REGISTERED NUMBER SC338109

IE CHP (UK & Eire) Limited

Report and Financial Statements

30 September 2014

IE CHP (UK & Eire) Limited

Officers and professional advisers

DIRECTORS

NA Ellis	(resigned 30 June 2014)
M Hope	(appointed 3 September 2014)
JA Hughes	
Dr L Juby	
SJ Storey	

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 2014.

Results and dividends

The loss for the year, after taxation, amounted to £697,833 *(2013: Loss of £1,233,512)*. The directors do not recommend the payment of a dividend *(2013: £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 the company is 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 the Company has made significant advances in its technology to develop fuel cell distributed power generation systems and the associated system control intellectual Property. The Company 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 such systems.

The first deployment of this Smart Energy Systems technology incorporates Fuel Cells into existing heating systems, simply and effectively in a low cost way. The first system field trial has been operated in a residential property within the financial year and provided operational analysis and results. Post the end of the financial year a further two field trial systems have been deployed in residential properties.

Smart Energy Systems are a key technology as they provide cheap, low carbon energy, whilst supporting the transition to a Smart Grid. The Company's enabling technology can be easily adapted to support the simple, low-cost and optimised installation of a number of low carbon technologies within buildings, enabling Smart Grid integration

The directors are satisfied with the results for the year to 30 September 2014 and with the state of the company's affairs at the balance sheet date. Post the end of the financial year the business has been restructured to reduce costs and following restructure the directors continue to be optimistic about the future prospects, performance and growth potential of the business.

Going concern

The Company is currently developing technology and accordingly its expenditure is expected to continue to exceed its income for the foreseeable future whilst the Company seeks to bring one or more products to market. Subsequent to the year end, further convertible loan notes of £400,000, classified as equity, have been issued, based on the establishment of the technical and commercial viability of certain technologies which the directors consider to be significant in the context of bringing products to market. Also subsequent to the year end, the Directors have reduced the scale of the business and consequently the cash expenditure of it to what they consider to be the lowest possible cost base such that it can continue to pursue its commercial objectives and to trade in an orderly fashion.

As a result of this reduction in the scale of the business, a claim of £200,000 has been received by the Company subsequent to the year end in respect of a supply agreement with a third party. The Directors have taken legal advice and are of the view that the claim is groundless and accordingly no provision has been recognised in respect of the claim.

The directors have prepared and reviewed detailed cash flow forecasts for the foreseeable future which they have deemed to be, for these purposes, a period a little over one year from the date of approval of these financial statements. These forecasts take account of current activity with reasonable judgments and estimates made as to the likely quantum and timing of income and expenditure in the forecast period but have not assumed any additional funding or that any cash outflow will be required to settle the claim received after the year end. Based on these forecasts the directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future.

Directors' report (continued)

Going concern (continued)

However, the directors are cognisant of the risks if the forecast income does not materialise, either in timing and/or quantum, or if future costs are greater than the amounts forecast, or if the claim received after the year end is upheld. In any of these events further funding will be required to allow the business to continue to pay its creditors as and when they fall due for the foreseeable future.

To enable the business to continue the development of the technology and a marketable product beyond the forthcoming year additional funding is required. It is the intention of the Directors to obtain such funding, in the forthcoming year and they are currently considering a number of options. In the absence of such funding, the business would be unable in the medium term to continue to trade and pay its creditors as and when they fell due.

There can be no certainty in relation to materially achieving the forecast cash flows or to successfully securing sufficient further funding in the timescale required. As a result, these material uncertainties may cast significant doubt on the company's ability to continue as a going concern. The company may, therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business but the financial statements do not include any adjustments that would result from not achieving these forecasts.

Principal risks and uncertainties

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the Company's liquidity and capital requirements. This depends on numerous factors, including the success of the Company's activities, the Company's R&D activities, relationships with third-party business partners and the impact of competing technologies and market developments.

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 30 September 2014 was £49,929 *(2013: £412,769).* 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 £nil *(2013: £168,432).* The turnover represents activity 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 *(2013: four).* The research and development activity is supplemented by outsourcing to subcontractors.

Financial risk management

The directors constantly monitor the financial 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 convertible loan notes, 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.

Directors' report (continued)

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 company's 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

29 June 2015

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 law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 and cash flows of the Company for that period. In preparing the financial statements the directors are required to:

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

The directors are responsible for keeping adequate 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. 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 2014 set out on pages 8 to 21. 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 5, 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 2014 and of the loss for the year then ended;
- 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.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £697,833 during the year ended 30 September 2014 and is reliant upon short term cash flows not being materially worse than forecast for the foreseeable future and upon securing further medium term funding during the next year.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern.The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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.

Independent auditor's report to the members of IE CHP (UK & Eire) Limited (continued)

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, 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.

Wayne Cox

Wayne Cox *(Senior statutory auditor)*
for and on behalf of KPMG LLP
Statutory Auditor
St Nicholas House, Park Row, Nottingham, NG1 6FQ

29 June 2015

IE CHP (UK & Eire) Limited

Income statement
for the year ended 30 September 2014

	Note	2014 £	2013 £
Revenue	4	**-**	168,432
Cost of sales		**(46,025)**	(397,252)
Gross loss		**(46,025)**	(228,820)
Administration expenses		**(720,011)**	(1,081,172)
Operating loss	5	**(766,036)**	(1,309,992)
Finance income		**146**	1,222
Loss before tax		**(765,890)**	(1,308,770)
Income tax	7	**68,057**	75,258
Loss for year attributable to the ordinary equity holders of the company		**(697,833)**	(1,233,512)

All of the activities of the company are classed as continuing. The company has no recognised gains or losses other than the results for the current or prior year as set out above.

IE CHP (UK & Eire) Limited

Statement of changes in equity
for the year ended 30 September 2014

	Share capital £	Share premium £	Convertible bond reserve £	Retained losses £	Total £
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
At 1 October 2013	1,039,433	3,973,049	-	(4,656,394)	356,088
Loss for the year	-	-	-	(697,833)	(697,833)
Issue of convertible loan notes	-	-	400,000	-	400,000
At 30 September 2014	**1,039,433**	**3,973,049**	**400,000**	**(5,354,227)**	**58,255**

IE CHP (UK & Eire) Limited

Registered number: SC338109

Balance sheet
at 30 September 2014

	Note	2014 £	2013 £
Non-current assets			
Property, plant and equipment	*8*	-	768
Current assets			
Trade and other receivables	*9*	**271,365**	50,002
Cash at bank	*10*	**49,929**	412,769
Total assets		**321,294**	463,539
Current liabilities			
Trade and other payables	*11*	**(263,039)**	(107,451)
Net assets		**58,255**	356,088
Capital and reserves			
Share capital	*12*	**1,039,433**	1,039,433
Share premium	*13*	**3,973,049**	3,973,049
Convertible bond reserve	*13*	**400,000**	-
Retained loss		**(5,354,227)**	(4,656,394)
Total equity attributable to the ordinary equity holders of the company		**58,255**	356,088

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

Dr L Juby
Director

29 June 2015

IE CHP (UK & Eire) Limited

Statement of cash flows
at 30 September 2014

	Note	2014 £	2013 £
Operating activities			
Loss after tax		**(697,833)**	(1,233,512)
Adjustment for net financing income		**(146)**	(1,222)
Adjustment for taxation		**(68,057)**	(75,258)
Operating loss		**(766,036)**	(1,309,992)
Adjust non-cash items:			
Depreciation of property, plant and equipment		**768**	20,002
Loss on disposal of property, plant and equipment		**-**	58,418
Working capital adjustments:			
(Increase) / decrease in trade and other receivables		**(221,363)**	52,038
Increase / (decrease) in trade and other payables		**155,588**	(331,594)
Taxation received		**68,057**	75,258
Net cash outflow from operating activities		**(762,986)**	(1,435,870)
Investing activities			
Interest received		**146**	1,222
Net cash inflow from investing activities		**146**	1,222
Financing activities			
Issue of convertible loan notes		**400,000**	-
Net cash inflow from financing activities		**400,000**	-
Decrease in cash and cash equivalents		**(362,840)**	(1,434,648)
Cash and cash equivalents at beginning of year		**412,769**	1,847,417
Cash and cash equivalents at year end	*10*	**49,929**	412,769

IE CHP (UK & Eire) Limited

Notes to the annual financial statements at 30 September 2014

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 2014 were authorised for issue by the board of directors on 29 June 2015 and the balance sheet was signed on the board's behalf by Dr L Juby on that date. 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 2014 and applied in accordance with the Companies Act 2006.

Going concern

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The directors have prepared and reviewed detailed cash flow forecasts for the foreseeable future which they have deemed to be, for these purposes, a period a little over one year from the date of approval of these financial statements. These forecasts take account of current activity with reasonable judgments and estimates made as to the likely quantum and timing of income and expenditure in the forecast period but have not assumed any additional funding or that any cash outflow will be required to settle the claim received after the year end. Based on these forecasts the directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future.

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There can be no certainty in relation to materially achieving the forecast cash flows or to successfully securing sufficient further funding in the timescale required. As a result, these material uncertainties may cast significant doubt on the company's ability to continue as a going concern. The company may, therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business but the financial statements do not include any adjustments that would result from not achieving these forecasts.

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 2014. 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.

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

3. **Accounting policies (continued)**

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.

Classification of financial instruments as debt or equity
Financial instruments issued by the Company are treated as equity (ie forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of financial expenses. Finance payments associated with financial instruments that are classified in equity are dividends, and are recorded directly in 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.

3. Accounting policies *(continued)*

Revenue recognition (continued)

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.

Government grants

Income based government grants are recognised in the income statement in the periods in which the related costs are recognised as an expense. Government grants are recognised as a deduction from the related expense.

Equity instruments

A contract that will be settled by the entity delivering or receiving a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is an equity instrument.

Any consideration received (such as the premium received for a written option or warrant on the entity's own shares) is added directly to equity. Any consideration paid (such as the premium paid for a purchased option) is deducted directly from equity. Changes in the fair value of an equity instrument are not recognised in the financial statements.

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.

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.

3. **Accounting policies** *(continued)*

New standards and interpretations not applied

In the current year, the Company has adopted the following new standards and interpretations:

- 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 IAS 1 Presentation of financial statements considers the presentation of comparative information beyond minimum requirements and presentation of the opening statement of financial position and related notes.

- Amendments to IAS 16 Property, plant and equipment relating to the classification of equipment.

- Amendments to IAS 32 Financial instruments: presentation regarding income tax on distributions.

The adoption of these standards and amendments has not had a significant impact on the financial statements.

New and amended standards and interpretations

The following standards and amendments have been published, endorsed by the EU, and are 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.

- 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.

- Amendments to IAS 27 Separate Financial Statements carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The requirements of IAS 28 and IAS 31 for separate financial statements have been included into IAS 2.

- Amendments to IAS 28 Investments in Associates and Joint Ventures applies IFRS 5 to an investment or portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. It also does not require remeasurement of the retained interest in the investment upon cessation of significant influence or joint control.

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 2014

4. Revenue

	2014 £	2013 £
Rendering of services	-	168,432

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:

	2014 £	2013 £
Depreciation	768	20,002

The audit fee for 2014 and 2013 was borne by the ultimate parent undertakings.

6. Employee benefits expense

Staff costs

	2014 £	2013 £
Wages and salaries	219,984	276,859
Social security costs	23,619	31,443
	243,603	308,302

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

	2014 £	2013 £
Corporate and commercial	3	4

In both the current and prior years directors' emoluments have been borne by fellow group companies in respect of Dr Juby from Intelligent Energy Holdings plc, Mr Hughes from Intelligent Energy Inc and Mrs Hope, Mr Storey and Mr Ellis from SSE 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 2014. There were no directors' emoluments paid by the Company in the year ended 30 September 2014 or 30 September 2013.

7. **Income tax**

(a) Tax credit in the income statement

	2014	2013
	£	£
Current income tax		
UK income tax	**-**	-
Tax credit in respect of losses surrendered under consortium relief	**(68,057)**	(75,258)
Income tax credit reported in the income statement	**(68,057)**	(75,258)

(b) Factors affecting current tax credit

The tax credit assessed on the loss before tax for the year is lower *(2013: lower)* than the standard rate of corporation tax in the UK of 22% *(2013: 23.5%)*. The differences are reconciled below:

	2014	2013
	£	£
Loss before tax	**(765,890)**	(1,308,770)
Loss before tax multiplied by standard rate of corporation tax in the UK of 22% *(2013: 23.5%)*	**(168,496)**	(307,561)
Tax losses carried forward	**168,496**	307,561
Tax credit in respect of losses surrendered under consortium relief	**(68,057)**	(75,258)
	(68,057)	(75,258)

(b) 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:

	2014	2013
	£	£
Losses	**804,632**	713,324

(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.

A reductions in the rate to 20% (effective from 1 April 2015) was 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 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

8. Property, plant and equipment

	Plant, machinery and equipment £	Office equipment, fixtures and fittings £	Total £
Cost:			
At 1 October 2012	101,500	4,180	105,680
Disposals	(101,500)	-	(101,500)
At 30 September 2013 and 30 September 2014	-	4,180	4,180
Depreciation:			
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)
At 30 September 2013	-	3,412	3,412
At 1 October 2013	-	3,412	3,412
Depreciation charge for the year	-	768	768
At 30 September 2014	-	4,180	4,180
Net book value:			
At 30 September 2014	**-**	**-**	**-**
At 30 September 2013	-	768	768
At 30 September 2012	77,025	2,162	79,188

9. Trade and other receivables

	2014 £	2013 £
Other receivables	**271,365**	50,002

IE CHP (UK & Eire) Limited

Notes to the annual financial statements at 30 September 2014

10. Cash and cash equivalents

	2014 £	2013 £
Cash at bank	**49,929**	412,769

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

11. Trade and other payables

	2014 £	2013 £
Trade payables	**12,798**	24,833
Amounts owed to related parties	**80,409**	56,209
Accruals and deferred income	**169,832**	26,409
	263,039	107,451

12. Authorised and issued share capital

Issued, called up and fully paid

	2014 £	2013 £
519,711 ordinary A shares of £1 each	**519,711**	519,711
519,722 ordinary B shares of £1 each	**519,722**	519,722
1,039,433 Ordinary shares of £1 each	**1,039,433**	1,039,433

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 2015 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.

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.

Convertible bond reserve

During the year the Company issued unsecured convertible loan notes to SSE Venture Capital Limited and Scottish Enterprise Venture Fund which are convertible into ordinary shares of £1 each on 31 March 2016. The loan notes and associated coupon of 9% per annum convert to equity on maturity. In accordance with IAS 32 the instrument is deemed to be equity and recognised directly in reserves.

14. 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		
2014	**41,156**	**80,409**
2013	300,000	56,209

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.

In addition to the above transactions convertible loan notes were issued by the Company to SSE Venture Capital Limited and Scottish Enterprise Venture Fund as detailed in note 13.

15. Contingent liabilities

In the normal course of business the company has potential claims, disputes and litigation. As the company has reduced the scale of its business, certain arrangements with third parties were restructured, resulting in such a claim for compensation of £200,000 being received after the year end. The company takes the view that this claim is groundless and that, whilst it is possible that this claim will result in an obligation on the company, it is not probable; accordingly no provision has been made in these accounts.

16. Events after the balance sheet date

There were no significant events after the balance sheet date.

17. 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.