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In accordance with Regulation 32 of the Overseas Companies Regulations 2009

OS AA01

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

Companies House

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

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

All fields are mandatory unless specified or indicated by *

Part 1 Corporate company name

Corporate name of overseas company ❶	BLADON JETS HOLDINGS LIMITED
UK establishment number	B R 0 1 6 2 3 2

❶ 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 ❷ s477

❷ 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 ❸ Financial Reporting Standard for Smaller Entities

❸ 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'**

Name of organisation or body ❶: INTERNATIONAL STANDARDS ON AUDITING (UK AND IRELAND)

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

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 [signature] 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	Sarah McDonald
Company name	Clantas Tax Limited
Address	Three Brindleyplace
Post town	Birmingham
County/Region	
Postcode	B 1 2 J B
Country	UK
DX	
Telephone	0121 231 7379

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
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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

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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 2014

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 Parish
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

Contents

Bladon Jets Holdings Ltd

Directors' report

The directors present their report and consolidated financial statements of Bladon Jets Holdings Ltd (the "Company") and its subsidiaries (together the "Group") for the year ended 30 June 2014

Principal Activities and Review of the Business

The principal activity of the Group is the development and commercialisation of micro gas turbines and their component technologies and applications Financial Year 2013/2014 has seen the Group make significant progress in respect of product and business development

Product Development

The Company has been running its MTG-12 (12kW micro turbine genset) units in an extensive test programme, using the results to feedback into performance, reliability, and cost improvements All of the test units are successfully operating with "folded fin" recuperators, which are proving more reliable to manufacture than the Brayton Energy Canada wire mesh design, and our proprietary foil air bearings, for which we now do all manufacture and testing in house

Market Development

Bladon Jets is in direct contact with a number of potential customers in the telecom sector, which accounts for a significant proportion of 15kVA (12kW) diesel genset sales globally The initial geographical focus is on Africa, where diesel genset prices and operating costs are high and there is large demand from new telecom infrastructure roll out Product will also be launched into India, based on Bladon's relationships with Tata group companies

Manufacturing

Bladon Jets is working with a UK government backed initiative called The Proving Factory which specialises in component supply chain sourcing and initial low volume assembly runs *The Proving Factory* is engaged in a study to deliver a low cost UK component supply chain and will assemble the initial units for Bladon Jets Meanwhile, the Company has continued to develop its relationships with *Tata group companies* in India for distribution, component manufacture and future full unit assembly

Company Growth

The Company has been deploying its £3 million Regional Growth Fund ("RGF") award during this financial year and invested 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

Brayton Energy Canada ("BEC") Write Down

Whilst we continue to believe in the potential BEC technology for future iterations of our recuperator and for other heat exchanger applications, including in the automotive and motor sport sectors (where Bladon Jets is actively working with potential customers), the Directors have taken a prudent review of the valuation of the Company's investment in BEC, and impaired it in full in this set of financial statements to reflect the fact that the technology will not feature in current products and that future profits from the technology are uncertain in terms of substance and timing

Bladon Jets Holdings Ltd

Directors' report (continued)

Funding & Going Concern

During the financial year, the Company successfully raised £5 million of new equity from existing and new shareholders to fund on-going development and product launch With existing contracts and government grant awards and the Company continuing to carefully control costs, the company has sufficient cash reserves for the coming year to continue to execute its business plan and support its subsidiaries The financial statements have therefore been prepared on a going concern basis Future funding strategy remains under review, assessed against product and commercial milestones and the associated investments required to capitalise on opportunities, subject to shareholder approval

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 £1,815,743 (2013 loss £3,041,418) No dividend was paid in the current or prior year

The company loss for the year drawn from reserves was £1,562,699 (2013 loss £181,161)

Directors

The following directors have held office since 1 July 2013 and to date

Sir J Baker (Chairman) – appointed 10 December 2013
Mr P D Barrett
Mr G E Lamb
Dr R D Speth
Mr C D Parrish

Auditors

The Auditors, KPMG LLC, have indicated 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

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

KPMG

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

We have audited the financial statements Bladon Jets Holdings Limited for the year ended 30 June 2014 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 Statement of Cash Flows 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 2, 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

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 2014 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

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 2014

	Note	2014 £	2013 £
Revenue	3	**157,689**	335,265
Cost of Sales		-	-
Gross profit		**157,689**	335,265
Other operating income	4	**2,111,935**	228,731
Administrative expenses	5	**(3,500,401)**	(3,897,767)
Other operating expenses	5	**(932,704)**	-
Operating loss		**(2,163,481)**	(3,333,771)
Financial income	6	**1,202**	-
Financial expenses	6	**(45,437)**	(27,456)
Net financing expense		**(44,235)**	(27,456)
148 Loss before tax		**(2,207,716)**	(3,361,227)
Taxation		**391,973**	319,809
Loss for the year		**(1 815,743)**	(3,041,418)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to Owners of the Group		**(1,815,743)**	(3,041,418)

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 2014

	Note	2014 £	2013 £	1 July 2012 £
Non-current assets				
Property, plant and equipment	*8*	**1,136,087**	147,888	419,509
Investments in equity-accounted investees	*9*	**-**	914,479	914,479
		1,136,087	1,062,367	1,333,988
Current assets				
Tax receivable		**-**	10,188	-
Trade and other receivables	*10*	**805,233**	101,571	91,372
Cash and cash equivalents	*11*	**3,630,175**	359,168	871,909
		4,435,408	470,927	963,281
Total assets		**5,571,495**	1,533,294	2,297,269
Current liabilities				
Other interest-bearing loans and borrowings	*12*	**187,639**	20,549	27,549
Trade and other payables	*13*	**494,480**	394,164	247,220
		682,119	414,713	274,769
Non-current liabilities				
Other interest-bearing loans and borrowings	*12*	**1,633,706**	1,088,332	86,443
Deferred government grant		**-**	530	1,052
		1,633,706	1,088,862	87,495
Total liabilities		**2,315,825**	1,503,575	362,264
Net assets		**3,255,670**	29,719	1,935,005
Equity attributable to equity owners of the Group				
Share capital	*15*	**1,468**	1,133	1,057
Share premium	*15*	**11,362,462**	6,321,103	5,185,047
Retained earnings		**(8,108,260)**	(6,292,517)	(3,251,099)
Total equity		**3,255,670**	29,719	1,935,005

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 [illegible] and were signed on its behalf by

Paul Barrett

Sir John Baker
Chairman

Paul D Barrett
Director

Bladon Jets Holdings Ltd

Consolidated Statement of Changes in Equity
At 30 June 2014

	Note	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 July 2012		1 057	5,185,047	(3,251,099)	1,935,005
Total comprehensive loss for the year					
Profit or Loss for the year		-		(3,041,418)	(3,041,418)
Total comprehensive loss for the year			-	(3,041,418)	(3,041,418)
Transactions with owners, recorded directly in equity					
Issue of shares	15	76	1,136,056	-	1,136,132
Total contributions by and distributions to owners		76	1,136,056	-	1,136,132
Balance at 30 June 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**

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 2014

	Note	2014 £	2013 £
Cash flows from operating activities			
Loss for the year		(1,815,743)	(3,041,418)
Adjustments for			
Depreciation	8	188,327	334,194
(Profit)/loss on disposal of property, plant and equipment		(4,738)	502
Impairment of investment		914,479	-
Net financial costs	6	14,055	26,522
Deferred government grant		(530)	(522)
		(704,150)	(2,680,722)
Changes in,			
Increase in trade and other receivables	10	(703,662)	(10,199)
Increase in trade and other payables	13	100,316	146,944
Decrease/(increase) in taxation receivable		10,188	(10,188)
Net cash from operating activities		(1,297,308)	(2,554,165)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		4,750	-
Acquisition of property, plant and equipment	8	(1,176,538)	(63,075)
Net cash from investing activities		(1,171,788)	(63,075)
Cash flows from financing activities			
Proceeds from the issue of share capital		5,041,694	1 136,132
Proceeds from new loan	12	730,426	1,000,000
Repayment of borrowings	12	(32,017)	(31,633)
Net cash from financing activities		5,740,103	2,104,499
Net increase/(decrease) in cash and cash equivalents		3,271,007	(512,741)
Cash and cash equivalents at beginning of year	11	359,168	871,909
Cash and cash equivalents at end of year	11	3,630,175	359,168

Bladon Jets Holdings Ltd

Notes

(forming part of the financial statements for the year ended 30 June 2014)

1 Reporting entity

Bladon Jets Holdings Ltd (the "Company") 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")

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') These are the Group's first consolidated financial statements prepared in accordance with IFRSs, as adopted by the EU, and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 20

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 the Company on a going concern basis The Company has good visibility of cash from existing cash reserves, contractual, and government sources for the coming year and these are sufficient to meet all liabilities as they fall due This excludes new contracts and government grant awards the Company is actively pursuing The directors are confident that the Company has 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

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

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	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

Fixed assets with the exception of leasehold improvements were previously depreciated at 10% to 33 33% on a straight line basis The change to a 50% straight line basis was made in the year ended 30 June 2013 to reflect the directors' belief that a reduced useful economic life existed for certain fixed assets particularly on workshop and computer equipment The effect of the change is to increase the total depreciation charge in the year ended 30 June 2013 by £238,538

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 comprise 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 2014)

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)
Transition guidance Amendments to IFRS 10, IFRS 11 and IFRS 12	Endorsed 4 April 2013 Expected effective date 1 January 2014
Annual Improvements to IFRSs – 2009-2011 Cycle	Endorsed 27 March 2013 EU effective date 1 January 2014
Government loans – Amendments to IFRS 1	Endorsed 4 March 2013 EU effective date 1 January 2014
IFRS 10 Consolidated Financial Statements	Endorsed 11 December 2012 EU effective date 1 January 2014 To be adopted as part of suite of standards IFRSs 10 to 12
IFRS 11 Joint Arrangements	Endorsed 11 December 2012 EU effective date 1 January 2014 To be adopted as part of suite of standards IFRSs 10 to 12
IFRS 12 Disclosure of Interests in Other Entities	Endorsed 11 December 2012 EU effective date 1 January 2014 To be adopted as part of suite of standards IFRSs 10 to 12
IFRS 13 Fair Value Measurement	Endorsed 11 December 2012 EU effective date 1 January 2014
IAS 27 Separate Financial Statements (2011)	Endorsed 11 December 2012 EU effective date 1 January 2014
IAS 28 Investments in Associates and Joint Ventures (2011)	Endorsed 11 December 2012 EU effective date 1 January 2014
Recoverable amount disclosures for non-financial assets – Amendments to IAS 36	Endorsed 19 December 2013 IASB effective date 1 January 2014

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
IFRS 15 Revenue from Contracts with Customers	1 January 2017

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2014)

4 Other operating income

	2014	2013
	£	£
Government and other grants		
Isle of Man DTI Grant	**530**	522
Technology Strategy Board	**156,714**	228,209
Advance Manufacturing Supply Chain Initiative (AMSCI)	**134,129**	-
Regional Growth Fund	**1,820,562**	-
	2,111,935	228,731

Income grants received in the year as follows

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 2014)

5 Administrative and other operating expenses

Included in profit/loss are the following

	2014 £	2013 £
Impairment of associated investment	932,704	-
Director's remuneration	215,000	186,000
Auditor's remuneration		
- Audit services	18,000	10,750
Depreciation	188,327	334,194
Operating lease rentals	52,546	34,214

The impairment of associate investment 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 is impaired and has been written down to £Nil and any advance payments made have been written off (Note 9)

6 Finance income and expense

	2014 £	2013 £
Finance income		
Bank interest received	1,202	-
Total finance income	1,202	-
Finance expense		
Bank charges	1,382	934
Capital asset finance interest	2,751	-
Capital asset finance fees	5,730	-
Hire purchase interest	5,574	4,084
3% unsecured convertible loan interest	30,000	22,438
Total finance expense	45,437	27,456

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 loans Taxable losses of approximately £3 5 million are available for offset against future profits

The group received £391,973 (*2013 £309,621*) in the year relating to Research and Development tax relief claimed from HM Revenue and Customs in respect of the groups research and development activities in the financial year ended 30 June 2013

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2014)

8 Property, plant and equipment

	Leasehold improvement £	Workshop equipment £	Office furniture and equipment £	Computer equipment and software £	Total £
Cost					
Balance at 1 July 2012	148,343	338,285	13,123	25,138	524,889
Additions	889	2,921	-	59,265	63,075
Disposals		-	-	(623)	(623)
Balance at 30 June 2013	149,232	341,206	13,123	83,780	587,341
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
Depreciation and impairment					
Balance at 1 July 2012	17,685	77,337	3,450	6,908	105,380
Depreciation charge for the year	29,698	253,348	8,096	43 052	334,194
Disposals		-		(121)	(121)
Balance at 30 June 2013	47,383	330,685	11,546	49,839	439,453
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
Net book value					
At 1 July 2012	130,658	260,948	9,673	18,230	419,509
At 30 June 2013 and 1 July 2013	101,849	10,521	1,577	33,941	147,888
At 30 June 2014	**116,962**	**882,126**	**874**	**136,125**	**1,136,087**

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2014)

8 Property, plant and equipment (continued)

Leased plant and machinery

At 30 June 2013 the net carrying amount of workshop equipment held under hire purchase contracts was £6,281 (*2012 £193,968*) The hire purchase contracts were settled in full during the year ended 30 June 2014

Security

At 30 June 2014 workshop equipment with a net book value of £856,253 (2013 £Nil) 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 associate

	Country of incorporation	Registered number	Class of shares held	Ownership 2014	Ownership 2013
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%
Bladon Energy Canada Inc	Canada	Development of micro turbine technology	Common stock	**49%**	49%

The Directors believe the investment in Brayton Energy Canada Inc to be fully impaired as the underlying technology which the group's investment gives access to, is not able to be used in its current form and as a result, would delay the product development The technology required has been sourced elsewhere and currently no resources at Brayton Energy Canada Inc are being utilised or likely to be in the foreseeable future As a result, the investment in Brayton Energy Canada Inc carried at original cost has been written down to £Nil in the income statement Additionally, loans and advances made totalling £17,725 have also been written off

10 Trade and other receivables

	2014 £	2013 £
Trade receivables	**120,000**	54,000
Grants receivable	**506,358**	-
Value added tax	**34,345**	4,909
Other debtors	**2,531**	6,065
Prepayments	**141,999**	36,597
	805,233	101,571

11 Cash and cash equivalents

	2014 £	2013 £
Cash held at bank	**3,630,175**	359,168

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2014)

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

	2014 £	2013 £
Non-current liabilities		
3% unsecured convertible loans	1,022,438	1,022,438
Hire purchase liabilities	-	5,894
Loan from Director	60,000	60,000
Capital asset finance loans	551,268	
	1,633,706	1,088,332
Current liabilities		
Current portion of hire purchase liabilities	-	20,549
Current portion of capital asset finance loans	187,639	-
	187,639	20,549

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Carrying amount 2014 £	Carrying amount 2013 £
Close Brothers Asset Finance Capital Asset loan 1	GBP	10 81%	2018	369,000	-
Close Brothers Asset Finance Capital Asset loan 2	GBP	10.81%	2018	170,157	-
Close Brothers Asset Finance Capital Asset loan 3	GBP	10 81%	2018	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

Hire purchase liabilities

Hire purchase liabilities are payable as follows

Group	Minimum lease payments 2014 £	Minimum lease payments 2013 £
Less than one year		20,549
Between one and five years	-	5,894
	-	26,443

The hire purchase liabilities were fully paid up under settlement in the year

13 Trade and other payables

	Group 2014 £	2013 £
Current		
Trade payables	**364,054**	280,185
Non-trade payables and accrued expenses	**130.426**	113,979
	494,480	394,164

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	5 September 2012
Number granted	**1,740,000**	**348.250**	150,125
Number of employees	**7**	**16**	5
Exercise price of share	**£0.50**	**£1 1128**	£1 1128

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 2014, no further options were granted in terms of the above schemes, and no options were exercised

15 Capital and reserves

Share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
14 689,874 Ordinary shares of £0 0001 each	**1,468**	1,133

During the year the company issued a further 3,361,126 (757,420) £0 0001 shares at a total premium of £5,041,359 (£1,136,056)

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 2014	Fair value 2014	Carrying amount 2013	Fair value 2013
	£	£	£	£
Financial assets measured at amortised cost				
Cash and cash equivalents (note 11)	**3,630,175**	**3,630,175**	359,168	359,168
Trade and other receivables (note 10)	**663,234**	**663,234**	64,974	64,974
Total financial assets	4,293,409	4,293,409	424,142	424,142
Financial liabilities measured at amortised cost				
Hire purchase contracts	-	-	26,443	26,443
Due to Director (note 12)	**60,000**	60 000	60,000	60,000
Other interest-bearing loans and borrowings (note 12)	**1,761,345**	**1,761.345**	1,022,438	1,022,438
Trade and other payables (note 13)	**426,716**	**426,716**	315,548	315,548
Total financial liabilities	2,248,061	2,248,061	1,424,429	1,424,429

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2014)

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 2014 was £4,435,408 (*2013 £460 739*) 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 2014	**120,000**	**120,000**	**-**	**-**
Trade receivables as at 30 June 2013	54,000	54,000	-	

Bladon Jets Holdings Ltd

Notes (continued)

(forming part of the financial statements for the year ended 30 June 2014)

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)

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	-	-	-
Trading and other payables	426,716	426,716	-		-
Due to Directors	60,000	-	-	-	60,000
		1,636,793	375,278	175,990	60,000

2013	Carrying amount £	1 year or less £	1 to < 2 years £	2 to < 5 years £	5 years and over £
Non-derivative financial liabilities					
Unsecured 3% convertible loan	1,022,438	-	1,022,438	-	-
Trading and other payables	315,548	315,548			-
Due to Directors	60,000	-	-		60,000
Hire purchase contracts	26,443	5,894	20,549		
		321,442	1,042,987	-	60,000

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 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Variable rate financial instruments				
Financial assets	4,293,409	424,142	2,953,056	47,934
Fixed rate financial instruments				
Financial liabilities	(2,248,061)	(1,424,429)	(1,041,582)	(1 062,363)
	2,045,348	(1,000,287)	1,911,474	(1,014,429)

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

	2014	2013
	£	£
Less than one year	2,400	5,812
Between one and five years	44,838	38,736
	47.238	44,548

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 £52,598 *(2013 £34,214)* 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 £36,169 *(2013 £Nil)* 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	
	2014	2013	2014	2013
	£	£	£	£
Bladon Jets Limited, direct subsidiary	-	-	77,001	118,062
Bladon Jets (UK) Limited, direct subsidiary	7,321,694	5,968,892	-	-
	7,321,694	5,968,892	77,001	118,062

Bladon Jets Holdings Ltd

Notes (continued)
(forming part of the financial statements for the year ended 30 June 2014)

19 Related parties (continued)

The Company entered into the following transactions with related parties

	2014	2013
	£	£
Bladon Jets Limited (subsidiary)		
Expenses paid by Bladon Jets Holdings Ltd	14,443	2,640
Loans received	84,000	171,015
Loans repaid	110,618	222,920
Bladon Jets (UK) Limited (subsidiary)		
Management charges to Bladon Jets (UK) Limited	161,179	248,905
Expenses paid by Bladon Jets Holdings Ltd	-	3,111
Rent	41,000	-
Loans made	1,807,142	2 897,108
Loan repayments received	440,873	331, 297
Expense paid by Bladon Jets (UK) Limited	-	1,987
Management charges from Bladon Jets (UK) Limited	68,646	-

In addition, the Company paid Directors salaries and fees of £180,250 (2013 £176,000) There were no balances outstanding at year end (2013 £1,500)

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 2014 Directors of the company held a total of 1,870,000 £0 0001 shares (2013 1,800,000 £0 0001 shares)

20 Explanation of transition to Adopted IFRSs

As stated in note 2 1 these are the Group s first consolidated financial statements prepared in accordance with Adopted IFRSs

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 30 June 2014, the comparative information presented in these financial statements for the year ended 30 June 2013 and in the preparation of an opening IFRS balance sheet at 1 July 2013 (the Group's date of transition)

In preparing its opening IFRS balance sheet, the Group has considered amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP) The group believes that there are no adjustments required to the old basis of accounting (UK GAAP) upon transition to IFRS, as adopted by the EU

21 Post balance sheet events

There were no significant subsequent events requiring disclosure