

Registration number: 10936437

Electric Aviation Group Ltd

Annual Report and Unaudited Financial Statements
for the Year Ended 31 August 2022

Electric Aviation Group Ltd

Contents

Balance Sheet	<u>1</u> to <u>2</u>
Notes to the Unaudited Financial Statements	<u>3</u> to <u>10</u>

Electric Aviation Group Ltd
(Registration number: 10936437)
Balance Sheet as at 31 August 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	<u>4</u>	192,762	132,246
Tangible assets	<u>5</u>	1,296	1,620
Investments	<u>6</u>	3	-
		<u>194,061</u>	<u>133,866</u>
Current assets			
Debtors	<u>7</u>	1,634	15,089
Cash at bank and in hand		<u>20,597</u>	<u>85,943</u>
		22,231	101,032
Creditors: Amounts falling due within one year	<u>8</u>	<u>(130,494)</u>	<u>(119,922)</u>
Net current liabilities		<u>(108,263)</u>	<u>(18,890)</u>
Total assets less current liabilities		85,798	114,976
Creditors: Amounts falling due after more than one year	<u>8</u>	<u>(419,435)</u>	<u>(283,639)</u>
Net liabilities		<u>(333,637)</u>	<u>(168,663)</u>
Capital and reserves			
Called up share capital	<u>9</u>	122	122
Share premium reserve		74,990	74,990
Other reserves		15,228	12,690
Retained earnings		<u>(423,977)</u>	<u>(256,465)</u>
Shareholders' deficit		<u>(333,637)</u>	<u>(168,663)</u>

Electric Aviation Group Ltd

(Registration number: 10936437) Balance Sheet as at 31 August 2022

For the financial year ending 31 August 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime. As permitted by section 444 (5A) of the Companies Act 2006, the directors have not delivered to the registrar a copy of the Profit and Loss Account.

Approved and authorised by the Board on 31 May 2023 and signed on its behalf by:

K Iqbal
Director

Electric Aviation Group Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 August 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Milsted Langdon LLP
Freshford House
Redcliffe Way
Bristol
BS1 6NL
England

These financial statements were authorised for issue by the Board on 31 May 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

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

Going concern

At the period end the company had net liabilities of £333,637.

The financial statements have been prepared on the going concern basis, which assumes that the company will have sufficient working capital facilities to enable it to continue to remain in business for the foreseeable future.

In reaching this conclusion the directors have considered the financial forecasts of the company, that indicate the company requires its funding facilities to continue to operate as a going concern. The directors are confident that the funding facilities in place will not be withdrawn or called in on demand in a period not less than 12 months from the date of approval of these financial statements. The financial statements therefore do not include any adjustments that would be necessary if the company was unable to continue as a going concern.

Electric Aviation Group Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 August 2022

Tax

The tax expense for the period comprises tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture, fittings and equipment	20% reducing balance

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Intangible assets

Separately acquired trademarks and patents are shown at historical cost.

Trademarks, patents and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Trademarks, patents and licenses	5% straight line

Electric Aviation Group Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 August 2022

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Other debtors relates to amounts due to the company from non principal trading activities.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Electric Aviation Group Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 August 2022

Convertible loan notes

The component of convertible loan notes that exhibits characteristics of debt is recognised as a liability in the Balance Sheet. On issue of convertible loan notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds is allocated to the equity component and is recognised in shareholders' equity. The carrying amount of the equity component is not remeasured in subsequent years.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development the asset is tested for impairment annually.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year was 3 (2021 - 3).

Electric Aviation Group Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 August 2022

4 Intangible assets

	Trademarks, patents and licenses £	Total £
Cost or valuation		
At 1 September 2021	139,077	139,077
Additions internally developed	68,746	68,746
Disposals	(961)	(961)
At 31 August 2022	206,862	206,862
Amortisation		
At 1 September 2021	6,832	6,832
Amortisation charge	7,285	7,285
Amortisation eliminated on disposals	(17)	(17)
At 31 August 2022	14,100	14,100
Carrying amount		
At 31 August 2022	192,762	192,762
At 31 August 2021	132,246	132,246

5 Tangible assets

	Furniture, fittings and equipment £	Total £
Cost or valuation		
At 1 September 2021	2,205	2,205
At 31 August 2022	2,205	2,205
Depreciation		
At 1 September 2021	585	585
Charge for the year	324	324
At 31 August 2022	909	909
Carrying amount		
At 31 August 2022	1,296	1,296
At 31 August 2021	1,620	1,620

Electric Aviation Group Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 August 2022

6 Investments

	2022 £	2021 £
Investments in subsidiaries	3	-
Subsidiaries		£
Cost or valuation		
Additions		3
Provision		
Carrying amount		
At 31 August 2022		3

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held		
			2022	2021	
Subsidiary undertakings					
Hydrogen Storage Systems Limited	C/O Milsted Langdon Llp, Freshford House, Redcliffe Way, Bristol, United Kingdom, BS1 6NL	Ordinary	100%	0%	
Smart Megawatt Stack Fuel Cell Systems Limited	C/O Milsted Langdon Llp, Freshford House, Redcliffe Way, Bristol, United Kingdom, BS1 6NL	Ordinary	100%	0%	
Hydrogen Hybrid Electric Propulsion Systems Limited	C/O Milsted Langdon, Freshford House, Redcliffe Way, Bristol, United Kingdom, BS1 6NL	Ordinary	100%	0%	

7 Debtors

	Note	2022 £	2021 £
Current			
Amounts owed by related parties	11	33	-
Other debtors		1,601	15,089
		1,634	15,089

Electric Aviation Group Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 August 2022

8 Creditors

	Note	2022 £	2021 £
Due within one year			
Loans and borrowings	<u>10</u>	9,802	9,539
Trade creditors		751	774
Amounts due to related parties	<u>11</u>	113,962	92,361
Social security and other taxes		632	3,679
Other creditors		307	207
Accruals		5,040	13,362
		<u>130,494</u>	<u>119,922</u>
Due after one year			
Loans and borrowings	<u>10</u>	<u>419,435</u>	<u>283,639</u>

9 Share capital

Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
Ordinary A shares of £0.00001 each	10,555,662	106	10,555,662	106
Ordinary B shares of £0.00001 each	1,172,850	12	1,172,850	12
Deferred shares of £0.00001 each	433,350	4	433,350	4
	<u>12,161,862</u>	<u>122</u>	<u>12,161,862</u>	<u>122</u>

10 Loans and borrowings

	2022 £	2021 £
Non-current loans and borrowings		
Bank borrowings	28,316	38,118
Loan component of convertible loan notes	299,069	245,521
Other borrowings	<u>92,050</u>	<u>-</u>
	<u>419,435</u>	<u>283,639</u>

Electric Aviation Group Ltd

Notes to the Unaudited Financial Statements for the Year Ended 31 August 2022

	2022 £	2021 £
Current loans and borrowings		
Bank borrowings	9,802	9,539

11 Related party transactions

Summary of transactions with all subsidiaries

The company has taken advantage of the exemption available under The Small Companies and Groups Regulations 2008, Schedule 1 paragraph 66(4) from disclosing details of any transactions entered into between two or more members of a group where they are wholly owned members of this group.

Loans from related parties

2022	Key management £	Total £
At start of period	92,361	92,361
Advanced	27,837	27,837
Repaid	(6,236)	(6,236)
At end of period	113,962	113,962

2021	Key management £	Total £
At start of period	74,222	74,222
Advanced	42,497	42,497
Repaid	(24,358)	(24,358)
At end of period	92,361	92,361

Terms of loans from related parties

The loan from key management is interest free and repayable on demand.

12 Non adjusting events after the financial period

After the year end the company received £40,000 in relation to Advanced Subscription Agreements.

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.