013 £	2012 £
Non-current assets			
Property, plant and equipment	8	768	79,188
Current assets			
Trade and other receivables	9	50,002	102,040
Cash at bank	10	412,769	1,847,417
Total assets		463,539	2,028,645
Current liabilities			
Trade and other payables	11	(107,451)	(439,045)
Net assets		356,088	1,589,600
Capital and reserves			
Share capital	12	1,039,433	1,039,433
Share premium	13	3,973,049	3,973,049
Retained loss		(4,656,394)	(3,422,882)
Total equity attributable to the ordinary equity holders of the company		356,088	1,589,600

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



Dr L. Juby
Director

25 June 2014

IE CHP (UK & Eire) Limited

Statement of cash flows at 30 September 2013

	Note	2013 £	2012 £
Operating activities			
Loss after tax		(1,233,512)	(834,436)
Adjustment for net financing income		(1,222)	(3,573)
Adjustment for taxation		(75,258)	-
Operating loss		(1,309,992)	(838,009)
<i>Adjust non-cash items:</i>			
Depreciation of property, plant and equipment		20,002	19,371
Loss on disposal of property, plant and equipment		58,418	-
<i>Working capital adjustments:</i>			
Decrease in trade and other receivables		52,038	84,744
(Decrease)/increase in trade and other payables		(331,594)	316,402
Taxation received		75,258	-
Net cash outflow from operating activities		(1,435,870)	(417,492)
Investing activities			
Interest received		1,222	3,573
Payments to acquire property, plant and equipment		-	(36,060)
Net cash outflow from investing activities		1,222	(32,487)
Financing activities			
Issue of ordinary share capital		-	-
Net cash inflow from financing activities		-	-
Decrease in cash and cash equivalents		(1,434,648)	(449,979)
Cash and cash equivalents at beginning of year		1,847,417	2,297,396
Cash and cash equivalents at year end	10	412,769	1,847,417

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IE CHP (UK & Eire) Limited

Notes to the annual financial statements at 30 September 2013

1. Authorisation of financial statements and statement of compliance with IFRSs

The financial statements of IE CHP (UK & Eire) Limited (the "Company") for the year ended 30 September 2013 were authorised for issue by the board of directors on 25 June 2014 and the balance sheet was signed on the board's behalf by Dr L. Juby on 25 June 2014. IE CHP (UK & Eire) Limited is a limited company incorporated and domiciled in Scotland.

Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the Company for the year ended 30 September 2013. The Company's financial statements are also consistent with IFRS as issued by the IASB.

Going concern

The Company is currently developing technology and accordingly its expenditure is expected to exceed its income for the immediately foreseeable future.

In order to establish the availability of sufficient funds to continue to pay creditors as and when they fall due, the Directors have established sources of funds which are conditional on a number of matters. These conditions include, inter alia, establishing the technical and commercial viability of certain technologies.

In the event that the technical and commercial viability is not established, or the funding secured is not sufficient for the future plans of the business, the Directors have the option to reduce the scale and consequently the cash expenditure of the business such that it can continue to pay its creditors as they fall due for a period of not less than one year from the date of approval of these financial statements. It is on this basis that the Directors have concluded that the financial statements should be drawn up on the going concern basis.

2. Basis of preparation

The Company's financial statements are prepared on the historical cost basis. The Company's financial statements are presented in sterling and all values are rounded to the nearest pound.

3. Accounting policies

The accounting policies which follow set out the significant policies which apply in preparing the financial statements for the year ended 30 September 2013. The accounting policies adopted are consistent with those of the previous financial period.

Property, plant and equipment

Property, plant and equipment is 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 provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

- Plant, machinery and equipment – 3 and 5 years
- Office equipment, fixtures and fittings – 3 and 4 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the income statement in the period of de-recognition.

IE CHP (UK & Eire) Limited

Notes to the annual financial statements at 30 September 2013

3. Accounting policies (continued)

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. Impairment losses on continuing operations are recognised in the income statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Development costs

Expenditure on internally developed intangible assets, excluding development costs, is taken to the income statement in the year in which it is incurred (research costs are expensed as incurred).

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Trade and other payables

Trade and other payables are stated at cost.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

IE CHP (UK & Eire) Limited

Notes to the annual financial statements at 30 September 2013

3. Accounting policies (continued)

Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability of the Company is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Revenue recognition

The company generates revenues principally through consultancy for technology and product advancement (Rendering of services). Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Rendering of services

- Consultancy for technology and product advancement revenue is recognised by reference to the stage of completion. Stage of completion is measured by reference to cost labour hours and materials incurred to date as a percentage of total estimated cost labour hours and materials for each contract. Past experience has shown costs incurred to be the best measure of progress. In circumstances whereby the consultancy services are essential to the functionality of the materials, the company recognises materials revenue using the percentage-of-completion method over the contractual period. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Amounts received in advance of the delivery of products or performances of services are classified as deferred revenue.

Interest income

Interest income is recognised at it accrues using the effective interest rate basis.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;
- and deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

IE CHP (UK & Eire) Limited

Notes to the annual financial statements at 30 September 2013

3. Accounting policies (continued)

Income taxes (continued)

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

New standards and interpretations not applied

Adoption of new and revised standards and new standards and interpretations not yet adopted. In the current year, the Company has adopted the following new standards and interpretations:

- Amendments to IAS1 – Presentation of Items of Other Comprehensive Income requires that an entity present separately the items of OCI that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss.
- Amendments to IFRS 7 Disclosures - Transfers of Financial Assets requires additional disclosures about transfers of financial assets, e.g. securitisations and should enable users to understand the possible effects of any risks that may remain with the transferor. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

In addition to the above, amendments to a number of standards under the annual improvements project to IFRS, which are mandatory for the year ended 30 September 2013, have been adopted in the year. None of these amendments have had a material impact on the Company's financial statements.

The following standard amendments have been published, endorsed by the EU, and available for early adoption but have not yet been applied by the Company in these financial statements:

- IFRS 10 Consolidated Financial Statements outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee.
- IFRS 11 Joint Arrangements outlines the accounting by entities that jointly control an arrangement. Joint control involves the contractual agreed sharing of control and arrangements subject to joint control are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounted for accordingly).
- IFRS 12 Disclosure of Interests in Other Entities is a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated "structured entities". Disclosures are presented as a series of objectives, with detailed guidance on satisfying those objectives. IFRS 13 Fair Value Measurement replaces existing guidance on fair value measurement in different IFRSs with a single definition of fair value, a framework for measuring fair values and disclosures about fair value measurements. This standard applies to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value or when disclosure of fair value is provided.
- Amendments to IFRS 7 - Disclosures – Offsetting Financial Assets and Financial Liabilities sets out the disclosures required for financial assets and financial liabilities within the scope of the common disclosures.

The standard amendments that will apply in the future are not expected to have a significant effect on the Company financial statements.

IE CHP (UK & Eire) Limited

Notes to the annual financial statements at 30 September 2013

4. Revenue

	2013 £	2012 £
Rendering of services	168,432	68,453

The company currently generates revenues principally through consultancy for technology and product advancement (Rendering of services) for hydrogen fuel cell CHP products. The one continuing activity of the Company is the commercialisation of the CHP technology.

5. Operating loss

This is stated after charging:

	2013 £	2012 £
Research and development expenditure written off	-	173,170
Depreciation	20,002	19,371
Audit fee	-	5,000

The audit fee for 2013 was borne by the ultimate parent undertakings

6. Employee benefits expense

Staff costs

	2013 £	2012 £
Wages and salaries	276,859	183,942
Social security costs	31,443	21,524
	308,302	205,466

The monthly average number of employees, including directors during the year was as follows:

	2013 £	2012 £
Corporate and commercial	4	3
	4	3

IE CHP (UK & Eire) Limited

Notes to the annual financial statements at 30 September 2013

6. Employee benefits expense (continued)

In 2013 directors' emoluments have been borne by fellow group companies in respect of Dr Juby and Dr Lawson-Statham from Intelligent Energy Holdings plc, Mr Hughes from Intelligent Energy Inc and Mr Graham, Mr Storey and Mr Ellis from Scottish Southern Energy plc. The directors' services to this Company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the Company for the year ended 30 September 2013. There were no directors' emoluments paid by the Company in the year ended 30 September 2013.

7. Income tax

(a) Tax charged in the consolidated income statement

	2013 £	2012 £
<i>Current income tax</i>		
UK income tax	-	-
Tax credit in respect of losses surrendered under consortium relief in prior years	(75,258)	-
	<hr/>	<hr/>
Income tax credit reported in the income statement	(75,258)	-
	<hr/>	<hr/>

(b) Factors affecting current tax charge

The tax assessed on the loss before tax for the year is lower (2012: lower) than the standard rate of corporation tax in the UK of 23.5% (2012: 25%). The differences are reconciled below:

	2013 £	2012 £
Loss before tax	(1,308,770)	(834,436)
	<hr/>	<hr/>
Loss before tax multiplied by standard rate of corporation tax in the UK of 23.5% (2012: 25%)	(307,561)	(208,609)
Tax losses carried forward	307,561	208,609
Tax credit in respect of losses surrendered under consortium relief in prior years	(75,258)	-
	<hr/>	<hr/>
	(75,258)	-
	<hr/>	<hr/>

IE CHP (UK & Eire) Limited

Notes to the annual financial statements at 30 September 2013

7. Income tax (continued)

(c) Deferred tax

Deferred tax asset

No deferred tax asset has been recognised in view of the uncertainty over the timing of future profits. The un-provided deferred tax asset at 20% comprises the following:

	2013 £	2012 £
Losses	713,324	574,166

(d) Factors which may affect future tax charges

The trading losses referred to above will be available for offset against future profits of the same trade, assuming there is no major change in the trade's nature or conduct. The Company will claim research and development tax relief where it is eligible to do so. Future tax charges will be affected by government changes to the standard rate of corporation tax in the UK.

Reductions in the rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The un-provided deferred tax asset at 30 September 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

IE CHP (UK & Eire) Limited

Notes to the annual financial statements at 30 September 2013

8. Property, plant and equipment

	Plant, machinery and equipment £	Office equipment, fixtures and fittings £	Total £
<i>Cost:</i>			
At 1 October 2011	65,440	4,180	69,620
Additions	36,060	-	36,060
	<hr/>	<hr/>	<hr/>
At 30 September 2012	101,500	4,180	105,680
	<hr/>	<hr/>	<hr/>
At 1 October 2012	101,500	4,180	105,680
Disposals	(101,500)	-	(101,500)
	<hr/>	<hr/>	<hr/>
At 30 September 2013	-	4,180	4,180
	<hr/>	<hr/>	<hr/>
<i>Depreciation:</i>			
At 1 October 2011	6,496	625	7,121
Depreciation charge for the year	17,979	1,393	19,372
	<hr/>	<hr/>	<hr/>
At 30 September 2012	24,475	2,018	26,493
	<hr/>	<hr/>	<hr/>
At 1 October 2012	24,475	2,018	26,493
Depreciation charge for the year	18,608	1,394	20,002
Depreciation on disposals	(43,083)	-	(43,083)
	<hr/>	<hr/>	<hr/>
At 30 September 2013	-	3,412	3,412
	<hr/>	<hr/>	<hr/>
<i>Net book value:</i>			
At 30 September 2013	-	768	768
	<hr/>	<hr/>	<hr/>
At 30 September 2012	77,025	2,162	79,188
	<hr/>	<hr/>	<hr/>
At 30 September 2011	58,944	3,555	62,499
	<hr/>	<hr/>	<hr/>

IE CHP (UK & Eire) Limited

Notes to the annual financial statements at 30 September 2013

9. Trade and other receivables

	2013 £	2012 £
Trade receivables	-	80,985
Other debtors	50,002	21,055
	<u>50,002</u>	<u>102,040</u>

10. Cash and cash equivalents

	2013 £	2012 £
Cash at bank	412,769	1,847,417
	<u>412,769</u>	<u>1,847,417</u>

Cash at bank earns interest at floating rates based on bank deposit rates.

11. Trade and other payables

	2013 £	2012 £
Trade payables	24,833	18,876
Amounts owed to related parties	56,209	205,237
Accruals and deferred income	26,409	214,932
	<u>107,451</u>	<u>439,045</u>

12. Authorised and issued share capital *Issued, called up and fully paid*

	2013 £	2012 £
519,711 ordinary A shares of £1 each	519,711	519,711
519,722 ordinary B shares of £1 each	519,722	519,722
	<u>1,039,433</u>	<u>1,039,433</u>

All A and B shares are ranked pari passu and have equal voting rights. Holders of the ordinary shares are entitled to receive dividends and other distributions and to attend and vote at any general meeting.

On 31 March 2014 the Company's shareholders passed a written resolution for the directors of the Company to be generally and unconditionally authorised to allot shares of £1.00 each in the capital of the Company up to an aggregate nominal amount of £1,744,000, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the corresponding date five years from the date of the resolution.

IE CHP (UK & Eire) Limited

Notes to the annual financial statements at 30 September 2013

13. Reserves

Share capital

The balance classified as share capital relates to the nominal value of shares on issue of the company's equity share capital, comprising £1.00 ordinary shares.

Share premium

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.

14. Events after the balance sheet date

There were no significant events after the balance sheet date.

15. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into during the year, are as follows

	Purchases from related party £	Amounts owed to related party £
Intelligent Energy Holdings plc		
2013	300,000	56,209
2012	341,121	203,125

Purchases from related parties is for a services contract placed on Intelligent Energy Holdings plc by the company for the further development of fuel cell and fuel reforming technologies within the field of combined heat and power.

16. Ultimate parent undertaking

The company is a joint venture business between Intelligent Energy Holdings plc (50%), a company registered in England and Wales, SSE Venture Capital Limited (43%), a company registered in Scotland and Scottish Enterprise Venture Fund (7%).

In the directors' opinion the company is equally controlled by both Intelligent Energy Holdings plc and SSE Venture Capital Limited. The company results are therefore included in the consolidated financial statements of both Intelligent Energy Holdings plc and SSE Venture Capital Limited. Copies of the financial statements of both companies are available from Companies House.