

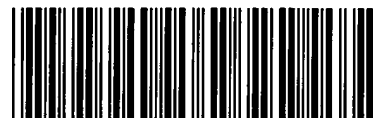
REPORT OF THE DIRECTORS AND UNAUDITED FINANCIAL STATEMENTS

FOR THE ACCOUNTING PERIOD 31ST MARCH 2020 TO 31ST MARCH 2021

FOR INTELLIGENT POWER GENERATION LIMITED

COMPANY NO: 10044404

WEDNESDAY



AA6S07ZS

A04 .16/06/2021 #160

COMPANIES HOUSE

CONTENTS OF THE FINANCIAL STATEMENTS: INTELLIGENT POWER GENERATION LIMITED
FOR THE ACCOUNTING PERIOD 31ST MARCH 2020 TO 31ST MARCH 2021

COMPANY INFORMATION	2
REPORT OF THE DIRECTORS	3
CHARTERED CERTIFIED ACCOUNTANTS REPORT	4
INCOME STATEMENT	5
BALANCE SHEET	6
NOTES TO THE FINANCIAL STATEMENTS	7
TRADING STATEMENT	11

COMPANY INFORMATION: INTELLIGENT POWER GENERATION LIMITED
FOR THE ACCOUNTING PERIOD 31ST MARCH 2020 TO 31ST MARCH 2021

DIRECTORS	John Martin Rushton-Turner (Executive Chairman) Simon Richard Hansford
CHIEF EXECUTIVE OFFICER	Dr Tobias Gill
REGISTERED OFFICE	4, The Gables, Vale of Health, Hampstead, London NW3 1AY
REGISTERED NUMBER	Company No: 10044404
VAT REGISTERED NUMBER	260 1388 24
BANKERS	Metro Bank plc One Southampton Row, London
ACCOUNTANTS	RDG Accounting Limited Suite 3, Chatsworth House Prime Business Centre Derby DE21 7SR

INTELLIGENT POWER GENERATION LIMITED: DIRECTORS REPORT FOR THE PERIOD 31ST MARCH 2020 TO 31ST MARCH 2021

The directors present their report together with the financial statements of the company for the period 31st March 2020 to 31st March 2021

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of advancing the design, build and testing of its proprietary novel technology for a highly efficient clean turbine principally for static electrical power applications in the 100kW to 10MW range. The primary markets are industrial, construction, temporary power, and other off-grid applications, including for EV charging sites and infrastructure

In the period the company continued to carry out work on its prototype build and test contract with Highways England

The company has 15 full-time staff focused on engineering and business mission delivery. Whilst COVID-19 caused some disruption and delays with suppliers and also with the lock-down for some time of its university located test facility), these have largely been manageable. All engineering staff have continued to be fully engaged. The company furloughed two staff members (on the business support side) of whom one remains furloughed currently.

Towards the end of the year the company made its first external investment equity raise and also restructured its prior (lead shareholder provided) debt and equity base. See Notes 8 and 9.

LEADERSHIP & GOVERNANCE

Day to day management is led by Dr Toby Gill (our CEO) in consultation with the Executive Chairman, under supervision of the Board and with guidance and input from the Advisory Board

The company's leadership informs, and benefits from input from, its Advisory Board with sessions on average every two months plus ad-hoc discussions as appropriate. The Advisory Board is led by Ian Marchant (currently the Chairman of Thames Water, the former CEO of SSE plc and a non-executive director at Aggreko plc). It includes other members with extensive experience of advanced engineering, including in early-stage companies

DIRECTORS

The following directors have held office throughout the accounting period (other than as noted)

John Martin Rushton-Turner: Executive Chairman
Simon Richard Hansford (appointed 1st January 2021)

BASIS OF PREPARATION

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ISSUED ON BEHALF OF THE BOARD ON 8TH JUNE 2021



John Martin Rushton-Turner: Director, Executive Chairman
8th June 2021

CHARTERED CERTIFIED ACCOUNTANTS REPORT
TO THE BOARD OF DIRECTORS OF INTELLIGENT POWER GENERATION LIMITED
FOR THE ACCOUNTING PERIOD 31ST MARCH 2020 TO 31ST MARCH 2021

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Intelligent Power Generation Limited for the period ended 31 March 2021. These financial statements comprise the Income Statement, Balance Sheet and the related notes (which include the Trading Statement). We have prepared the statements from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Association of Chartered Certified Accountants, we are subject to its ethical and other professional requirements which are detailed at <http://www.accaglobal.com/rulebook>.

This report is made solely to the Board of Directors of Intelligent Power Generation Limited, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Intelligent Power Generation Limited and state those matters that we have agreed to state to the Board of Directors of Intelligent Power Generation Limited, as a body, in this report in accordance with the requirements of the Association of Chartered Certified Accountants as detailed at <http://www.accaglobal.com/factsheet163>. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Intelligent Power Generation Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Intelligent Power Generation Limited. You consider that Intelligent Power Generation Limited is exempt from the statutory audit requirement for the period

We have not been instructed to carry out an audit or a review of the financial statements of Intelligent Power Generation Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements

RDG Accounting Ltd

RDG Accounting Ltd
Suite 3, Chatsworth Housse
Prime Business Centre
Raynesway
Derby
DE21 7SR

Date: 8th June 2021

INCOME STATEMENT: INTELLIGENT POWER GENERATION LIMITED
FOR THE YEAR ENDED 31ST MARCH 2021

	31-Mar-21	30-Mar-20
	Total	Total
Turnover	£213,704	£369,615
Development Expenditure	£1,885,364	£1,235,132
Gross Loss	(£1,671,661)	(£865,517)
Operating Expenses	£221,826	£477,379
Operating Loss	(£1,893,487)	(£1,342,896)
Interest Payable and similar expenses	£0	£174,136
Loss Before Taxation	(£1,893,487)	(£1,517,032)
Tax on Loss	£622,400	£727,757
Loss for the Financial Year	(£1,271,086)	(£789,275)

BALANCE SHEET: INTELLIGENT POWER GENERATION LIMITED
AS AT 31ST MARCH 2021

	Notes	31-Mar-21	30-Mar-20
FIXED ASSETS			
Tangible Assets	5	£1,350	£3,342
CURRENT ASSETS			
Debtors	6	£723,183	£505,547
Cash at Bank		<u>£1,836,902</u>	<u>£159,974</u>
		£2,560,085	£665,521
CREDITORS			
Amounts falling due within one year	7	(£549,026)	(£238,002)
NET CURRENT ASSETS		£2,011,058	£427,519
TOTAL ASSETS LESS CURRENT LIABILITIES		£2,012,408	£430,861
CREDITORS			
Amounts falling due after more than one year	8	£800,000	£3,929,508
NET ASSETS / (LIABILITIES)		<u>£1,212,408</u>	<u>(£3,498,647)</u>
CAPITAL & RESERVES			
Called Up Share Capital	9	£3,475	£1,000
Share Premium	9	£5,494,296	£0
Retained Earnings	10	(£4,285,363)	(£3,499,647)
SHAREHOLDERS FUNDS		<u>£1,212,408</u>	<u>(£3,498,647)</u>



John Martin Rushton-Turner: Director, Executive Chairman
8th June 2021

1 STATUTORY INFORMATION

Intelligent Power Generation Limited is a private company, limited by shares, registered in England and Wales with company number 10044404. The company's registered office address can be found on the Company Information page. The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 31 March 2021.

As permitted by Section 476 of the Companies Act 2006 the members have not required the company to obtain an audit of its financial statements for the period ended 31 March 2021.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006; and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

2 ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

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

TANGIBLE FIXED ASSETS

Depreciation is provided at 33% of cost in order to write off each asset over its estimated useful life.

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.

RESEARCH AND DEVELOPMENT SPEND

The company has invested approximately £5.3m of funds to date in its development work (of which £1.9m has been expended in the current year) and holds granted patents registered at the UK Intellectual Property Office and has been granted patents, and has filed for grant, in various other countries further to the Patent Co-Operation Treaty. As to the accounting treatment of such expenditure see the sub-note below.

INTANGIBLE ASSET

The company considers that its accumulated work in the development phase has progressed to the point where it is open to the company to classify development work revenue expenditure as an intangible asset in accordance with Paragraph 18.8H of FRS 102 as an intangible asset. Although the company has elected (thus far) not to so reclassify such expenditure see note 11 for the comparator net reserves and net asset position had such election been made.

3 EMPLOYEES AND DIRECTORS

The company has a team of 15 including its Executive Chairman. It has a payroll of 11 full-time employees of whom 9 are focused entirely on its engineering development projects. It also has three contractors, two assisting on materials and engineering process planning and one on bookkeeping and financial management. The core team has been largely the same throughout the company's development period. None of the Board or Advisory Board members are remunerated.

4 INCOME, OPERATING LOSS AND TAX ON LOSS

4A Income

The income consists in payments from Highways England from a contract awarded in open competition to the company in January 2020 for its demonstration of a prototype turbine for application to off-grid power supply for the roll-out of EV charging sites in the UK. All amounts due under this contract were received prior to the year-end but 30% of the total contract income has been deferred into the following year to reflect contract completion timing

4B Operating Loss

The Operating Loss is stated after charging:

	2021	2020
Engineering staff and contractor costs	£823,287	£972,657
Business staff and contractor costs	£133,706	£176,601
Legal, Insurance and Patent Costs	£66,733	£57,422
Facilities Costs, IT and Software	£95,979	£103,653

The total employee payroll cost was £818,193 (2020 - £935,288) and aggregate PAYE costs were £300,484 (2020 - £357,786)

4C Tax on Loss

The tax on loss consists in research and development tax credits (RDTCs) (£622,400) for the current year. In the year, the company received repayment of the RDTCs initially claimed for the prior year (£382,768). An additional £32,554 of RDTCs have been claimed for the prior year by amendment of return. The company has carried forward trading tax losses of £794,237 (2020: £769,067) for which no value has been recognized in the accounts.

5 TANGIBLE FIXED ASSETS

This comprises computer equipment with an original cost of £6,037. The net book value of £1,350 is after accumulated depreciation of £4,687 (2020: £2,695)

6 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
Trade Debtors	£0	£99,174
Tax Credits Repayable (see Note 4C)	£654,954	£382,768
VAT Repayable	£53,828	£0
Rent Deposits	£14,400	£23,605
	<u>£723,183</u>	<u>£505,547</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
Trade Creditors	£210,548	£23,444
Amounts owed to associates	£0	£141,311
PAYE	£23,279	£33,604
Pensions	£2,239	£2,559
VAT Payable	£12,960	£37,245
Other Creditors	£0	(£161)
Deferred Income (see Note 4A)	£300,000	£0
	<u>£549,026</u>	<u>£238,002</u>

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
August 2019 Working Capital Facility Agreement	£0	£3,929,508
February 2021 Working Capital Facility Agreement	£800,000	£0
	<u>£800,000</u>	<u>£3,929,508</u>

During the year, the balance on the August 2019 WCFA (provided by the company's main shareholder) increased to £4,910,754 (further advances of £801,641, further interest accrued of £179,605)

On 28th February 2021, as part of the restructure of the company's capital, the holder:

- waived all accumulated accrued interest (including £335,278 accrued in prior years)
- agreed to exchange / convert £3,595,871 of the principal for 11,000 A1 Ordinary Shares (see Note 10)

The remaining balance of £800,000 was restated to be repayable from, but limited in recourse (absent default events) to, future R&D tax credit repayments and/or input VAT credits. Within the overall limit of £800,000 on capital outstanding, where mutually agreed, further advances may be made against anticipated future credits. Interest at 5% pa will accrue on any outstanding capital balance from 30th September 2021, such interest being repayable only after all capital is repaid. The company may repay the facility at any time.

9 SHARE CAPITAL

The share capital (which previously consisted in 999 £1 Ordinary Shares and 1 £1 Participating Preferred Ordinary Share ("PPOS") all paid up at par) was £1,000 at the prior year end

On 28th February 2021 the existing share capital was re-organized (including a 10 for 1 split of £1 shares into 10p shares) and including the issuance of 11,000 A1 Ordinary Shares in conversion of the debt (see Note 8) and of 9,000 A1 Ordinary Shares reflecting the elimination of the priority participation that attached to the PPOS.

B Ordinary Shares were issued amongst 10 new subscribing investors on 15th March 2021 (4,250 B Ordinary Shares for £1,700,000) and 19th March 2021 (500 B Ordinary Shares for £200,000)

After the year end (on 7th April 2021) a further 250 B Ordinary Shares were subscribed and issued for £100,000

At the year end the share capital and share premium (shown in respect of the share subscriptions from which it arose but existing as a single shareholder fund and not "belonging" to any individual share or class) was as follows:

	Number	Nominal Value	Premium	Total Paid In
A1 Ordinary Shares	29,990	£2,999	£3,594,771	£3,597,770
A2 Ordinary Shares	10	£1	£0	£1
B Ordinary Shares	4,750	£475	£1,899,525	£1,900,000
Total Shares	<u>34,750</u>	<u>£3,475</u>	<u>£5,494,296</u>	<u>£5,497,771</u>

All the ordinary shares participate pro rata to their nominal value in income, dividends, distributions, capital, surplus and assets in a winding up

All shares carry two votes in general meetings save that until a value hurdle is achieved: (1) the A1 Ordinary Shares carry only one vote (2) but the A2 Ordinary Shares (together) also have one vote for each A1 Ordinary Share in issue.

The Company also has authority to issue options to qualifying employees under an approved EMI share scheme to subscribe in the future for C Ordinary Shares (with the same rights as the other ordinary shares) - shares held under such options not to exceed 10% of the total share capital. No options had been granted at the date of approval of these accounts but some limited grants are expected in the forthcoming year with vesting periods and exercise conditions in accordance with best practice for employee share schemes.

10 RETAINED EARNINGS

Retained Deficit Carried Forward (per 2020 Accounts)	(£3,499,647)
Accumulated Interest for prior years waived (see Note 8)	£327,744
RDTC Prior Year Adjustment	£31,890
Other Adjustments re prior years	£125,737
Adjusted Retained Deficit Brought Forward	(£3,014,276)
<i>Current Year</i>	
Loss Before Taxation	(£1,893,487)
RDTCs	£622,400
Retained Deficit Carried Forward	(£4,285,363)

11 DEVELOPMENT EXPENDITURE - INTANGIBLE ASSET - COMPARATOR

As outlined in Note 1, the company might have elected to recognise its direct development expenditure as an intangible asset rather than expensing it as revenue cost through the profit and loss account. A reasonable approximation of the expenditure to which such election might have been made is the qualifying expenditure for Research and Development Tax Credits ("RDTCs") (which excludes all other business costs and indirect and overhead expenditure)

The aggregate of such RDTC qualifying expenditure to 31st March 2021 is £5,349,956. If the FRS 102 intangible asset election had been made in an amount equal to such expenditure the adjusted balance sheet and reserves effect would have been as follows

	No Recognition (current position)	Comparator Recognition
Other Assets & Liabilities	£1,212,408	£1,212,408
Intangible Asset	£0	£5,349,956
Net Assets	£1,212,408	£6,562,364
Share Capital and Share Premium	£5,497,771	£5,497,771
Retained Earnings	(£4,285,363)	£1,064,593
Shareholders Funds	£1,212,408	£6,562,364

TRADING STATEMENT: INTELLIGENT POWER GENERATION LIMITED
FOR THE YEAR ENDED 31ST MARCH 2021

	31-Mar-21	31-Mar-21	30-Mar-20	30-Mar-20
	Analysed	Total	Analysed	Total
Turnover		£213,704		£369,615
Project Income	£213,704		£369,615	
Development Expenditure		£1,885,364		£1,235,132
Components, Materials and Manufacturing	£1,061,677		£262,475	
Engineering Staff: Contractors	£123,421		£200,896	
Engineering Staff: Employees	£700,266		£771,761	
Less: FRS 102 Intangible Asset Recognition			£0	
Gross Loss		(£1,671,661)		(£865,517)
Operating Expenses		£221,826		£477,379
Accountancy	£5,682		£3,948	
Advertising & Marketing	£1,051		£615	
Bookkeeping and Financial Control	£25,300		£13,074	
Business Consultants	£33,000		£77,133	
Business Travel Costs	£1,396		£56,015	
Depreciation	£1,992		£1,992	
Insurance	£5,416		£5,515	
IT & Software Costs	£25,999		£31,131	
Legal Fees	£0		£13,950	
Office Expenses	£996		£5,534	
Patent Costs	£61,317		£37,957	
Rent Expense	£69,030		£66,988	
Recharge of prior periods shared overhead costs to associate	(£117,759)		£0	
Staff Costs (Non-Engineering)	£108,406		£163,527	
Operating Loss		(£1,893,487)		(£1,342,896)
Interest Payable and similar expenses		£0		£174,136
Exchange Rate Costs	£0		(£400)	
Interest	£0		£174,536	
Loss Before Taxation		(£1,893,487)		(£1,517,032)