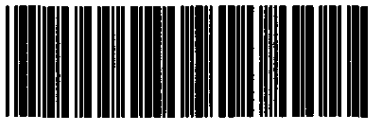


Financial Statements for the Year Ended 31 August 2019

for

Nova Innovation Ltd

TUESDAY



\*S94ELRQ2\*

SCT

05/05/2020

#188

COMPANIES HOUSE

Contents of the Financial Statements  
for the Year Ended 31 August 2019

|                                   | Page |
|-----------------------------------|------|
| Company Information               | 1    |
| Balance Sheet                     | 2    |
| Notes to the Financial Statements | 3    |

Nova Innovation Ltd

Company Information  
for the Year Ended 31 August 2019

**DIRECTORS:**

Dr D S Forrest  
Dr G Connor  
Mr I D Marchant  
Mr J Meagher  
Mr O J G Bontems

**SECRETARY:**

Dr D S Forrest

**REGISTERED OFFICE:**

45 Timberbush  
Edinburgh  
EH6 6QH

**REGISTERED NUMBER:**

SC358996 (Scotland)

**AUDITORS:**

Cowan & Partners Limited  
Statutory Auditors  
60 Constitution Street  
Edinburgh  
EH6 6RR

**Balance Sheet**  
**31 August 2019**

|  | Notes | 31.8.19<br>£            | 31.8.18<br>£            |
|--|-------|-------------------------|-------------------------|
| <b>FIXED ASSETS</b>                          |       |                         |                         |
| Intangible assets                            | 4     | 6,809,532               | 5,777,913               |
| Tangible assets                              | 5     | 1,057,785               | 1,438,633               |
| Investments                                  | 6     | 7                       | 7                       |
|  |       | <u>7,867,324</u>        | <u>7,216,553</u>        |
| <b>CURRENT ASSETS</b>                        |       |                         |                         |
| Debtors                                      | 7     | 494,871                 | 298,240                 |
| Cash at bank                                 |       | 2,070,581               | 1,367,775               |
|  |       | <u>2,565,452</u>        | <u>1,666,015</u>        |
| <b>CREDITORS</b>                             |       |                         |                         |
| Amounts falling due within one year          | 8     | 322,440                 | 1,407,767               |
| <b>NET CURRENT ASSETS</b>                    |       | <u>2,243,012</u>        | <u>258,248</u>          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | 10,110,336              | 7,474,801               |
| <b>CREDITORS</b>                             |       |                         |                         |
| Amounts falling due after more than one year | 9     | (1,779,770)             | (660,000)               |
| <b>ACCRUALS AND DEFERRED INCOME</b>          |       | <u>(3,909,109)</u>      | <u>(3,010,362)</u>      |
| <b>NET ASSETS</b>                            |       | <u><u>4,421,457</u></u> | <u><u>3,804,439</u></u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                         |                         |
| Called up share capital                      |       | 1,220                   | 1,220                   |
| Share premium                                |       | 1,334,650               | 1,334,650               |
| Retained earnings                            |       | 3,085,587               | 2,468,569               |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u><u>4,421,457</u></u> | <u><u>3,804,439</u></u> |

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 21 April 2020 and were signed on its behalf by:



Dr D S Forrest - Director

Notes to the Financial Statements  
for the Year Ended 31 August 2019

**1. STATUTORY INFORMATION**

Nova Innovation Ltd is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Preparation of consolidated financial statements**

The financial statements contain information about Nova Innovation Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

**Turnover**

Turnover represents net invoiced sales and grant income towards tidal turbine projects. Turnover is recognised at the point where the company obtains the right to consideration and is stated net of VAT.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc                      - 33% on cost, 25% on cost, 20% on cost and 8% on cost

At each balance sheet date, the company reviews the carrying amounts of its tangible and investment assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Intangible assets - research and development**

Research expenditure is written off as incurred. Development expenditure is also written off as incurred, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. As such there is no amortisation included this year. Intangible assets are reviewed annually for any impairments and provision is made for any impairment.

Where a prototype unit is developed a review is carried out, at least annually, to determine whether the criteria for recognition as a tangible fixed asset are met. Where such criteria are met the prototype is transferred to tangible fixed assets and accounted for according to the policy for tangible fixed assets.

Patents and trademarks are capitalised at cost.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Grants**

Grants are recognised under the performance model. A grant that does not impose specified future performance-related conditions is recognised in income when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions is recognised in income only when those conditions are met. Grants received before the revenue recognition criteria are satisfied are recognised as deferred income.

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2019

2. **ACCOUNTING POLICIES - continued**

**Going concern**

These financial statements are prepared under the going concern basis of accounting. Directors have reviewed the company's forecasts and projections, and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider that the going concern basis continues to be appropriate in in preparation of these financial statements.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 31 (2018 - 35).

4. **INTANGIBLE FIXED ASSETS**

|                       | Other<br>intangible<br>assets<br>£ |
|-----------------------|------------------------------------|
| <b>COST</b>           |                                    |
| At 1 September 2018   | 5,777,913                          |
| Additions             | 1,992,578                          |
| Impairments           | (960,959)                          |
|                       | <hr/>                              |
| At 31 August 2019     | 6,809,532                          |
|                       | <hr/>                              |
| <b>NET BOOK VALUE</b> |                                    |
| At 31 August 2019     | 6,809,532                          |
|                       | <hr/>                              |
| At 31 August 2018     | 5,777,913                          |
|                       | <hr/>                              |

Projects carried out in the year ended 31 August 2019 have informed the commercial product pathway. Continued advances, alongside a critical review of the components of the intangible asset, have determined that some previously capitalised learnings have been superseded. Product designs for a commercially efficient and reliable product, incorporating optimum developments, therefore support a provision for impairment of £960,969 in these financial statements.

5. **TANGIBLE FIXED ASSETS**

|   | Plant and<br>machinery<br>etc<br>£ |
|---|------------------------------------|
| <b>COST</b>                               |                                    |
| At 1 September 2018<br>and 31 August 2019 | 1,916,429                          |
|   | <hr/>                              |
| <b>DEPRECIATION</b>                       |                                    |
| At 1 September 2018                       | 477,796                            |
| Charge for year                           | 380,848                            |
|   | <hr/>                              |
| At 31 August 2019                         | 858,644                            |
|   | <hr/>                              |
| <b>NET BOOK VALUE</b>                     |                                    |
| At 31 August 2019                         | 1,057,785                          |
|   | <hr/>                              |
| At 31 August 2018                         | 1,438,633                          |
|   | <hr/>                              |

There are no impairment indicators in the year.

Notes to the Financial Statements - continued  
for the Year Ended 31 August 2019

**6. FIXED ASSET INVESTMENTS**

|   | Shares in<br>group<br>undertakings<br>£ |
|---|---|
| <b>COST</b>                               |   |
| At 1 September 2018<br>and 31 August 2019 | 7                                       |
| <b>NET BOOK VALUE</b>                     |   |
| At 31 August 2019                         | 7                                       |
| At 31 August 2018                         | 7                                       |

The above relates to the 100% ownership of Nova Innovation CAN Ltd and Enlli Tidal Ltd. Both Nova Innovation CAN Ltd and Enlli Tidal Ltd were dormant at the year ending 31.08.19.

**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|               | 31.8.19<br>£   | 31.8.18<br>£   |
|---------------|----------------|----------------|
| Trade debtors | 2,698          | 6,629          |
| Other debtors | 492,173        | 291,611        |
|               | <u>494,871</u> | <u>298,240</u> |

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                 | 31.8.19<br>£   | 31.8.18<br>£     |
|-----------------|----------------|------------------|
| Trade creditors | 104,069        | 159,470          |
| Other creditors | 218,371        | 1,248,297        |
|                 | <u>322,440</u> | <u>1,407,767</u> |

**9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                 | 31.8.19<br>£     | 31.8.18<br>£   |
|-----------------|------------------|----------------|
| Other creditors | <u>1,779,770</u> | <u>660,000</u> |

**10. SECURED DEBTS**

The following secured debts are included within creditors:

|             | 31.8.19<br>£     | 31.8.18<br>£     |
|-------------|------------------|------------------|
| Other loans | <u>1,009,867</u> | <u>1,009,867</u> |

The company has granted securities in the form of floating charge over assets of the company to Scottish Enterprise.

**11. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

*John W Kennedy CA (Senior Statutory Auditor)*  
for and on behalf of Cowan & Partners Limited

**12. COASTAL COMMUNITIES FUND GRANT**

During the financial year ended 31st August 2019, Nova Innovation received a Coastal Communities Fund Grant of £50,496 (2018: £83,510) to establish a tidal energy company in North Wales. In relation to this grant, income of £35,655 (2018: £15,981) and costs of £71,309 (2018: £34,957) have been reported in these financial statements. At the period end, grant income of £82,370 was unspent and is reported in deferred income.