

OS AA01

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



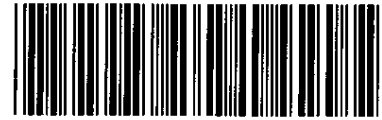
Companies House

101152/20

☒ 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 to  
an alteration of manner of co  
with accounting requirement.

WEDNESDAY



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28/08/2019

#53

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

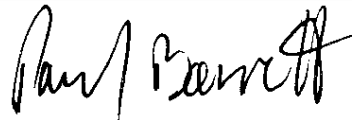
### Signature

I am signing this form on behalf of the overseas company.

Signature

Signature

X



X

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

**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 

|   |   |   |   |   |   |
|---|---|---|---|---|---|
| I | M | 9 | 1 | L | A |
|---|---|---|---|---|---|

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](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.companieshouse.gov.uk)**

**Bladon Jets Holdings Ltd**

**Consolidated financial statements**

**Year end 31 December 2018**

# Bladon Jets Holdings Ltd

## Company Information

|                   |  |
|-------------------|--|
| Directors:        | Sir J Baker (Chairman)<br>Mr P D Barrett<br>Mr A Le Van (Resigned 13 July 2018)<br>Dr R D Speth<br>Mr S G Harland<br>Mr K Al Daboos<br>Mr D A J Hester (Resigned 30 April 2019)<br>Mr D G Roberts (Appointed 1 January 2019) |
| Company number    | 002592V  |
| Registered office | 11 Hope Street<br>Douglas<br>Isle of Man<br>IM1 1AQ  |
| Registered agent  | Middleton Katz Chartered Secretaries LLC<br>11 Hope Street<br>Douglas<br>Isle of Man<br>IM1 1AQ  |
| Auditors          | KPMG Audit LLC<br>Heritage Court<br>41 Athol Street<br>Douglas<br>Isle of Man<br>IM99 1HN  |
| Bankers           | Barclays Bank plc<br>Victoria Street<br>Douglas<br>Isle of Man<br>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 31 December 2018.

### **Principal Activities and Review of the Business**

The principal activity of the company and group is the development and commercialisation of micro gas turbines and their component technologies and applications.

### **Product & Market Development**

Bladon is a pioneer in the design, development and manufacture of Micro Turbine Gensets. Bladon is the world's first manufacturer of micro turbine gensets for the telecom market. The company has developed revolutionary patented micro turbines, heat exchanger and air bearing technologies to deliver cost effective reliable power.

The company will launch production volumes in 2019 on the back of a substantial customer order.

### **Funding & Going Concern**

Post year end, the Company has raised £20million through a convertible loan note with an existing shareholder.

Based on the new investment, the assessment of the Directors is that the Company has sufficient funds to enable it to continue developing and preparing the product for manufacture and to operate as a going concern, as set out in Note 2.3 to the financial statements.

# Bladon Jets Holdings Ltd

## Directors' report (continued)

### 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 period are set out on page 6.

The consolidated loss for the year drawn from the Group's reserves was £10,630,349 (2017: £5,533,075). No dividend was paid in the current year or prior period.

The Company loss for the year drawn from reserves was £647,212 (2017: £1,348,509).

### Directors

The following Directors have held office since 1 July 2017 and to date:

Sir J Baker (Chairman)  
Mr P D Barrett  
Mr A Le Van (Resigned 13 July 2018)  
Dr R D Speth  
Mr S G Harland  
Mr K Al Daboos  
Mr D A J Hester (Resigned 30 April 2019)  
Mr D G Roberts (Appointed 1 January 2019)

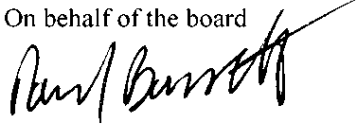
### Auditors

Our Auditors, KPMG Audit LLC, being eligible, have expressed their willingness to continue in office.

### 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 P D Barrett  
Director

Date 23 July 2019

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.

The directors are required to prepare financial statements for each financial year. They have elected to prepare the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss 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 applicable International Financial Reporting Standards as adopted by the EU have been followed, subject to material departures disclosed and explained in the financial statements
- assess the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Isle of Man Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# Bladon Jets Holdings Ltd

## Independent Auditor's Report to the members of Bladon Jets Holdings Ltd

### Opinion

We have audited the financial statements of Bladon Jets Holdings Limited ("the company") for the year ended 31 December 2018 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 related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's and the parent company's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards, as adopted by the EU.
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease its operations, and as they have concluded that the group and company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group and company's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

### Other information

The directors are responsible for the other information presented with the Financial Statements. Our opinion on the Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

# Bladon Jets Holdings Ltd

## Independent Auditor's Report to the members of Bladon Jets Holdings Ltd (Continued)

### Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities.

This report is made solely to the company's members, as a body, in accordance with Section 80(C) of the Isle of Man Companies Act 2006. 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.



6 August 2019

**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 31 December 2018

|  | <i>Note</i> | <b>31 December<br/>2018<br/>£</b> | <b>6 months to<br/>31 December<br/>2017<br/>£</b> |
|--|-------------|-----------------------------------|---|
| Revenue  |             | <b>425,133</b>                    | 280,725   |
| Cost of Sales  |             | <b>(1,153,587)</b>                | -   |
| Gross loss   |             | <b>(728,454)</b>                  | 280,725   |
| Other operating income   | 4           | <b>601,120</b>                    | 374,478   |
| Administrative expenses  | 5           | <b>(13,010,863)</b>               | (6,176,107)                                       |
| <b>Operating loss</b>  |             | <b>(13,138,197)</b>               | (5,520,904)                                       |
| Finance income   | 6           | <b>131,573</b>                    | 5,129   |
| Finance expenses   | 6           | <b>(17,584)</b>                   | (17,300)  |
| <b>Net financing income/(expense)</b>  |             | <b>113,989</b>                    | (12,171)  |
| <b>Loss before tax</b>   |             | <b>(13,024,208)</b>               | (5,533,075)                                       |
| Taxation   | 7           | <b>2,393,859</b>                  | -   |
| <b>Loss for the period</b>   |             | <b>(10,630,349)</b>               | (5,533,075)                                       |
| <b>Other comprehensive income</b>  |             | -                                 | -   |
| <b>Total comprehensive loss for the period attributable to<br/>Owners of the Group</b> |             | <b>(10,630,349)</b>               | <b>(5,533,075)</b>                                |

The notes on pages 10 to 27 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 31 December 2018

|  | Note | 31 December<br>2018<br>£ | 31 December<br>2017<br>£ |
|--|------|--------------------------|--------------------------|
| <b>Non-current assets</b>                                |      |                          |                          |
| Property, plant and equipment                            | 8    | 1,530,822                | 1,213,934                |
| Intangible assets  | 9    | 13,674                   | 41,023                   |
|  |      | <u>1,544,496</u>         | <u>1,254,957</u>         |
| <b>Current assets</b>                                    |      |                          |                          |
| Inventories  |      | 326,895                  | -                        |
| Trade and other receivables                              | 11   | 2,920,690                | 528,411                  |
| Cash and cash equivalents                                | 12   | 13,318,824               | 26,583,955               |
|  |      | <u>16,566,409</u>        | <u>27,112,366</u>        |
| <b>Total assets</b>                                      |      | <u>18,110,905</u>        | <u>28,367,323</u>        |
| <b>Current liabilities</b>                               |      |                          |                          |
| Other interest-bearing loans and borrowings              | 13   | 35,568                   | 129,434                  |
| Trade and other payables                                 | 14   | 1,097,975                | 585,759                  |
|  |      | <u>1,133,543</u>         | <u>715,193</u>           |
| <b>Non-current liabilities</b>                           |      |                          |                          |
| Other interest-bearing loans and borrowings              | 13   | 127,500                  | 171,919                  |
|  |      | <u>127,500</u>           | <u>171,919</u>           |
| <b>Total liabilities</b>                                 |      | <u>1,261,043</u>         | <u>887,112</u>           |
| <b>Net assets</b>  |      | <u>16,849,862</u>        | <u>27,480,211</u>        |
| <b>Equity attributable to equity owners of the Group</b> |      |                          |                          |
| Share capital  | 16   | 3,556                    | 3,556                    |
| Share premium  |      | 55,470,968               | 55,470,968               |
| Retained earnings  |      | (38,624,662)             | (27,994,313)             |
| <b>Total equity</b>                                      |      | <u>16,849,862</u>        | <u>27,480,211</u>        |

The notes on pages 10 to 27 form part of these consolidated financial statements.

These financial statements were approved by the Board of Directors on 23 July 2019 and were signed on its behalf by:



**Paul D Barrett**  
Director



**David G Roberts**  
Director

# Bladon Jets Holdings Ltd

## Consolidated Statement of Changes in Equity

At 31 December 2018

|  | Note | Share<br>capital<br>£ | Share<br>premium<br>£ | Retained<br>earnings<br>£ | Total<br>equity<br>£ |
|--|------|-----------------------|-----------------------|---------------------------|----------------------|
| <b>Balance at 1 July 2017</b>                                |      | <b>2,192</b>          | <b>25,472,332</b>     | <b>(22,461,238)</b>       | <b>3,013,286</b>     |
| <b>Total comprehensive loss for the period</b>               |      |                       |                       |                           |                      |
| Loss for the year  |      | -                     | -                     | (5,533,075)               | (5,533,075)          |
| <b>Total comprehensive loss for the period</b>               |      | <b>-</b>              | <b>-</b>              | <b>(5,533,075)</b>        | <b>(5,533,075)</b>   |
| <b>Transactions with owners, recorded directly in equity</b> |      |                       |                       |                           |                      |
| Issue of shares  |      | 1,364                 | 29,998,636            | -                         | 30,000,000           |
| <b>Total contributions by and distributions to owners</b>    |      | <b>1,364</b>          | <b>29,998,636</b>     | <b>-</b>                  | <b>30,000,000</b>    |
| <b>Balance at 31 December 2017</b>                           |      | <b>3,556</b>          | <b>55,470,968</b>     | <b>(27,994,313)</b>       | <b>27,480,211</b>    |
| <b>Total comprehensive loss for the year</b>                 |      |                       |                       |                           |                      |
| Loss for the period  |      | -                     | -                     | (10,630,349)              | (10,630,349)         |
| <b>Total comprehensive loss for the year</b>                 |      | <b>-</b>              | <b>-</b>              | <b>(10,630,349)</b>       | <b>(10,630,349)</b>  |
| <b>Transactions with owners, recorded directly in equity</b> |      |                       |                       |                           |                      |
| Issue of shares  |      | -                     | -                     | -                         | -                    |
| <b>Total contributions by and distributions to owners</b>    |      | <b>-</b>              | <b>-</b>              | <b>-</b>                  | <b>-</b>             |
| <b>Balance at 31 December 2018</b>                           |      | <b>3,556</b>          | <b>55,470,968</b>     | <b>(38,624,662)</b>       | <b>16,849,862</b>    |

The notes on pages 10 to 27 form part of these consolidated financial statements.

# Bladon Jets Holdings Ltd

## Consolidated Statement of Cash Flows for year ended 31 December 2018

|  | <i>Note</i> | <b>31 December<br/>2018<br/>£</b> | <b>31 December<br/>2017<br/>£</b> |
|--|-------------|-----------------------------------|-----------------------------------|
| <b>Cash flows from operating activities</b>                        |             |                                   |                                   |
| Loss for the year  |             | <b>(10,630,349)</b>               | (5,533,075)                       |
| <i>Adjustments for:</i>  |             |                                   |                                   |
| Depreciation and amortisation                                      | 8,9         | <b>792,270</b>                    | 304,985                           |
| Loss on disposal of property, plant and equipment                  |             | -                                 | 14,463                            |
| Finance costs  | 6           | <b>17,584</b>                     | 17,300                            |
|  |             | <b>(9,820,495)</b>                | (5,196,327)                       |
| Changes in:  |             |                                   |                                   |
| Increase in inventories  |             | <b>(326,895)</b>                  | -                                 |
| Increase in tax receivable   | 11          | <b>(906,895)</b>                  | -                                 |
| Increase in trade and other receivables                            | 11          | <b>(1,485,384)</b>                | (215,327)                         |
| Increase/(decrease) in trade and other payables                    | 14          | <b>512,216</b>                    | (40,807)                          |
| <b>Net cash used in operating activities</b>                       |             | <b>(12,027,453)</b>               | (5,452,461)                       |
| <b>Cash flows from investing activities</b>                        |             |                                   |                                   |
| Acquisition of property, plant and equipment and intangible assets | 8,9         | <b>(1,081,809)</b>                | (359,083)                         |
| <b>Net cash used in investing activities</b>                       |             | <b>(1,081,809)</b>                | (359,083)                         |
| <b>Cash flows from financing activities</b>                        |             |                                   |                                   |
| Proceeds from the issue of share capital                           |             | -                                 | 30,000,000                        |
| Repayment of borrowings  |             | <b>(155,869)</b>                  | (147,951)                         |
| <b>Net cash (used in)/from financing activities</b>                |             | <b>(155,869)</b>                  | 29,852,049                        |
| Net (decrease)/increase in cash and cash equivalents               |             | <b>(13,265,131)</b>               | 24,040,505                        |
| Cash and cash equivalents at beginning of year                     |             | <b>26,583,955</b>                 | 2,543,450                         |
| <b>Cash and cash equivalents at end of year</b>                    | 12          | <b>13,318,824</b>                 | 26,583,955                        |

The notes on pages 10 to 27 form part of these consolidated financial statements.

# Bladon Jets Holdings Ltd

## Notes

*(forming part of the financial statements for the year ended 31 December 2018)*

### **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 consolidated financial statements for the year ending 31 December 2018 have been prepared on a going concern basis.

During the year to 31 December 2018, the group had net cash outflows of £13.3m (2017: net cash inflow of £24m) and as at that date, current assets exceed current liabilities by £15.4m (2017: £26m). Reported revenues continue to be low as the group has few revenue streams, mainly from grants and customer orders for technical consultancy and prototype parts and units to test as the products are not yet fully developed, and this is expected to continue during the immediate future.

The Directors recognise that there is risk involved in the growth of the business attributed to delays to product launch, higher bill of materials, higher than anticipated warranty claims and other operational costs.

To support the going concern basis the Directors have prepared a cash flow forecast until September 2020. This has indicated that the consolidated group will have adequate cash reserves to be able to meet its commitments as and when they fall due. This forecast includes the injection of cash from the group’s majority shareholder (ICD) of £20m which was received in July 2019.

#### **2.4 Comparative period**

The comparative period is for six months from 1 July 2017 to 31 December 2017.

#### **2.5 Estimations and uncertainty**

In applying the Group’s accounting policies, the Directors are required to make judgements and estimates that affect the financial statements. The most significant areas of estimation are considered to be the treatment of research and development costs as either a capitalised asset or an expense (see note 3.11) and in concluding that there were no material uncertainties in relation to going concern as disclosed in note 2.3 above.

### **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.



# Bladon Jets Holdings Ltd

## Notes (continued)

*(forming part of the financial statements for the year ended 31 December 2018)*

### **3 Significant accounting policies (continued)**

#### **3.2 Foreign currency**

The financial statements are presented in sterling, which is also the Group's functional 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 statement of financial position 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.

##### *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 and loans and borrowings*

Trade and other payables and loans and borrowings 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 subject to an insignificant risk of change in fair value which are used by the group in the management of short-term commitments.

#### **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.

##### *Other intangible assets*

Non-current assets which incorporate both tangible and intangible elements are assessed to determine whether they should be classed as an intangible asset or as property, plant and equipment. The treatment is determined by an assessment of which element is more significant.

Two Gamma Units of the Micro Generator prototypes have been capitalised on the basis of the costs incurred to acquire and bring the units to prototype position. The units were capitalised as at 30 June 2016 and are amortised forward over their estimated useful lives of three years. Amortisation is charged to revenue costs in the statement of profit and loss on a straight line basis.

# Bladon Jets Holdings Ltd

## Notes (continued)

*(forming part of the financial statements for the year ended 31 December 2018)*

### **3 Significant accounting policies (continued)**

#### **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)*

The group measures loss allowances at an amount equal to lifetime expected credit losses (ECLs), except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

*12-month expected credit losses*

12-month expected credit losses are calculated by multiplying the probability of a default occurring in the next 12 months with the total (lifetime) expected credit losses that would result from that default, regardless of when those losses occur. Therefore, 12-month expected credit losses represent a financial asset's lifetime expected credit losses that are expected to arise from default events that are possible within the 12 month period following origination of an asset, or from each reporting date for those assets in initial recognition stage.

*Lifetime expected credit losses*

Lifetime expected credit losses are the present value of expected credit losses that arise if a borrower defaults on its obligation at any point throughout the term of a lender's financial asset (that is, all possible default events during the term of the financial asset are included in the analysis). Lifetime expected credit losses are calculated based on a weighted average of expected credit losses, with the weightings being based on the respective probabilities of default.

#### **3.7 Provisions**

A provision is recognised in the statement of financial position 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 and other operating income**

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

All turnover generated in the year represents amounts receivable on bespoke highly technical project assignments for customers in the motor industry in the United Kingdom. Revenue is recognised when the Group completes the sale.

Other operating income represents grant compensation for expenses incurred and are recognised in profit or loss on a systematic basis as described in note 3.12.

# Bladon Jets Holdings Ltd

## Notes (continued)

*(forming part of the financial statements for the year ended 31 December 2018)*

### **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             | 20% and 50% straight line basis |
| Office furniture and equipment | 50% straight line basis         |
| Computer equipment             | 50% straight line basis         |
| Specialised workshop equipment | 20% straight line basis         |

Certain workshop equipment was previously depreciated at 50% on a straight line basis. The change to 20% for certain assets as at 1 July 2015 was made to reflect the Directors belief that an increased useful economic life exists for these assets.

No depreciation is provided on assets under construction. Assets under construction are carried at cost, less any recognised impairment loss. Depreciation on assets under construction commences when the assets are ready for their intended use.

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. At the end of each accounting period, all fixed assets are reviewed for indicators of impairment. When impairments are identified, the write-down is recognised within profit and loss. 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.

# Bladon Jets Holdings Ltd

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2018)

### 3 Significant accounting policies (continued)

#### 3.12 Expenses (continued)

##### *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 and the unwinding of the discount on provisions. 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.

#### 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 statement of financial position date, and any adjustment to tax payable in respect of previous years. Tax rebates received are included within the taxation balance in the period they are received.

#### 3.14 Changes in significant accounting policies

##### *Adoption of new and revised standards*

##### *IFRS 9 – Financial Instruments*

In the current year, the group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The simplified approach for measuring the loss allowance at an amount equal to lifetime ECL was calculated and there was no material impact on the prior and current provisions for trade receivables.

##### *IFRS 15 – Revenue from contracts with customers*

In the current year, the group has considered the application of IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5 step approach to revenue recognition. Given the amounts recorded as revenue through contracts with customers are recognised at the transaction price and become due on receipt of invoice, there will be no significant impact to the group as a result of the adoption of IFRS 15.

##### *New standards and interpretations not adopted*

The following 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:

| Standards not yet effective, but available for early adoption         | Effective Date (accounting periods commencing on or after) |
|---|--|
| IFRS 16 Leases  | 1 January 2019   |
| Amendments to IFRS 9 - Prepayment Features with Negative Compensation | 1 January 2021   |
| Annual Improvements to IFRS Standards 2015-2017 Cycle                 | 1 January 2019   |
| Amendments to IAS 19 Employee Benefits                                | 1 January 2019   |
| IFRS 10 Consolidated Financial Statements and IAS 28 (amendments)     | Optional   |
| IFRIC 23 - Uncertainty over Income Tax Treatments                     | 1 January 2019   |

# Bladon Jets Holdings Ltd

## Notes (continued)

*(forming part of the financial statements for the year ended 31 December 2018)*

### **3 Significant accounting policies (continued)**

#### **3.14 Changes in significant accounting policies (continued)**

The Directors do not expect the adoption of the other standards to have a material impact on the group's financial statements in the period of initial application, except as noted below:

##### *IFRS 16 – Leases*

IFRS 16 comes into effect for accounting periods commencing January 1, 2019, so will be first applied in financial statements for 31 December 2019. The group plans to retain prior period figures under the previous standard and restate opening retained earnings as if IFRS 16 had been applied.

IFRS 16 then requires an adjustment to the opening balance of equity as at the date of the initial application recognising the cumulative effect of applying IFRS 16 and this will be recognised by measuring the asset at an amount equal to the liability.

On initial application of IFRS 16, for the lease identified, the group will:

- a) Recognise right of use assets and lease liabilities in the statement of financial position, initially measured at the present fair value of the future lease payments;
- b) Recognise depreciation of right of use assets and interest on lease liabilities in the statement of comprehensive income;
- c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

For short term leases (lease term of 12 months or less) and leases of low value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight line basis as permitted by IFRS 16.

As at 31 December 2018, the group has three operating leases in relation to the rental of office space. The lease value is £605,500 per annum and the termination dates are 31 October 2019 and 31 August 2021, giving 10 months and 2 years and 8 months remaining respectively. As such, the right of use asset and lease liability to be recognised will be £1,605,500. The actual impacts of adopting the standard on 1 January 2019 may change because the new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application.

#### **3.15 Retirement benefits**

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

#### **3.16 Employee benefits**

The costs of short term employee benefits are recognised as a liability and an expense unless those costs are required to be recognised as part of the cost of stocks or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

#### **3.17 Share capital, share premium and reserves**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Equity instruments are recorded at the proceeds received, net of direct issue cost.

# Bladon Jets Holdings Ltd

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2018)

### 4 Other operating income

|   | 31 December<br>2018<br>£ | 31 December<br>2017<br>£ |
|---|--------------------------|--------------------------|
| Regional Growth Fund grant released                   | 8,168                    | 7,015                    |
| Innovate (TAB)  | 62,327                   | 40,988                   |
| Advance Manufacturing Supply Chain Initiative (AMSCI) | -                        | (1,500)                  |
| Innovate UK (COAST)                                   | 337,696                  | 232,347                  |
| Innovate UK (HERMIT)                                  | 41,830                   | 61,955                   |
| Innovate UK (MiTREC)                                  | 151,099                  | 33,673                   |
|   | <u>601,120</u>           | <u>374,478</u>           |

Income grants received in the year or comparative period are as follows:

|   |  |
|---|--|
| Advance Manufacturing Supply Chain Initiative (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.   |
| Innovate UK TAB                                       | Turbocharger Air Bearing (TAB). A consortium of Bladon Jets, Cummins Turbo Technologies and the University of Huddersfield will further the design and development of air bearings to deliver oil-free turbochargers.  |
| Regional Growth Fund                                  | Project to provide assistance to undertake specialist research required to develop micro gas turbine and automotive range extender products.   |
| Innovate UK (COAST)                                   | Critical Oil and Air Systems Technologies (COAST). A Rolls Royce led project which seeks to develop a novel method of providing air to the cabin of a passenger aircraft using single stage energy conversion which will incorporate oil-free air bearings technology.   |
| Innovate UK (HERMIT)                                  | High Efficiency Recuperator for stationery power Micro Turbine (HERMIT). The project aims to develop a novel recuperator through the application of production additive manufacturing techniques, specifically high productivity selective laser melting.  |
| Innovate UK (MiTREC)                                  | Micro Turbine Renewable Energy Combustor (MiTREC). Bladon Jets have identified that small scale micro turbine biogas power generators are the ideal technology to provide decentralised clean, affordable and resilient energy in developing countries. This project will design, manufacture and validate a combustion system that can run on renewable gaseous fuels, based on the existing Bladon Jets' 12KWe recuperated micro turbine architecture. |

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 31 December 2018)

### 5 Administrative and other operating expenses

Included in profit/loss are the following charges / (credits):

|   | 31 December<br>2018<br>£ | 31 December<br>2017<br>£ |
|---|--------------------------|--------------------------|
| Director's remuneration                   | 827,900                  | 412,083                  |
| Directors compensation for loss of office | 30,000                   | -                        |
| Auditor's remuneration - Audit services   | 11,948                   | 16,560                   |
| Depreciation and amortisation             | 792,270                  | 304,985                  |
| Loss on disposal of tangible assets       | -                        | 14,463                   |
| Operating lease rentals                   | 498,763                  | 122,670                  |
| Research and development expenditure      | 5,748,920                | 2,833,970                |
| Loss/(profit) on currency exchange        | 12,300                   | (39)                     |
|   | <u>          </u>        | <u>          </u>        |

### 6 Finance income and expense

|                                    | 31 December<br>2018<br>£ | 31 December<br>2017<br>£ |
|------------------------------------|--------------------------|--------------------------|
| <b>Finance income</b>              |                          |                          |
| Bank interest received             | 131,573                  | 5,129                    |
|                                    | <u>          </u>        | <u>          </u>        |
| <b>Finance expense</b>             |                          |                          |
| Hire purchase interest and charges | 14,751                   | 8,559                    |
| Capital asset finance interest     | 2,833                    | 8,741                    |
|                                    | <u>          </u>        | <u>          </u>        |
| Total finance expense              | 17,584                   | 17,300                   |
|                                    | <u>          </u>        | <u>          </u>        |

# Bladon Jets Holdings Ltd

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2018)

### 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 £10 million are available for offset against future profits.

The Group has made a claim for £906,895 (2017: £1,486,964) 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 period ended 31 December 2017.

In addition £1,486,964 Research and Development tax relief was received in the year relating to the period ended 30 June 2017.

Estimated Research and Development tax relief for the year to 31 December 2018 is expected to be £1,995,000 (2017 £800,000). 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 31 December 2019.

### 8 Property, plant and equipment

|                                    | Leasehold<br>improvement | Assets under<br>construction | Workshop<br>equipment | Office<br>furniture<br>and<br>equipment | Computer<br>equipment<br>and<br>software | Total            |
|------------------------------------|--------------------------|------------------------------|-----------------------|---|--|------------------|
|                                    | £                        | £                            | £                     | £                                       | £  | £                |
| <b>Cost</b>                        |                          |                              |                       |   |  |                  |
| Balance at 1 July 2017             | 348,338                  | -                            | 476,333               | 26,277                                  | 343,369                                  | 1,194,317        |
| Additions                          | 70,757                   | -                            | 221,522               | 12,581                                  | 54,223                                   | 359,083          |
| Disposals                          | (17,930)                 | -                            |                       |   |  | (17,930)         |
| Balance at 31 December 2017        | <u>401,165</u>           | <u>-</u>                     | <u>697,855</u>        | <u>38,858</u>                           | <u>397,592</u>                           | <u>1,535,470</u> |
| Balance at 1 January 2018          | 401,165                  | -                            | 697,855               | 38,858                                  | 397,592                                  | 1,535,470        |
| Additions                          | 124,015                  | 420,924                      | 446,525               | 3,165                                   | 85,766                                   | 1,080,395        |
| Disposals                          | -                        | -                            | -                     | -                                       | (919)                                    | (919)            |
| Balance at 31 December 2018        | <u>525,180</u>           | <u>420,924</u>               | <u>1,144,380</u>      | <u>42,023</u>                           | <u>482,439</u>                           | <u>2,614,946</u> |
| <b>Depreciation and impairment</b> |                          |                              |                       |   |  |                  |
| Balance at 1 July 2017             | 39,074                   | -                            | 284,333               | 18,782                                  | 286,852                                  | 629,041          |
| Depreciation charge for the period | 36,340                   | -                            | 98,794                | 4,763                                   | 31,356                                   | 171,253          |
| Disposals                          | (3,467)                  | -                            | -                     | -                                       | -  | (3,467)          |
| Balance at 31 December 2017        | <u>71,947</u>            | <u>-</u>                     | <u>383,127</u>        | <u>23,545</u>                           | <u>318,208</u>                           | <u>796,827</u>   |



# Bladon Jets Holdings Ltd

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2018)

### 8. Property, plant and equipment (continued)

#### Depreciation and impairment

|                                  |                       |                       |                       |                     |                      |                         |
|----------------------------------|-----------------------|-----------------------|-----------------------|---------------------|----------------------|-------------------------|
| Balance at 1 January 2018        | 71,947                | -                     | 383,127               | 23,545              | 318,208              | 796,827                 |
| Depreciation charge for the year | 94,862                | -                     | 336,593               | 11,513              | 82,855               | 525,823                 |
| Disposals                        | -                     | -                     | -                     | -                   | (919)                | (919)                   |
| Balance at 31 December 2018      | <u>166,809</u>        | <u>-</u>              | <u>719,720</u>        | <u>35,058</u>       | <u>400,144</u>       | <u>1,321,731</u>        |
| <b>Net book value</b>            |                       |                       |                       |                     |                      |                         |
| At 31 December 2017              | <u>329,218</u>        | <u>-</u>              | <u>314,728</u>        | <u>15,313</u>       | <u>79,384</u>        | <u>738,643</u>          |
| <b>At 31 December 2018</b>       | <u><b>358,371</b></u> | <u><b>420,924</b></u> | <u><b>424,660</b></u> | <u><b>6,965</b></u> | <u><b>82,295</b></u> | <u><b>1,293,215</b></u> |

#### Specialised workshop equipment

2018  
£

2017  
£

#### Cost

475,291

595,349

Balance at 1 January 2018

1,414

-

Additions

(239,098)

(120,058)

Depreciation charge for the year

237,607

475,291

#### Security

At 31 December 2018 workshop equipment with a net book value of £237,607 (31 December 2017: £475,291) was pledged as security for the hire purchase agreement with Close Brothers Asset Finance.

Included within specialised workshop equipment is an asset purchased under a hire agreement in the prior period with a net book value at 31 December 2018 of £170,983 (2017: £233,593). Depreciation charged on this asset amounted to £52,610 (2017: £13,153).

### 9 Intangible assets

#### Gamma Units

2018

2017

£

£

Cost

41,023

54,697

Balance at 1 January

(27,349)

(13,674)

Amortisation

13,674

41,023

**Balance at 31 December**

Two Gamma Units were capitalised at 30 June 2016 having been completed just prior to the month end. Amortisation of the units commenced during the financial period ended 30 June 2017.

# Bladon Jets Holdings Ltd

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2018)

### 10 Investments in subsidiaries

The Company has the following investments in subsidiaries, both of which are consolidated in these financial statements:

|                          | Country of<br>incorporation | Registered<br>number | Class of<br>shares held | Ownership<br>31 December<br>2018 | 31 December<br>2017 |
|--------------------------|-----------------------------|----------------------|-------------------------|----------------------------------|---------------------|
| Bladon Jets Limited      | Isle of Man                 | 122240C              | Ordinary                | 100%                             | 100%                |
| Bladon Jets (UK) Limited | United Kingdom              | 4479217              | Ordinary                | 100%                             | 100%                |
| Bladon Limited           | United Kingdom              | 1140955              | Ordinary                | 100%                             | -                   |

Bladon Limited was incorporated on 11 June 2018 with a called up share capital of £30 and has remained dormant to date.

### 11 Trade and other receivables

|                   | 31 December 2018<br>£ | 31 December 2017<br>£ |
|-------------------|-----------------------|-----------------------|
| Trade receivables | 63,929                | 47,280                |
| Grants receivable | 174,946               | 278,883               |
| Value added tax   | 636,978               | 89,814                |
| Other debtors     | 956,799               | 14,501                |
| R & D tax credits | 906,895               | -                     |
| Prepayments       | 181,143               | 97,933                |
|                   | <u>2,920,690</u>      | <u>528,411</u>        |

### 12 Cash and cash equivalents

|                   | 31 December 2018<br>£ | 31 December 2017<br>£ |
|-------------------|-----------------------|-----------------------|
| Cash held at bank | <u>13,318,824</u>     | <u>26,583,955</u>     |

### 13 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 17.

|  | 31 December 2018<br>£ | 31 December 2017<br>£ |
|--|-----------------------|-----------------------|
| <b>Non-current liabilities</b>                 |                       |                       |
| Regional Growth Fund Grant                     | 33,257                | 42,088                |
| Obligations under hire purchase agreements     | 94,243                | 129,831               |
|  | <u>127,500</u>        | <u>171,919</u>        |
| <b>Current liabilities</b>                     |                       |                       |
| Current portion of capital asset finance loans | -                     | 97,238                |
| Obligations under hire purchase agreements     | 35,568                | 32,196                |
|  | <u>35,568</u>         | <u>129,434</u>        |

# Bladon Jets Holdings Ltd

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2018)

### 13 Other interest-bearing loans and borrowings (continued)

Terms and debt repayment schedule

|   | Nominal<br>interest rate | Year of<br>maturity | Carrying<br>amount<br>31 December<br>2018<br>£ | Carrying<br>amount<br>31 December<br>2017<br>£ |
|---|--------------------------|---------------------|--|--|
| Close Brothers Hire Purchase Agreement            | 26.2%                    | 2022                | 129,811  | 162,027  |
| Close Brothers Asset Finance Capital Asset loan 1 | 10.81%                   | 2018                | -  | 55,264   |
| Close Brothers Asset Finance Capital Asset loan 2 | 10.81%                   | 2018                | -  | 16,400   |
| Close Brothers Asset Finance Capital Asset loan 3 | 10.81%                   | 2018                | -  | 25,574   |

The Regional Growth Fund Grant was received in respect of the asset held under a hire purchase agreement. This grant is non-interest bearing and is released to the profit and loss account over the five year term of the hire purchase agreement.

### 14 Trade and other payables

| Group                                   | 31 December 2018<br>£ | 31 December<br>2017<br>£ |
|---|-----------------------|--------------------------|
| <b>Current</b>                          |                       |                          |
| Trade payables                          | 155,124               | 347,336                  |
| Non-trade payables and accrued expenses | 942,851               | 238,423                  |
|   | <u>1,097,975</u>      | <u>585,759</u>           |

### 15 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<br>Holdings Ltd<br>Unapproved<br>Share Option<br>Schemes            | Bladon Jets<br>Holdings Ltd<br>Enterprise<br>Management<br>Incentive Schemes | Bladon Jets<br>Holdings Ltd<br>Corporate Finance<br>Share Option<br>Plan |
|----------------------------------|---|--|--|
| Dates of grant                   | November 2008<br>March 2010<br>September 2012<br>November 2016<br>December 2018 | September 2012<br>June 2015<br>November 2016<br>June 2017<br>December 2018   | October 2013<br>March 2015   |
| Number granted                   | 1,618,008   | 2,155,779  | 621,261  |
| Number of employees              | 19  | 84   | 2  |
| Average exercise price of shares | £1.63   | £1.76  | £1.50  |

# Bladon Jets Holdings Ltd

## Notes (continued)

*(forming part of the financial statements for the year ended 31 December 2018)*

### 15 Employee benefits (continued)

#### Share-based payments (continued)

During the year ended 31 December 2018, new option allocations were made. No options were exercised.

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:

The number of share options available for allocation is governed by shareholder approvals as contained in the Articles of Association of the Company. Allocations are subject to the recommendation of the Company Remuneration Committee. All options have a 10 year life from date of grant, other than 780,000 share options governed by the Unapproved Share Option Scheme 2008 and another 960,000 existing options transferred from the Unapproved Share Option Scheme 2008 into an Enterprise Management Incentive Scheme. Following a shareholder approval, the life of these options have been extended by a further 10 years. The options governed by the Enterprise Management Incentive Schemes are exercisable on sale or listing or immediately prior to expiry.

#### Defined contribution scheme

Bladon Jets (UK) Limited operates a defined contributions pension scheme for all qualified employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to the profit and loss in respect of defined contribution schemes was £105,199 (2017: £15,116).

### 16 Capital and reserves

#### Share capital

|  | 31 December<br>2018<br>£ | 31 December<br>2017<br>£ |
|--|--------------------------|--------------------------|
| Allotted, called up and fully paid         |                          |                          |
| 35,559,981 Ordinary shares of £0.0001 each | <u>3,556</u>             | <u>3,556</u>             |

There were no issues of shares in the year to 31 December 2018.

### 17 Financial instruments

#### 17.1 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:

# Bladon Jets Holdings Ltd

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2018)

### 17 Financial instruments

#### 17.1 Fair value of financial instruments

|   | Carrying<br>amount<br>31 December<br>2018 | Fair<br>value<br>31 December<br>2018 | Carrying<br>amount<br>31 December<br>2017 | Fair<br>value<br>31 December<br>2017 |
|---|---|--------------------------------------|---|--------------------------------------|
| <b>Financial assets measured at amortised cost</b>      |   |                                      |   |                                      |
| Cash and cash equivalents (note 12)                     | 13,318,824                                | 13,318,824                           | 26,583,955                                | 26,583,955                           |
| Trade and other receivables (note 11)                   | 2,739,547                                 | 2,739,547                            | 430,478                                   | 430,478                              |
| <b>Total financial assets</b>                           | <b>16,058,371</b>                         | <b>16,058,371</b>                    | <b>27,014,433</b>                         | <b>27,014,433</b>                    |
| <b>Financial liabilities measured at amortised cost</b> |   |                                      |   |                                      |
| Other interest-bearing loans and borrowings (note 13)   | 129,811                                   | 129,811                              | 259,265                                   | 259,265                              |
| Trade and other payables (note 14)                      | 860,533                                   | 860,533                              | 448,876                                   | 448,876                              |
| <b>Total financial liabilities</b>                      | <b>990,344</b>                            | <b>990,344</b>                       | <b>708,141</b>                            | <b>708,141</b>                       |

#### 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.

#### 17.2 Credit risk

The Group's principal credit risks are attributable to its cash and cash equivalents and trade and other 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 31 December 2018 was £16,058,371 (31 December 2017: £27,014,433) being the total of the carrying amount of cash and cash equivalents, trade and other receivables.

# Bladon Jets Holdings Ltd

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2018)

### 17 Financial instruments (continued)

#### 17.2 Credit risk (continued)

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

|  | Carrying amount<br>£ | Not overdue on the reporting dates<br>£ | Less than 90 days<br>£ | Between 90 to 180 days<br>£ |
|--|----------------------|---|------------------------|-----------------------------|
| Trade receivables as at 31 December 2018 | 63,929               | 63,929                                  | -                      | -                           |
| Trade receivables as at 31 December 2017 | 47,280               | 47,280                                  | -                      | -                           |

#### 17.3 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).

| 31 December 2018                            | Carrying amount<br>£     | 1 year or less<br>£     | 1 to < 2 years<br>£     | 2 to < 5 years<br>£     | 5 years and over<br>£     |
|---|--------------------------|-------------------------|-------------------------|-------------------------|---------------------------|
| <b>Non-derivative financial liabilities</b> |                          |                         |                         |                         |                           |
| Obligations under hire purchase agreements  | 129,811                  | 35,568                  | 39,292                  | 54,951                  | -                         |
| Trade and other payables                    | 860,533                  | 860,533                 | -                       | -                       | -                         |
| Regional Growth Fund Grant                  | 33,257                   | 14,029                  | 14,029                  | 5,199                   | -                         |
|   | <u>1,023,601</u>         | <u>910,130</u>          | <u>53,321</u>           | <u>60,150</u>           | <u>-</u>                  |
| <br>31 December 2017                        | <br>Carrying amount<br>£ | <br>1 year or less<br>£ | <br>1 to < 2 years<br>£ | <br>2 to < 5 years<br>£ | <br>5 years and over<br>£ |
| <b>Non-derivative financial liabilities</b> |                          |                         |                         |                         |                           |
| Obligations under hire purchase agreements  | 162,027                  | 32,196                  | 32,196                  | 97,635                  | -                         |
| Capital finance loans                       | 97,268                   | 97,268                  | -                       | -                       | -                         |
| Trading and other payables                  | 448,876                  | 448,876                 | -                       | -                       | -                         |
| Regional Growth Fund Grant                  | 42,088                   | 14,029                  | 14,029                  | 14,030                  | -                         |
|   | <u>750,259</u>           | <u>592,369</u>          | <u>46,225</u>           | <u>111,665</u>          | <u>-</u>                  |

# Bladon Jets Holdings Ltd

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2018)

### 17 Financial instruments (continued)

#### 17.4 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.

##### *Market risk – interest rate risk*

At the statement of financial position date the interest rate profile of the Group's interest-bearing financial instruments was:

|  | <b>Group<br/>31 December<br/>2018<br/>£</b> | Group<br>31 December<br>2017<br>£ |
|--|---|-----------------------------------|
| <b>Variable rate financial instruments</b> |   |                                   |
| Financial assets                           | <b>13,318,824</b>                           | 26,583,955                        |
| <b>Fixed rate financial instruments</b>    |   |                                   |
| Financial liabilities                      | <b>(129,811)</b>                            | (259,265)                         |
|  | <b><u>13,189,013</u></b>                    | <u>26,324,690</u>                 |

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 statement of financial position as all financial liabilities have fixed interest terms or there is no interest rate exposure.

### 18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

|                            | <b>31 December<br/>2018<br/>£</b> | 31 December<br>2017<br>£ |
|----------------------------|-----------------------------------|--------------------------|
| Less than one year         | <b>605,500</b>                    | 242,940                  |
| Between one and five years | <b>1,000,000</b>                  | 242,940                  |
|                            | <b><u>1,605,500</u></b>           | <u>485,880</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 ended 31 December 2018: £500,263 (2017: £122,670) was recognised as a rental and service charge expense by the Group.

# Bladon Jets Holdings Ltd

## Notes (continued)

(forming part of the financial statements for the year ended 31 December 2018)

### 19 Commitments

#### Capital commitments

##### Group

At the statement of financial position date, the Group had entered into contracts to purchase plant, computer equipment and software amounting to £263,342 (2017: £27,508).

### 20 Related parties

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

#### Related party transactions – company

|   | Receivables outstanding |                   | Payables outstanding |                  |
|---|-------------------------|-------------------|----------------------|------------------|
|   | 31 December 2018        | 31 December 2017  | 31 December 2018     | 31 December 2017 |
|   | £                       | £                 | £                    | £                |
| Bladon Jets Limited, direct subsidiary      | 177,945                 | 225,559           | -                    | -                |
| Bladon Jets (UK) Limited, direct subsidiary | 36,306,217              | 23,584,624        | -                    | -                |
|   | <u>36,484,162</u>       | <u>23,810,183</u> | <u>-</u>             | <u>-</u>         |

The Company entered into the following transactions with related parties:

|  | 31 December 2018 | 31 December 2017 |
|--|------------------|------------------|
|  | £                | £                |
| <b>Bladon Jets Limited (subsidiary)</b>          |                  |                  |
| Expenses paid by Bladon Jets Holdings Ltd        | 6,635            | 27,000           |
| Loans received from Bladon Jets Limited          | 139,498          | -                |
| Loans to Bladon Jets Limited                     | <u>85,249</u>    | <u>55,048</u>    |
| <b>Bladon Jets (UK) Limited (subsidiary)</b>     |                  |                  |
| Management charges to Bladon Jets (UK) Limited   | 339,592          | 129,867          |
| Expenses paid by Bladon Jets Holdings Ltd        | 159,056          | 2,083            |
| Rent   | 22,500           | 35,500           |
| Loans made                                       | 13,147,498       | 4,400            |
| Loan repayments received                         | 924,710          | 535,656          |
| Management charges from Bladon Jets (UK) Limited | -                | 63,115           |
| Expenses paid by Bladon Jets (UK) Limited        | <u>22,343</u>    | <u>-</u>         |

In addition, the Company paid Directors salaries, bonuses and fees of £243,333 (2017: £170,000). There were no balances outstanding at the period end (2017: £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 of £1.11 in terms of the Bladon Jets Holdings Ltd Scheme 2012. No share options were exercised in the current or preceding year.

As at 31 December 2018 Directors of the Company and their spouses held a total of 1,919,500 shares with a value of £0.0001 per share (2017: 1,919,500 shares with a value of £0.0001 per share).



# Bladon Jets Holdings Ltd

## Notes (continued)

*(forming part of the financial statements for the year ended 31 December 2018)*

### 20 Related parties (continued)

Rent paid to Christopher Bladon, a shareholder, in the period to 31 December 2018 amounted to £3,500 (2017: £1,200). This was paid in respect of the premises at Ellesmere, Shropshire, United Kingdom.

As at 31 December 2018, the Directors of Group Companies have been granted share options as detailed below:

| Exercise Price                | Award            |
|-------------------------------|------------------|
| £0.50                         | 570,000          |
| £1.11                         | 206,700          |
| £1.50                         | 339,000          |
| £2.00                         | 230,600          |
| <b>Total</b>                  | <b>1,346,300</b> |
| <i>Average Exercise Price</i> | <i>£1.10</i>     |

As at 31 December 2018, Directors of Group Companies and their spouses had an interest in a total of 1,466,666 shares with a value of £0.0001 per share (2017: 1,471,166 shares with a value of £0.0001 per share).

### 21 Subsequent events

To the knowledge of the Directors, there were no additional significant subsequent events requiring disclosure.