

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

✓ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law

✗ What this form is NOT for
You cannot use this form
an alteration of manner or
with accounting requirements

WEDNESDAY



A06 *A53DDD6B* #47
23/03/2016
COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ① Bladon Jets Holdings Ltd

UK establishment number B R 0 1 6 2 3 2

→ Filling in this form
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

**Part 2 Statement of details of parent law and other
information for an overseas company**

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited

Legislation ② Isle of Man

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box

☐ No. Go to Section A3

☒ Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3

Name of organisation or body ③ International Financial Reporting Standards

③ Please insert the name of the
appropriate accounting organisation
or body

A3 Accounts

Accounts Have the accounts been audited? Please tick the appropriate box

☐ No. Go to Section A5

☒ Yes Go to Section A4

OS AA01

Statement of details of parent law and other information for an overseas company

A4

Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box

☐ No Go to Part 3 'Signature'

☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'

❶ Please insert the name of the appropriate accounting organisation or body

Name of organisation or body ❶

International Financial Reporting Standards

A5

Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

☐ No

☒ Yes

Part 3

Signature

I am signing this form on behalf of the overseas company

Signature

Signature

X

Paul Barrett

X

This form may be signed by
Director, Secretary, Permanent representative

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Robert Picken**

Company name **Bladon Jets Holdings Ltd**

Address **Westminster House**

Parliament Square

Post town **Castletown**

County/Region

Postcode

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Country **Isle of Man**

DX

Telephone **07624 431860**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form



Important information

Please note that all this information will appear on the public record



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

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Bladon Jets Holdings Ltd

Consolidated financial statements

Year end 30 June 2015

Bladon Jets Holdings Ltd

Company Information

Directors	Sir J Baker (Chairman) Mr P D Barrett Mr G E Lamb Dr R D Speth Mr C D Parrish
Company number	002592V
Registered office	11 Hope Street Douglas Isle of Man IM1 1AQ
Registered agent	Middleton Katz Chartered Secretaries LLC 11 Hope Street Douglas Isle of Man IM1 1AQ
Auditors	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN
Bankers	Barclays Bank plc Victoria Street Douglas Isle of Man IM1 2LE

Bladon Jets Holdings Ltd

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Bladon Jets Holdings Ltd

Directors' report

The directors present their report and consolidated financial statements of Bladon Jets Holdings Ltd (the "Company" or "Bladon Jets") and its subsidiaries (together the Group) for the year ended 30 June 2015

Principal Activities and Review of the Business

The principal activity of the company is the development and commercialisation of micro gas turbines and their component technologies and applications. Financial Year 2014/2015 has seen Bladon Jets make further progress in respect of product and business development.

Product Development

The Company has successfully run full system static power generation units at the Coventry development centre, including stop / start and endurance programmes, and has an on-going test rig development programme for product optimisation and future product iterations. Additional patent applications are being considered in conjunction with our patent attorneys and, subject to discussion with our auditors, as the product is readied for commercialisation the accounting treatment for the specialised, unique test rigs we have developed is also likely to recognise the generation of intangible assets. There is considerable interest, principally from the automotive sector, in our air bearing and heat exchanger component technologies.

Market Development

Shortly after financial year end, the first MTG-12 (12kW micro turbine genset) field trial units were shipped to potential customers in Africa for evaluation. Bladon Jets' initial sales focus is telecom tower operators with a requirement for prime or back-up power, as they account for a significant proportion of the incumbent 15kVA (12kW) diesel genset product sales globally, the product the Bladon Jets power unit is intended to replace, based on its superior Total Cost of Ownership, as well as softer benefits such as reduced noise and environmental impact. The Company has signed a number of non-exclusive distribution agreements, and is in direct contact with parties in the telecom sector in Africa, India, Asia, North America, Europe, and Australia who believe the Bladon Jets 12kW micro turbine genset can solve operational issues and save them money.

Manufacturing

Bladon Jets has continued to develop its outsourced volume supply chain and relationship with the UK government sponsored The Proving Factory, which specialises in component supply chain sourcing and initial low volume assembly runs - the field trial units were assembled at The Proving Factory.

Company Growth

The Company fully drew down its £3 million Regional Growth Fund ("RGF") award during this financial year and completed the investment in infrastructure at the Coventry facility which provides a sustainable base for on-going product development. The facility now has bespoke test cells, test rigs, industry standard software for product and performance modelling, and the machine tool capability to produce all machined parts in-house, significantly cutting lead times and cash outflows. RGF has also funded the hire of key skills, again reducing lead times, improving in-house capability and capture of know-how, and reducing cash outflows to sub-contractors.

Funding & Going Concern

During the financial year, Bladon Jets successfully raised £1.4 million of new equity (with a further £0.8m equity raise completed and received post year end) in an over-subscribed round to fund the field trials and on-going development. Note 2.3 to the financial statements sets out the company's requirement to raise additional funds in order to continue the plans for commercialisation, producing the next iteration of field trial units and to launch the MTG-12 as a commercial product. A new equity round has been opened and debt options are being explored. Additionally, there are opportunities for commercial development contracts, particularly with air bearings and heat exchangers.

Bladon Jets Holdings Ltd

Directors' report (continued)

Funding & Going Concern (continued)

The business is sensitive to the timing of these additional funds which will impact the speed with which the business plan can be executed. Based on product progress, the fund raising track record of the business, feedback from the investor community on the attractiveness of the distributed power sector and the proven customer interest in the product the Directors are confident that funding will be obtained, although, at the time of this report, sufficient funding agreements have not been finalised. Without additional sources of funding, the Company's ability to develop further would be uncertain and the financial statements do not include any adjustments that may result under these circumstances. However, the Company has contingency plans to control costs that should enable it to continue to operate as a going concern in the event that further sources of funding are not forthcoming.

Company Secretary

The secretary of the Company holding office during the year was Middleton Katz Chartered Secretaries LLC

Results and dividends

The results for the year are set out on page 5

The consolidated loss for the year drawn from the Group's reserves was £3,382,982 (2014 loss £1,815,743). No dividend was paid in the current or prior year.

The company loss for the year drawn from reserves was £370,920 (2014 loss £1,562,699)

Directors

The following directors have held office since 1 July 2014 and to date

Sir J Baker (Chairman)
Mr P D Barrett
Mr G E Lamb
Dr R D Speth
Mr C D Parrish

Auditors

Our Auditors KPMG Audit LLC being eligible, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at a General Meeting

Statement of disclosure to auditors

- (a) So far as the directors are aware there is no relevant audit information of which the company's auditors are unaware, and
- (b) We have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the Board

Mr G E Lamb

Director

Date 3 March 2016

11 Hope Street
Douglas
Isle of Man
IM1 1AQ

Bladon Jets Holdings Ltd

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU.

The financial statements are required to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time its financial position. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

The Directors have resolved to prepare the financial statements for each financial year.

Report of the Independent Auditors, KPMG Audit LLC, to the Members of Bladon Jets Holdings Ltd

We have audited the financial statements of Bladon Jets Holdings Limited for the year ended 30 June 2015 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the EU.

This report is made solely to the Company's members, as a body. 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 3, the Directors are responsible for the preparation of financial statements that 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's affairs as at 30 June 2015 and of the Group's loss for the year then ended, and
- have been properly prepared in accordance with IFRS, as adopted by the EU



10 March 2016

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN

Bladon Jets Holdings Ltd

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2015

	Note	2015 £	2014 £
Revenue	3	134,993	157,689
Cost of Sales		-	-
Gross profit		134,993	157,689
Other operating income	4	1,457,391	2,111,935
Administrative expenses	5	(5,271,303)	(3,500,401)
Other operating expenses	5	-	(932,704)
Operating loss		(3,678,919)	(2,163,481)
Financial income	6	8,840	1,202
Financial expenses	6	(108,770)	(45,437)
Net financing expense		(99,930)	(44,235)
Loss before tax		(3,778,849)	(2,207,716)
Taxation	7	395,867	391,973
Loss for the year		(3,382,982)	(1,815,743)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to Owners of the Group		(3,382,982)	(1,815,743)

The notes on pages 9 to 23 form part of these consolidated financial statements

The directors consider the results to derive from continuing activities

Bladon Jets Holdings Ltd

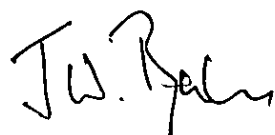
Consolidated Statement of Financial Position

At 30 June 2015

	Note	2015 £	2014 £
Non-current assets			
Property, plant and equipment	8	720,130	1,136,087
Investments in equity-accounted investees	9	-	-
		<u>720,130</u>	<u>1,136,087</u>
Current assets			
Trade and other receivables	10	340,299	805,233
Cash and cash equivalents	11	2,237,965	3,630,175
		<u>2,578,264</u>	<u>4,435,408</u>
Total assets		<u>3,298,394</u>	<u>5,571,495</u>
Current liabilities			
Other interest-bearing loans and borrowings	12	1,201,416	187,639
Trade and other payables	13	329,053	494,480
		<u>1,530,469</u>	<u>682,119</u>
Non-current liabilities			
Other interest-bearing loans and borrowings	12	466,740	1,633,706
		<u>466,740</u>	<u>1,633,706</u>
Total liabilities		<u>1,997,209</u>	<u>2,315,825</u>
Net assets		<u>1,301,185</u>	<u>3,255,670</u>
Equity attributable to equity owners of the Group			
Share capital	15	1,563	1,468
Share premium	15	12,790,864	11,362,462
Retained earnings		(11,491,242)	(8,108,260)
Total equity		<u>1,301,185</u>	<u>3,255,670</u>

The notes on pages 9 to 23 form part of these consolidated financial statements

These financial statements were approved by the board of directors on 3 March 2016 and were signed on its behalf by



Sir John Baker
Chairman



Paul D Barrett
Director

Bladon Jets Holdings Ltd

Consolidated Statement of Changes in Equity

At 30 June 2015

	<i>Note</i>	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 July 2013		1,133	6,321,103	(6,292,517)	29,719
Total comprehensive loss for the year					
Profit or Loss for the year		-	-	(1,815,743)	(1,815,743)
Total comprehensive loss for the year		-	-	(1,815,743)	(1,815,743)
Transactions with owners, recorded directly in equity					
Issue of shares	15	335	5,041,359	-	5,041,694
Total contributions by and distributions to owners		335	5,041,359	-	5,041,694
Balance at 30 June 2014		1,468	11,362,462	(8,108,260)	3,255,670
Total comprehensive loss for the year					
Profit or Loss for the year		-	-	(3,382,982)	(3,382,982)
Total comprehensive loss for the year		-	-	(3,382,982)	(3,382,982)
Transactions with owners, recorded directly in equity					
Issue of shares	15	95	1,428,402	-	1,428,497
Total contributions by and distributions to owners		95	1,428,402	-	1,428,497
Balance at 30 June 2015		1,563	12,790,864	(11,491,242)	1,301,185

The notes on pages 9 to 23 form part of these consolidated financial statements

Bladon Jets Holdings Ltd

Consolidated Cash Flow Statement

for year ended 30 June 2015

	Note	2015 £	2014 £
Cash flows from operating activities			
Loss for the year		(3,382,982)	(1,815,743)
Adjustments for			
Depreciation	8	685,536	188,327
Loss/(profit) on disposal of property, plant and equipment		97	(4,738)
Impairment of investment		-	914,479
Net financial costs	6	108,770	14,055
Deferred government grant		-	(530)
		<u>(2,588,579)</u>	<u>(704,150)</u>
Changes in,			
Decrease/(increase) in trade and other receivables	10	464,934	(703,662)
(Decrease)/increase in trade and other payables	13	(165,430)	100,316
Decrease/(increase) in taxation receivable		-	10,188
		<u>(2,289,075)</u>	<u>(1,297,308)</u>
Net cash from operating activities			
Cash flows from investing activities			
Proceeds from sale of property plant and equipment		200	4,750
Acquisition of property, plant and equipment	8	(269,876)	(1,176,538)
		<u>(269,676)</u>	<u>(1,171,788)</u>
Net cash from investing activities			
Cash flows from financing activities			
Proceeds from the issue of share capital		1,428,501	5,041,694
Proceeds from new loan	12	-	730,426
Repayment of borrowings	12	(261,960)	(32,017)
		<u>1,166,541</u>	<u>5,740,103</u>
Net cash from financing activities			
Net (decrease)/increase in cash and cash equivalents		(1,392,210)	3,271,007
Cash and cash equivalents at beginning of year	11	3,630,175	359,168
		<u>2,237,965</u>	<u>3,630,175</u>
Cash and cash equivalents at end of year	11		

Bladon Jets Holdings Ltd

Notes

(forming part of the financial statements for the year ended 30 June 2015)

1 Reporting entity

Bladon Jets Holdings Ltd (the 'Company' or 'Bladon Jets') is a company incorporated and domiciled in the Isle of Man in accordance with the Isle of Man Companies Act 2006. The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group'). The Company's registered office is at 11 Hope Street, Douglas, Isle of Man, IM1 1AQ.

2 Basis of Preparation

2.1 Statement of Compliance

The group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs").

2.2 Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis.

2.3 Going Concern

The Directors have considered the financial position of the company and believe it is appropriate to continue to account for Bladon Jets on a Going Concern basis. Bladon Jets has good visibility of cash from existing cash reserves, contracts, and government sources and these are expected to be sufficient to meet all liabilities as they fall due in advance of further share issues planned in H1 of 2016 on the back of product and commercial progress. The Directors are confident that funding will be obtained, with a fund raising process being currently underway albeit that sufficient agreements in this regard have not yet been finalised as at the time of this report. Without these additional sources of funding, the Company's ability to develop further would be uncertain. However, the Company has contingency plans to control costs that are expected to enable it to continue to operate as a going concern in the event that further sources of funding are not forthcoming. Any new commercial contract wins or government grant awards from those currently being pursued would be additional upside. The Directors are confident that the company will have adequate resources to enable it to continue in operational existence and support its subsidiary companies for the foreseeable future and consequently they have continued to adopt the going concern basis for preparing the financial statements.

3 Significant accounting policies

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3.2 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

3.3 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

3 Significant accounting policies (continued)

3.3 Non-derivative financial instruments (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

3.4 Intangible assets and goodwill

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends, has the technical ability and has sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

3.6 Impairment excluding inventories

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.7 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

3.8 Revenue

Turnover represents amounts receivable from the sale of goods, and provision of services, and is recorded net of VAT and trade discounts.

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

3 Significant accounting policies (continued)

3 9 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold improvements	20% straight line basis
Workshop equipment	50% straight line basis
Office furniture and equipment	50% straight line basis
Computer equipment and software	50% straight line basis

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably

Gains and losses on disposal of a fixed asset item are recognised within profit and loss

3 10 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the group is expected to benefit

3 11 Government grants

Grants are recognised on receipt and are credited to deferred revenue. Grants towards capital expenditure are released to the income statement over the expected useful life of the assets. Grants towards revenue expenditure are released to the income statement as the related expenditure is incurred

3 12 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprises interest receivable on funds invested, dividend income and net foreign exchange gains

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

3 Significant accounting policies (continued)

3.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

3.14 Accounting policies

The following Adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

New/Revised International Financial Reporting Standards (IAS/IFRS)	EU Effective Date (accounting periods commencing on or after)
Annual Improvements to IFRSs – 2010-2012 Cycle	Endorsed 9 January 2015 Expected effective date 1 February 2015

Standards not yet effective, but available for early adoption	EU Effective Date (accounting periods commencing on or after)
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
Annual Improvements to IFRSs – 2012-2014 Cycle	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

4 Other operating income

	2015 £	2014 £
Government and other grants		
Isle of Man DTI Grant	-	530
Advanced Propulsion Centre	9,123	-
Technology Strategy Board	84,166	156,714
Advance Manufacturing Supply Chain Initiative (AMSCI)	39,241	134,129
Regional Growth Fund	1,324,861	1,820,562
	<u>1,457,391</u>	<u>2,111,935</u>

Grant Projects

Advanced Propulsion Centre	Project to review hydrostatic and hydrodynamic approaches to the production of the next generation of air bearings for use in high speed rotational devices such as turbo chargers and jet engines
Technology Strategy Board	Relates to the commercialisation of a Micro Turbine Range Extender for lightweight vehicles and power train structures
AMSCI	This project aims to develop a proving factory to support companies as they move the design and development phase into design for manufacture and initial pilot and low volume builds
Regional Growth Fund	Project to provide assistance to undertake specialist research required to develop micro gas turbine and automotive range extender products

There are conditions where Bladon Jets (UK) Limited, a subsidiary company, could be required to repay grant monies. However, the grant claims are subject to regular reviews and audits which confirm that Bladon Jets (UK) Limited is complying with its obligations and meeting its milestone targets and project deliverables. The Directors of Bladon Jets (UK) Limited do not foresee any circumstances where those condition clauses would be invoked and therefore no provision or contingent liability is required to be disclosed.

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

5 Administrative and other operating expenses

Included in profit/loss are the following

	2015 £	2014 £
Impairment of associated investment	-	932,704
Directors' remuneration	493,917	414,000
Auditor's remuneration		
- Audit services	16,656	13,000
Depreciation	685,536	188,327
Loss/(profit) on disposal of tangible assets	97	(4,738)
Operating lease rentals	49,420	52,546
Loss on currency exchange	8,112	-

The impairment of associate investment in the prior year relates to the provision made in full against the equity investment held in Brayton Energy Canada Inc. Unfortunately the underlying technology is unavailable to the Group in the time period required and has therefore been resourced elsewhere. Therefore in the Directors' opinion the investment was impaired and was written down to £Nil and any advance payments made were written off (Note 9)

6 Finance income and expense

	2015 £	2014 £
Finance income		
Bank interest received	8,840	1,202
Total finance income	8,840	1,202
Finance expense		
Bank charges	-	1,382
Capital asset finance interest	78,770	2,751
Capital asset finance fees	-	5,730
Hire purchase interest	-	5,574
3% unsecured convertible loan interest	30,000	30,000
Total finance expense	108,770	45,437

7 Taxation

The standard rate of Isle of Man income tax is zero percent for the current and preceding periods. As a result there is no liability to income tax.

No UK corporation tax is payable due to the availability of taxable losses. Taxable losses of approximately £4.5 million are available for offset against future profits.

The group received £395,867 (2014: £391,973) in the year relating to Research and Development tax relief claimed from HM Revenue and Customs in respect of the group's research and development activities in the financial year ended 30 June 2014.

Estimated Research and Development tax relief for 2014/2015 is expected to be £690k. The final submission will be made shortly after the accounts are formally adopted and the income receipt will be accounted for in the year ended 30 June 2016.

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

8 Property, plant and equipment

	Leasehold improvement £	Workshop equipment £	Office furniture and equipment £	Computer equipment and software £	Total £
Cost					
Balance at 1 July 2013	149,232	341,206	13,123	83,780	587,341
Additions	47,248	969,749	1,005	158,536	1,176,538
Disposals	-	(10,500)	-	(442)	(10,942)
Balance at 30 June 2014	196,480	1,300,455	14,128	241,874	1,752,937
Balance at 1 July 2014	196,480	1,300,455	14,128	241,874	1,752,937
Additions	33,141	167,246	-	69,489	269,876
Disposals	-	-	-	(8,773)	(8,773)
Transfers	550	(12,617)	1,409	10,658	-
Balance at 30 June 2015	230,171	1,455,084	15,537	313,248	2,014,040
Depreciation and impairment					
Balance at 1 July 2013	47,383	330,685	11,546	49,839	439,453
Depreciation charge for the year	32,135	98,144	1,708	56,340	188,327
Disposals	-	(10,500)	-	(430)	(10,930)
Balance at 30 June 2014	79,518	418,329	13,254	105,749	616,850
Balance at 1 July 2014	79,518	418,329	13,254	105,749	616,850
Depreciation charge for the year	41,855	533,688	2,675	107,318	685,536
Disposals	-	-	-	(8,476)	(8,476)
Transfers	92	(7,388)	(2,754)	10,050	-
Balance at 30 June 2015	121,465	944,629	13,175	214,641	1,293,910
Net book value					
At 30 June 2014	116,962	882,126	874	136,125	1,136,087
At 30 June 2015	108,706	510,455	2,362	98,607	720,130

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

8 Property, plant and equipment (continued)

Transfers

During the year a review of fixed asset categories was undertaken and a number of assets were re-categorised accordingly. The net effect on the transfers was £Nil.

Security

At 30 June 2015 workshop equipment with a net book value of £391,265 (2014 £856,253) was pledged as security for the capital asset finance loan received from Close Brothers Asset Finance.

9 Investments in subsidiaries, associates and jointly controlled entities

The Company has the following investments in subsidiaries and associates:

	Country of incorporation	Registered number	Class of shares held	Ownership	
				2015	2014
Bladon Jets Limited	Isle of Man	Development of micro turbine technology	Ordinary	100%	100%
Bladon Jets (UK) Limited	United Kingdom	Development of micro gas turbine	Ordinary	100%	100%
Brayton Energy Canada Inc	Canada	Development of micro turbine technology	Common stock	0%	49%

The Directors took the decision to fully impair the investment in Brayton Energy Canada Inc in 2014 as the underlying technology which the investment gave access to was not usable in a timely manner and so had to be sourced elsewhere. As a result the investment in Brayton Energy Canada Inc, carried at original cost, was written down to £Nil during the year ended 30 June 2014. Brayton Energy Canada Inc was placed into formal bankruptcy under Canadian statutory law in June 2015. Therefore, the shareholding is being written off in the financial statements to bring it in line with the carrying value of the investment of £Nil.

During the year ended 30 June 2014, loans and advances made totalling £17,725 were also written off.

10 Trade and other receivables

	2015 £	2014 £
Trade receivables	42,313	120,000
Grants receivable	89,580	506,358
Value added tax	27,188	34,345
Other debtors	5,000	2,531
Prepayments	176,218	141,999
	<u>340,299</u>	<u>805,233</u>

11 Cash and cash equivalents

	2015 £	2014 £
Cash held at bank	<u>2,237,965</u>	<u>3,630,175</u>

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

12 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk see note 16.

	2015 £	2014 £
Non-current liabilities		
3% unsecured convertible loans	-	1,022,438
Loan from Director	60,000	60,000
Capital asset finance loans	406,740	551,268
	<u>466,740</u>	<u>1,633,706</u>
Current liabilities		
Current portion of capital asset finance loans	178,978	187,639
3% unsecured convertible loans	1,022,438	-
	<u>1,201,416</u>	<u>187,639</u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Carrying amount 2015 £	Carrying amount 2014 £
Close Brothers Asset Finance Capital Asset loan 1	GBP	10.81%	2018	293,688	369,000
Close Brothers Asset Finance Capital Asset loan 2	GBP	10.81%	2018	133,917	170,157
Close Brothers Asset Finance Capital Asset loan 3	GBP	10.81%	2018	158,113	199,750
Unsecured convertible loan	GBP	3%	2015	1,022,438	1,022,438

The loan from P D Barrett, as Director, is unsecured and though it has no fixed repayment date, an agreement has been reached that the loan will not be repaid until the Directors consider the group has sufficient funds to make a repayment.

Subsequent to the year end the 3% unsecured convertible loan has been agreed to be converted to equity. The rate of conversion and the number of shares to be issued will be as agreed in the Loan Note Purchase Agreement.

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

13 Trade and other payables

	Group 2015 £	2014 £
Current		
Trade payables	168,508	364,054
Non-trade payables and accrued expenses	160,545	130,426
	<u>329,053</u>	<u>494,480</u>

14 Employee benefits

Share-based payments

Option schemes that have been entered into in prior years and are still in force at year end are detailed below

	Bladon Jets Holdings Ltd Unapproved Share Option Scheme 2008	Bladon Jets Holdings Ltd Enterprise Management Incentive Scheme	Bladon Jets Holdings Ltd Share Option Plan 2011
Dates of grant	18 November 2008 12 March 2010 15 March 2010	5 September 2012 22 June 2015	5 September 2012 20 November 2014 28 March 2015 22 June 2015

Number granted	1,740,000	612,875	822,136
Number of employees	7	37	10
Average exercise price of shares	£0.50	£1.3567	£1.4159

The estimated fair value of each share option granted in terms of the above share option schemes is £Nil as the exercise price is currently in excess of the current estimated net assets per share. As such, no expense has been recorded in relation to the granting of these options.

Principal terms and conditions

Unapproved Share Option Scheme 2008	Exercisable between third and tenth anniversary of allocation
Enterprise Management Incentive Scheme	Exercisable on sale or listing before 5 September 2022 or immediately prior to expiry
Share Option Plan 2011	Exercisable on sale or listing before 5 September 2022

During the year ended 30 June 2015, no further options were granted in terms of the above schemes, and no options were exercised.

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

15 Capital and reserves

Share capital

	2015 £	2014 £
Allotted called up and fully paid		
15,642,204 Ordinary shares of £0 0001 each	<u>1,563</u>	<u>1,468</u>

During 2015 the company issued a further 952,333 (2014 3,361,126) £0 0001 shares at a total premium of £1,428,402 (2014 £5,041,359)

16 Financial instruments

16.1 Fair value of financial instruments

The carrying value of short-term financial assets and financial liabilities (cash, debtors and creditors) approximate their fair value. The carrying value of the convertible loan note instrument is also considered to approximate fair value.

The fair values of all financial assets and financial liabilities by class, together with their carrying amounts shown in the consolidated statement of financial position, are as follows:

	Carrying amount 2015 £	Fair value 2015 £	Carrying amount 2014 £	Fair value 2014 £
Financial assets measured at amortised cost				
Cash and cash equivalents (note 11)	2,237,965	2,237,965	3,630,175	3,630,175
Trade and other receivables (note 10)	<u>164,081</u>	<u>164,081</u>	<u>663,234</u>	<u>663,234</u>
Total financial assets	<u>2,402,046</u>	<u>2,402,046</u>	<u>4,293,409</u>	<u>4,293,409</u>
Financial liabilities measured at amortised cost				
Hire purchase contracts				
Due to Director (note 12)	60,000	60,000	60,000	60,000
Other interest-bearing loans and borrowings (note 12)	1,608,156	1,608,156	1,761,345	1,761,345
Trade and other payables (note 13)	<u>240,940</u>	<u>240,940</u>	<u>426,716</u>	<u>426,716</u>
Total financial liabilities	<u>1,909,096</u>	<u>1,909,096</u>	<u>2,248,061</u>	<u>2,248,061</u>

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

16 Financial instruments (continued)

16.1 Fair value of financial instruments (continued)

Financial risk management

The Group's operations expose it to a variety of financial risks including credit risk, currency risk, interest rate risk and liquidity risk. The Group's overall risk management policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance and net assets.

The principal financial risks of the Group and how the Group manages these risks are discussed below.

16.2 Credit risk

The Group's principal credit risks are attributable to its cash and cash equivalents, trade receivables and related party receivables.

Trade receivables are presented in the statement of financial position net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis using credit checks.

At the reporting date there were no significant concentrations of third party credit risk, with exposure limited to one customer. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the statement of financial position. The Group does not require collateral in respect of financial assets.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group manages its exposure to credit risk by only placing its financial assets with reputable financial institutions with strong credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at 30 June 2015 was £2,402,046 (2014: £4,293,409) being the total of the carrying amount of cash and cash equivalents, trade and other receivables and related party receivables.

In accordance with IFRS 7 'Financial Instruments: Disclosures', the following disclosures have been made regarding the trade receivable balances:

	Carrying amount £	Not overdue on the reporting dates £	Less than 90 days £	Between 90 to 180 days £
Trade receivables as at 30 June 2015	42,313	42,313	-	-
Trade receivables as at 30 June 2014	120,000	120,000	-	-

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

16 Financial instruments (continued)

16.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet its obligations. The Group aims to maintain appropriate liquidity through the daily monitoring of its actual and projected cash position.

The following are the contractual maturities of financial liabilities including estimated interest payments (all cash flows are undiscounted)

2015	Carrying amount £	1 year or less £	1 to < 2 years £	2 to < 5 years £	5 years and over £
Non-derivative financial liabilities					
Capital finance loans	585,718	178,978	406,740	-	-
Unsecured 3% convertible loan	1,022,438	1,022,438	-	-	-
Trade and other payables	240,940	240,940	-	-	-
Due to Directors	60,000	-	-	-	60,000
		<u>1,442,356</u>	<u>406,740</u>	<u>-</u>	<u>60,000</u>

2014	Carrying amount £	1 year or less £	1 to < 2 years £	2 to < 5 years £	5 years and over £
Non-derivative financial liabilities					
Capital finance loans	738,907	187,639	375,278	175,990	-
Unsecured 3% convertible loan	1,022,438	-	1,022,438	-	-
Trade and other payables	426,716	426,716	-	-	-
Due to Directors	60,000	-	-	-	60,000
		<u>614,355</u>	<u>1,397,716</u>	<u>175,990</u>	<u>60,000</u>

16.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments.

The Group incurs foreign currency risk on purchases that are denominated in currency other than sterling. However, the Group's exposure to currencies other than sterling is not considered to be material.

The Group's exposure to the risk of changes in market interest rates relates primarily to foreign exchange rates.

Market risk – interest rate risk

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Variable rate financial instruments				
Financial assets	2,402,046	4,293,409	1,818,732	2,953,056
Fixed rate financial instruments				
Financial liabilities	(1,909,096)	(2,248,061)	(1,046,941)	(1,041,582)
	<u>492,950</u>	<u>2,045,348</u>	<u>771,791</u>	<u>1,911,474</u>

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

16 Financial instruments (continued)

16.4 Market risk (continued)

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instruments at fair value through profit or loss or available for sale with fixed interest rates and the fixed rate element of interest rate swaps

Any change in base point interest rates will have no effect on the balance sheet as all financial liabilities have fixed interest terms or there is no interest rate exposure

17 Operating leases

Non-cancellable operating lease rentals are payable as follows

	2015 £	2014 £
Between one and five years	44,838	44,838
	<u>44,838</u>	<u>44,838</u>

The Group leases three premises, one in the Isle of Man, one in Coventry United Kingdom and one at Ellesmere, Shropshire, United Kingdom. All the leases have various terms and renewal terms

During the year £49,420 (2014 £52,598) was recognised as a rental expense by the Group

18 Commitments

Capital commitments

Group

At the balance sheet date, the Group has entered into contracts to purchase plant, computer equipment and software for £3,203 (2014 £36,169). These commitments are expected to be settled in the following financial year

19 Related parties

The directors do not consider there to be a single ultimate controlling party

Related party transactions – company

	Receivables outstanding		Payables outstanding	
	2015 £	2014 £	2015 £	2014 £
Bladon Jets Limited, direct subsidiary	-	-	24,772	77,001
Bladon Jets (UK) Limited, direct subsidiary	9,440,366	7,321,694	-	-
	<u>9,440,366</u>	<u>7,321,694</u>	<u>24,772</u>	<u>77,001</u>

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2015)

19 Related parties (continued)

The Company entered into the following transactions with related parties

	2015 £	2014 £
Bladon Jets Limited (subsidiary)		
Expenses paid by Bladon Jets Holdings Ltd	2,380	14,443
Loans received from Bladon Jets Limited	240,000	84,000
Loans to Bladon Jets Limited	289,849	110,618
Bladon Jets (UK) Limited (subsidiary)		
Management charges to Bladon Jets (UK) Limited	157,224	161,179
Expenses paid by Bladon Jets Holdings Ltd	4,843	-
Rent	22,938	41,000
Loans made	2,750,000	1,807,142
Loan repayments received	688,062	440,873
Expenses paid by Bladon Jets (UK) Limited	27,998	-
Management charges from Bladon Jets (UK) Limited	100,273	68,646

In addition, the Company paid Directors' salaries and fees of £215,000 (2014 £199,000). There were no balances outstanding at year end (2014 £Nil).

Certain Directors have been granted a total of 540,000 share options at a price of £0.50 in terms of the Bladon Jets Holdings Ltd Unapproved Share Option Scheme 2008 and 97,625 share options at a price £1.11 in terms of the Bladon Jets Holdings Ltd Enterprise Management Incentive Scheme 2012. No share options were exercised in the current or preceding year.

As at 30 June 2015 Directors of the company held a total of 1,895,000 £0.0001 shares (2014 1,870,000 £0.0001 shares).

Dr R D Speth, a Director of the Company, is also a Director of Jaguar Landrover Limited to whom the Group made sales amounting to £134,993 in the year.

Rent paid to Christopher Bladon, a shareholder, in the year to 30 June 2015 amounted to £2,400. This was paid in respect of the premises at Ellesmere, Shropshire, United Kingdom.

20 Contingent liability

The company has been notified of a potential claim against it amounting to up to £90,000. At present the Directors and company advocates are assessing the validity of the claim and a potential defence of the claim. Accordingly, and as no legal proceedings have been initiated, no provision has been made in these financial statements.

21 Post balance sheet events

An additional £797,600 of equity priced at £1.50 was received subsequent to year end, prior to closure of the oversubscribed funding round in September 2015. A further round, in line with the funding strategy of the company, has been launched at £2 per share. As part of the new equity raise, Tata Limited have agreed to convert their loan into equity.