

Company registration number SC358996 (Scotland)

NOVA INNOVATION LTD
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022
PAGES FOR FILING WITH REGISTRAR

NOVA INNOVATION LTD

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NOVA INNOVATION LTD

BALANCE SHEET

AS AT 31 DECEMBER 2022

		31 December 2022		31 August 2021 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	3		14,756,216		10,652,078
Tangible assets	4		26,469		325,959
Investments	5		2,090		1,090
			<u>14,784,775</u>		<u>10,979,127</u>
Current assets					
Debtors	7	3,507,743		2,452,584	
Cash at bank and in hand		2,906,856		1,590,657	
			<u>6,414,599</u>		<u>4,043,241</u>
Creditors: amounts falling due within one year	8	(1,258,785)		(1,623,069)	
Net current assets			<u>5,155,814</u>		<u>2,420,172</u>
Total assets less current liabilities			<u>19,940,589</u>		<u>13,399,299</u>
Creditors: amounts falling due after more than one year	9		(385,431)		(935,858)
Provisions for liabilities	10		(162,000)		(162,000)
Deferred income	11		(68,231)		(2,974,375)
Net assets			<u>19,324,927</u>		<u>9,327,066</u>
Capital and reserves					
Called up share capital	12		1,533		1,278
Share premium account			9,893,657		2,504,288
Profit and loss reserves			9,429,737		6,821,500
Total equity			<u>19,324,927</u>		<u>9,327,066</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

NOVA INNOVATION LTD

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved by the board of directors and authorised for issue on 14 July 2023 and are signed on its behalf by:

Dr D S Forrest
Director

Company Registration No. SC358996

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Nova Innovation Ltd is a private company limited by shares incorporated in Scotland. The registered office is 45 Timber Bush, Edinburgh, EH6 6QH.

1.1 Reporting period

The profit and loss account presented reflects a 16 month period following a change in the accounting year end to better suit the business. The comparative profit and loss account reflects a 12 month period, as such the two periods are not entirely comparable.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received towards tidal turbine projects, including invoiced sales, including consulting income and charges to subsidiary companies, and grant income. Turnover is recognised at the point where the company obtains the right to consideration and is stated net of VAT.

Where the company recognises income from Research and Development Expenditure Credits (RDEC), it is classified as other income.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Development expenditure is 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 provisions are made for any such impairment.

Patents and trademarks are capitalised at cost.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	8% straight line
Plant and equipment	20% straight line
Fixtures and fittings	25% straight line
Computers	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

The carrying value of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Debtors

Debtors with no stated interest rate and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

Creditors

Creditors with no stated interest rate and payable within one year are recorded at transaction price.

All interest bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable. After initial recognition they are measured at amortised cost.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.16 Grants

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2022 Number	2021 Number
Total	36	30

3 Intangible fixed assets

	Other £
Cost	
At 1 September 2021	11,215,347
Additions	4,104,138
At 31 December 2022	15,319,485
Amortisation and impairment	
At 1 September 2021 and 31 December 2022	563,269
Carrying amount	
At 31 December 2022	14,756,216
At 31 August 2021	10,652,078

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 September 2021	10,101	1,934,261	1,944,362
Additions	-	21,192	21,192
At 31 December 2022	10,101	1,955,453	1,965,554
Depreciation and impairment			
At 1 September 2021	3,773	1,614,630	1,618,403
Depreciation charged in the period	1,077	319,605	320,682
At 31 December 2022	4,850	1,934,235	1,939,085
Carrying amount			
At 31 December 2022	5,251	21,218	26,469
At 31 August 2021	6,328	319,631	325,959

5 Fixed asset investments

	2022 £	2021 £
Shares in group undertakings and participating interests	2,090	1,090

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 September 2021	1,090
Additions	1,000
At 31 December 2022	2,090
Carrying amount	
At 31 December 2022	2,090
At 31 August 2021	1,090

6 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

6 Subsidiaries (Continued)

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Nova Innovation CAN Ltd	1	Tidal turbine projects	Ordinary shares	100.00
Enlli Tidal Ltd	2	Dormant	Ordinary shares	100.00
Nova Innovation (Ireland) Ltd	3	Dormant	Ordinary shares	100.00
Oran Na Mara Ltd	4	Dormant	Ordinary shares	100.00
Yell Tidal Energy	4	Dormant	Ordinary shares	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 Conrad Dillon Robinson Law, 820-33 Alderney Drive, Dartmouth, Nova Scotia, B2Y 2N4
- 2 Menai Science Park, Gaerwen, Anglesey, LL60 6AG
- 3 Lewis and Co, 8 Priory Office Park, Stillorgan Road, Blackrock, Co Dublin
- 4 45 Timber Bush, Leith, Edinburgh, EH6 6QH

7 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	100,211	44,164
Corporation tax recoverable	376,979	515,179
Amounts owed by group undertakings	2,501,502	1,123,086
Other debtors	529,051	770,155
	<u>3,507,743</u>	<u>2,452,584</u>

8 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	181,881	106,998
Taxation and social security	62,028	34,264
Other creditors	1,014,876	1,481,807
	<u>1,258,785</u>	<u>1,623,069</u>

Included within other creditors is £256,954 (2021 - £256,954) of secured loan notes carrying an interest rate of 4.7% per annum. The company has granted securities over these loan notes in the form of a floating charge over the first three turbines in the Shetland Tidal Array and their associated assets to Scottish Enterprise.

9 Creditors: amounts falling due after more than one year

	2022 £	2021 £
Other creditors	<u>385,431</u>	<u>935,858</u>

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

9 Creditors: amounts falling due after more than one year (Continued)

Included within other creditors is £385,431 (2021 - £770,862) of secured loan notes carrying an interest rate of 4.7% per annum. The company has granted securities over these loan notes in the form of a floating charge over the first three turbines in the Shetland Tidal Array and their associated assets to Scottish Enterprise.

10 Provisions for liabilities

	2022 £	2021 £
Decommissioning provision	162,000	162,000

Included within provisions are the costs of restoring the sea bed that the Tidal Array is situated on to its original state in the event of decommissioning.

11 Deferred income

	2022 £	2021 £
Grant income	68,231	2,974,375

12 Called up share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £0.001 each	1,533,178	1,278,120	1,533	1,278

During the period there were various allotments of shares by which an additional 255,058 of Ordinary shares of £0.001 each were allotted at par. Consideration of £7,428,929 was received by the company for these shares, against which £39,305 of legal fees was offset.

13 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2022 £	2021 £
	111,675	161,508

14 Related party transactions

The directors are of the opinion that all related party transactions are conducted under normal market conditions and on an arm's length basis and therefore do not need to be disclosed under FRS 102 section 1A appendix C.

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2022

15 Prior period adjustment

Reconciliation of changes in equity

		1 September 2020	31 August 2021
	Notes	£	£
Adjustments to prior period			
RDEC step 2 offset recognition 2020	1	185,259	185,259
R&D relief adjustment 2021	1	-	(110,394)
Total adjustments		185,259	74,865
Equity as previously reported		7,911,931	9,252,201
Equity as adjusted		8,097,190	9,327,066
Analysis of the effect upon equity			
Profit and loss reserves		-	74,865

Reconciliation of changes in profit for the previous financial period

		2021 £
	Notes	
Adjustments to prior period		
RDEC step 2 offset recognition 2020	1	-
R&D relief adjustment 2021	1	(110,394)
Profit as previously reported		1,340,270
Profit as adjusted		1,229,876

Notes to reconciliation

1. Treatment of R&D tax reliefs

The directors have considered the accounting treatment previously applied to their RDEC step 2 offset amount and consider it appropriate to include this in the company's financial statements given its availability to be utilised against taxable profits. The company utilised £52,345 of the RDEC step 2 off set amount against taxable profits in the year ended 31 August 2021. An adjustment was also made to release net over provision of SME tax credits of £58,049 in the year ended 31 August 2021.

16 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Senior Statutory Auditor:	Iain Binnie
Statutory Auditor:	Geoghegans

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.