

Gentec Energy Ltd
Financial statements
Year ended 31 March 2022



Registered number: 03236581

Gentec Energy Ltd
Company Information

Directors

Mrs A Khilnani
Fredric Laurent Ragno

Company secretary

N Navendrha (resigned 1 March 2022)
N Khan (appointed 23 March 2022)

Company Number

3236581

Registered office

4th Floor
One Kingdom Street
Paddington
London
W2 6BD

Independent auditor

Kingsley Brackmann Partnership
Chartered Certified Accountants & Statutory Auditors
64 Woodcock Hill
Kenton, Middx
HA3 0JF

Gentec Energy Ltd
Financial statements

Contents

Strategic report	1
Directors' report	3
Independent auditor's report	5
Statement of profit and loss and comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11-30

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Strategic report

Business model

The Company delivers competent execution of complex power generation projects involving design and engineering, supply of plant and equipment and project management.

The scope of these activities is on a worldwide basis with a focus on Sub Saharan Africa and the Company has established capabilities to deliver these services in a number of operating locations around the world by establishing strategic alliances.

Review of business

Revenue decreased by 33% from £4,770,665 to £3,193,400 during the year, this was primarily due to reduced demand in the primary markets as a consequent of COVID-19 and down turn in global economic activity, the current situation is likely to prevail for some time.

During the year, the company sold its 50% of the shares in Cummins ESB Nigeria Ltd to Cummins Power Generation Limited.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are set out below:

The foreign exchange markets remain volatile and we have seen significant shifts in the exchange rate during the year with the US dollar and Nigerian naira. However, the policy of the Company is to substantially mitigate this risk by purchasing and selling in the same currency and selective use of foreign exchange options where these are considered appropriate.

Financial risk management

The Company is exposed to a variety of financial risks that include credit risk, liquidity risk, compliance risk, foreign exchange risk and technology risk. These risks are managed jointly by the directors and the Company finance department.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. The Company also monitors on a regular basis the overall credit afforded to customers. Bank deposits are held in interest bearing accounts at a large UK banking institution and are not invested in risky or illiquid investments.

The company has material receivable balances owed to it from related parties. The directors have assessed these balances and consider them to be recoverable, however, the payment of these balances is linked to successful completion of certain milestone targets.

Liquidity risk

The directors regularly review the Company's financial position through a robust and accurate ERP system to ensure that there are sufficient funds available to continue in operational existence and to meet liabilities as and when they fall due.

Compliance risk

The Company maintains the highest standards of compliance for UKBA and all applicable laws, statutes, regulations, and codes including FCPA. There have been no breaches during the year.

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Strategic report

Foreign exchange risk

As described above, the Company purchases and sells its products and services in US dollars and Nigerian nairas. The main exposure to currency risk is the goods and services purchased in the UK or Europe which are then sold on in dollars or naira and this represents less than 5% of the total outgoings of the business as a whole and so it is not significant. Foreign exchange risk is mitigated by maintaining balances in local currencies wherever possible and only translating balances when rates are favourable.

Technology risk

The Company is exposed to technology risk inherent to the business due to new technologies used in the power plant installation in harsh environment conditions through EPC. New technologies are complex in nature and may not work as planned and, as a result, additional costs twinned with excessive downtime could seriously affect the profitability of the EPC. The Company has good project management processes in place and the EPC project is closely monitored with installation carefully checked at each stage. Any installation problem is quickly communicated to management and a solution is sought in good time.

Financial key performance indicators

The key performance indicators used by the Company to monitor performance and run the business are as follows:

1. Gross profit margin.
2. Order book for new customers and existing customer expansion.

These key performance indicators are monitored regularly by management and actions taken where performance requires improvement to maximise the opportunities for the business.

This report was approved by the board and signed on its behalf by



Mrs A Khilani

Director

Date : 21 December 2022

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2022.

Directors

The directors who served during the year were:

Mrs Asha Khilnani

Fredric Laurent Ragno

Results and dividends

During the year, the company reported a loss of £223,126 (2021: loss £91,130).

The directors did not recommend any dividend payment during the year (2020: NIL).

Charitable donations

Charitable donations made during the year amounted to £1,360 (2021: £1,245).

Directors' responsibilities statement

The directors are responsible for preparing the Company strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the International Financial Reporting Standards (IFRS). Under the 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 company and the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 company and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- that directors have taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the auditor is aware of that information.

Strategic report
Financial statements
For the year ended 31 March 2022
Directors' report

Strategic report

The Company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the Company's Strategic Report the Company's Strategic Report Information required by Schedule 7 of the Large and Medium Sized Companies and Companies (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

Auditor

Under section 487(2) of the Companies Act 2006, Kingsley Brackmann Partnership will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the Registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by



Mrs A Khilnani
Director

Date: 21 December 2022

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Independent Auditors Report to the Members of Gentec Energy Ltd

We have audited the financial statements of Gentec Energy Ltd for the year ended 31 March 2022 which comprise the company statement of financial position, company statement of changes in equity, company 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 European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

[A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.](http://www.frc.org.uk/auditscopeukprivate)

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2022 and of the company's profit(loss) for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Company Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Independent Auditors Report to the Members of Gentec Energy Ltd

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mohan Bharj

Senior Statutory Auditor

Kingsley Brackmann Partnership

Chartered Certified Accountants

Harrow, Middlesex

Date: 21 December 2022

Gentec Energy Ltd
Financial statements

Statement of comprehensive income
For the year ended 31 March 2022

	Notes	2022	2021
		£	£
Continuing operations			
Revenue	21	3,193,400	4,770,665
Cost of sales		(2,365,683)	(2,881,853)
Gross profit		827,717	1,888,812
Other operating income	24	46,241	143,959
Administrative expenses		(1,092,014)	(1,188,371)
Operating profit		(218,055)	844,400
Finance costs	25	(129,852)	(83,486)
Gain on sale of assets		337,655	78,621
Exchange gains (losses)	25	(201,534)	(1,027,200)
Profit / (loss) before tax		(211,787)	(187,665)
Tax (expense) / refund	26	(11,339)	96,534
Profit/(loss) after taxation		(223,126)	(91,130)
Profit/(loss) for the year		(223,126)	(91,130)

Gentec Energy Ltd
Financial statements

Statement of financial position as at 31 March 2022

	Notes	2022 £	2021 £
Assets			
Non-current			
Investments	5	0	2,252,047
Property, plant and equipment	6	1,702,761	1,723,713
Non-current assets		1,702,761	3,975,760
Current			
Inventories	7	133,779	130,205
Trade and other receivables	8	21,110,266	14,529,730
Cash and cash equivalents	9	846,381	2,766,873
Current assets		22,090,425	17,426,808
Total assets		23,793,186	21,402,568
Equity and liabilities			
Equity			
Share capital	10	56,373	56,373
Share premium	11	904,574	904,574
Revaluation reserve	13	964,839	964,839
Retained earnings	13	7,719,597	7,942,723
Total equity		9,645,383	9,868,509
Liabilities			
Deferred tax liabilities	14	2,200	2,200
Provisions	15	726,749	1,302,531
Non-current liabilities		728,949	1,304,731
Trade and other payables	16	13,407,854	10,229,328
Current tax liabilities		11,000	0
Current liabilities		13,418,854	10,229,328
Total liabilities		14,147,803	11,534,059
Total equity and liabilities		23,793,186	21,402,568



Mrs A Khilnani
Director

Date: 21 December 2022

Gentec Energy Ltd
Financial statements

Statement of changes in equity as at 31 March 2022

	Share capital	Share premium	Revaluation reserve	Retained earnings
	£	£	£	£
Balance at 1 April 2020	56,373	904,574	73,689	8,033,853
Dividends				0
Profit (loss) for the year				(91,130)
Property revaluation			891,150	
Balance at 31 March 2021	56,373	904,574	964,839	7,942,723
Dividends				-
Profit (loss) for the year				(223,126)
Property revaluation				
Balance at 31 March 2022	56,373	904,574	964,839	7,719,597

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022

Company statement of cash flows

	2022	2021
	£	£
Profit (loss) before tax	(211,787)	(91,130)
Adjustments for		
loss (profit) on disposal of assets	(337,655)	(78,621)
Depreciation of property, plant & equipment	20,952	20,998
Operating cash flow before movements in working capital	(528,490)	(148,753)
(Increase) / decrease in Inventories	(3,574)	(111,252)
(Increase) / decrease in receivables	(6,677,070)	8,353,232
Increase / (decrease) in payables	2,602,744	(5,718,265)
Cash flow (used in) / from operations	(4,606,390)	2,374,962
Tax refund / (paid)	96,196	
Net cash (used in) / from operating activities	(4,510,194)	2,374,962
Investing activities		
Sale proceeds	2,589,702	80,000
Net cash from / (used in) investing activities	2,589,702	80,000
Financing activities		
Dividends paid	-	-
Net cash used in financing activities	-	-
Net change in cash and cash equivalents	(1,920,492)	2,454,962
Cash and cash equivalents, beginning of year	2,766,873	311,911
Cash and cash equivalents, end of year	846,381	2,766,873

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

1 General information

Gentec Energy Ltd is a private company limited by shares, incorporated in the UK and registered in England and Wales, has no parent company as the majority shareholding is held by A Khilnani. Its registered office and principal place of business is 4th Floor, One Kingdom Street, Paddington, London W2 6BD, United Kingdom.

2 Nature of operations

The Company delivers competent execution of complex power generation projects involving design and engineering, supply of plant and equipment and project management.

The scope of the Company activities is on a worldwide basis with a focus on Sub Saharan Africa and the Company has established capabilities to deliver these services in a number of operating locations around the world by establishing strategic alliances.

3 Adoption of International Financial Reporting Standards (IFRS)

The directors have taken the decision to prepare the company's financial statements in accordance with International Financial Reporting Standards adopted by EU (IFRS).

The company has adopted all new or amended accountancy standards and interpretations issued by the International Accountancy Standards Board (IASB) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or interpretations that are not yet mandatory have not been early adopted.

4 Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards including standards and interpretations issued by the International Accounting Standards Board and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. They have been prepared using the historical cost convention except that as disclosed in the accounting policies below certain items are shown at fair value.

Exemption to prepare consolidated accounts

The Company sold its 50% interest in its subsidiary during the year and can no longer exert any influence on the subsidiaries, therefore no consolidated accounts have been prepared.

Going concern

The directors consider the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cause significant doubt about the ability of the Company to continue as a going concern.

The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

Judgements and estimates

The Company makes judgements and assumptions concerning the future that impact the application of policies and reported amounts. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are discussed below.

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

Warranty provision

Over recent years the Company has provided on an annual basis a percentage of contract values as a provision against liabilities on contract execution. These commitments are up to a period of 30 months post shipment and are based on management's best estimate of the expected fault rate. Given the relatively early stage of the business, there is insufficient historic data to reliably estimate the fault rate percentage for the warranty provision. It is management's best estimate that this should be 5%. Management will monitor this on a regular basis and revise the warranty provision accordingly.

Recoverability of related party balances

A significant degree of judgement is applied by management when considering whether a related party debtor is recoverable or not. The following factors are taken into account when considering whether a debtor is impaired:

- payment history of the specific customer with the Company;
- indications of financial difficulties of the specific customer through review of their financial position and performance;
- discussion with the management of the counter party and
- general economic conditions.

Management considers all related party balances to be recoverable.

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable net of VAT and trade discounts. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue generated from the sale of equipment is recognised on the date of the supply when goods are shipped to the customer.

Rendering of services

Revenue generated from design and engineering services and project management is recognised at the point when the service is provided to the customer.

EPC contracts

For EPC contracts, where the outcome of the transaction cannot be estimated reliably, revenue is only recognised to the extent of the expenses recognised that are recoverable.

Ongoing disputes and litigation

At the balance sheet date there were number of on-going disputes and litigation. Management have considered and estimated the outcome of these ongoing disputes and litigation, including seeking legal advice where appropriate and have concluded no provisions or contingent liabilities are required.

Investment in subsidiaries

Investment in subsidiaries are recognised at cost less impairment.

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

Tangible assets

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at the following annual rates in order to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives. However no depreciation is charged on carrying values equal to or less than £1,000.

Long-term leasehold property	1% on cost
Plant and machinery	25% - 33% on reducing balance
Motor vehicles	25% - 33% on reducing balance
Office furniture and equipment	25% - 33% on reducing balance

Investment properties

Investment properties are recognised under the cost model and depreciated accordingly at 1% on cost. Investment properties are recognised as such, when let to tenants outside the Company.

Impairment of property, plant and equipment

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount to which the asset belongs.

Any impairment charge is recognised in profit or loss in the year in which it occurs for assets carried at cost if recoverable amount is less than the carrying value. Where an impairment loss subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount.

Inventories

Inventories are stated at the lower of cost or net realisable value after making allowance for obsolete and slow moving stock. Net realisable value is the amount that can be realised from the sales of the inventory in the normal course of business after allowing for the costs of realisation.

Financial instruments - Recognition, initial measurement and de-recognition

Financial liabilities and equity instruments are classified according to the substance of the commercial arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its financial liabilities.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

Financial instruments - Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets have been classified as loans and receivables upon initial recognition.

Financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a Company of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial instruments – loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade receivables and other receivable fall into this category of financial instrument.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in Companies, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified Company.

Financial instruments – Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings, trade payables and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial instruments – Inter-company and related party balances

Inter-company and related entity loans and trading which are due on demand and are initially recognised at fair value and are subsequently recognised at the amount due/payable on an amortised cost basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions and are readily convertible to known amounts of cash.

Cash equivalents comprise short-term, highly liquid investments with maturities of three months or less from inception that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are presented as part of current asset investments in the statement of financial position.

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Where the Company is a lessee, payments made under an operating lease agreement are recognised as an expense on a straight-line basis over the lease term.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

Financial guarantees

Financial guarantees in respect of the borrowings of fellow Company companies are not regarded as insurance contracts. They are recognised at fair value and are subsequently measured at the higher of:

-the amount that would be required to be provided under IAS 37 (see policy on provisions below); and

-the amount of any proceeds received net of amortisation recognised as income..

Provisions and contingent liabilities

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Where the time value of money is material provisions are discounted to their present values, using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

Any reimbursement that is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Holiday pay

A provision for annual leave accrued by employees as a result of services rendered, and which employees are entitled to carry forward and use within the next 12 months is recognised in the current period. The provision is measured at the salary cost payable for the period of absence.

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

Equity, reserves and dividend payments

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity. Transaction costs on the issue of shares are deducted from the share premium account arising on that issue. Dividends on the Company's ordinary shares are recognised directly in equity.

Interim dividends are recognised when they are paid. A liability for unpaid dividends is recognised when the dividends have been approved in a general meeting prior to the reporting date.

Finance income

Finance income is recognised in the period to which it relates.

Borrowing costs

Capitalisation of borrowing costs commences when all of the following conditions are met: the company incurs expenditure for the asset; the company incurs borrowing costs; the company undertakes activities necessary to prepare the asset for intended use or sale.

The capitalisation of borrowing costs ceases when substantially all of the activities necessary to prepare the qualifying asset for intended use or sale are complete or when the active development of an asset are suspended.

All other borrowing costs are expensed in the profit and loss account in the period in which they are incurred.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies by the subsidiary undertakings are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies by the subsidiary undertakings are translated into sterling at the rate ruling on the date of the transaction.

The functional currency of Gentec Energy Ltd is Sterling (GBP).

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange gains and losses are recognised in the statement of comprehensive income.

Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

Deferred tax

Calculation of deferred tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period that are expected to apply when the asset is realised or the liability is settled.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover the related asset or settle the related obligation.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets are not discounted. Deferred tax liabilities are generally recognised in full.

Post-employment benefits and short-term employee benefits

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. Unpaid contributions are reflected as a liability.

Assets held for sale

The company classifies assets as held for sale if their carrying value will be recovered principally through sale rather than continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale excluding finance costs and income tax expenses. The criteria for assets held to the sale excluding finance costs and income tax expenses. The criteria for assets held for sale is regarded as only met when the sale is highly probable and the asset is available for immediate sale in its present condition.

5 Investments

	Investment in subsidiary company	Total
	£	£
Cost or valuation		
At 1 April 2021	2,252,047	2,252,047
Additions	-	-
Impairment	-	-
Disposals	(2,252,047)	(2,252,047)
At 31 March 2022	-	-

During the year, the Company sold its 50% interest in Cummins ESB Nigeria Ltd.

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

Composition of the subsidiaries sold

Set out below details of the subsidiaries that were held directly by the Company sold during the year:

Company name	Type of shares	%	Principal place of business	Principal activity
		shareholding		
Subsidiaries				
Cummins ESB Nigeria Limited	Ordinary	50	UK	Sale of industrial power supply plant
Cummins Energy Solutions Nigeria Limited*	Ordinary	50	Nigeria	Maintenance and engineering services

*Held through investment in Cummins ESB Nigeria Limited.

6 Property, plant and equipment

Company	Property and improvement to property	Plant and machinery	Motor vehicles	Office furniture and equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2020	1,159,335	41,090	62,980	192,118	1,455,523
Disposals				(99,998)	(99,998)
Revaluation	891,150				891,150
At 31 March 2021	2,050,485	41,090	62,980	92,120	2,246,675
Additions					-
Disposals					-
At 31 March 2022	2,050,485	41,090	62,980	92,120	2,246,675
Depreciation					
At 1 April 2020	328,248	40,966	43,899	187,470	600,583
Charge for the year	14,615	124	4,770	1,489	20,998
Disposals				(98,619)	(98,619)
At 31 March 2021	342,863	41,090	48,669	90,340	522,962
Charge for the year	16,929		3,578	445	20,952
At 31 March 2022	359,792	41,090	52,247	90,785	543,914
Net book value					
At 31 March 2022	1,690,693	-	10,733	1,335	1,702,761
At 31 March 2021	1,707,622	-	14,311	1,780	1,723,713

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

7 Inventories

	2022	2021
	£	£
Finished goods and consumables	133,779	130,205

8 Trade and other receivables

Trade and other receivables consist of the following:

	2022	2021
	£	£
Trade receivables	497,266	122,605
Prepayments and accrued income	-	96,534
Other receivables	17,294	10,006
Amounts due from related parties	20,595,706	14,300,585
Total receivables	21,110,266	14,529,730

9 Trade and other receivables

The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

Please see note 28 for details of related party transactions.

The age analysis of trade receivables is as stated here-under. The Company believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	2022	2021
	£	£
Up to 3 months overdue	-	-
3 to 6 months overdue	-	-
Over 6 months	497,266	122,605
	497,266	122,605

10 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2022	2021
	£	£
Cash at bank and in hand	846,381	2,766,873

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

11 Share capital

The share capital of Gentec Energy Ltd consists only of fully paid ordinary shares with a nominal (par) value of £1 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of Illustrative Corporation.

	2022	2021	2022	2021
	No.	No.	£	£
Shares issued and fully paid:				
At the beginning of the year	56,373	56,373	56,373	56,373
At the end of the year	56,373	56,373	56,373	56,373

12 Share Premium

Share premium is the excess paid for share capital over and above the par value of the £1 shares.

13 Revaluation reserve

The revaluation reserve records the change in value of freehold properties, net of related deferred taxation.

14 Retained reserves

The profit and loss reserve records retained earnings and accumulated losses.

15 Deferred tax assets and liabilities

Deferred taxes arising from temporary differences are summarised as follows:

	2022	2021
	£	£
Non-current liabilities	2,200	2,200
-	2,200	2,200

16 Provisions

All provisions are considered non-current. The carrying amounts and the movements in the warranty provision account are as follows:

	2022	2021
	£	£
Carrying amount brought forward	1,302,531	1,683,962
Amounts released in the year	(575,782)	(381,431)
Carrying amount carried forward	726,749	1,302,531

Over recent years the Company has provided on an annual basis a percentage of contract values as a provision against liabilities on contract execution. These commitments are up to a period of 30 months post shipment and are based on management's best estimate of the expected fault rate. Given the relatively early stage of the business, there is insufficient historic data to reliably estimate the fault rate percentage for the warranty provision. It is management's best estimate at 31 March 2022 this should be 5% (2021 – 5%). Management will monitor this on a regular basis and revise the warranty provision accordingly.

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

17 Trade and other payables

Trade and other payables consist of the following:

	2022	2021
	£	£
Trade payables	2,248,106	2,254,581
Amounts due to related parties	10,211,664	6,890,984
Other payables	197,346	155,997
Accruals and deferred income	750,738	927,766
	<u>13,407,854</u>	<u>10,229,328</u>

The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

Categories of financial liabilities: All financial liabilities are deemed other liabilities and measured at amortised cost.

Please see note 28 for details of related party transactions.

18 Financial instruments

Risk management

As well as short-term trade receivables, accrued income, trade payables and accruals, as detailed in the notes that arise directly from operations, the Company's financial instruments comprise cash and bank borrowings and payables. The fair values of these instruments are not materially different to their book values. The objective of holding financial instruments is to raise finance for the Company's operations and manage related risks. The Company's activities expose the Company to a number of risks including interest rate risk, credit risk and liquidity risk. The Company manages these risks by regularly monitoring the business and providing ongoing forecasts of the impact on the business.

Liquidity risk

The Company closely monitors its bank financing and other credit facilities in comparison to its outstanding commitments to ensure it has sufficient funds to meet its obligations as they fall due. The Company finance function produces regular forecasts that estimate the cash inflows and outflows for the next 12 months, so that management can ensure that sufficient financing is in place as it is required. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Interest rate risk

The Company's interest rate exposure arises mainly from its interest-bearing borrowings. Contractual agreements entered into at floating rates expose the Company to cash flow risk, while fixed-rate borrowings expose the Company to fair value risk.

The Company regularly reviews its funding arrangements to ensure they are competitive with the marketplace.

The table below shows the Company's and Company's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing.

Interest rate sensitivity

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 31 March 2022, the Company had no borrowings with fixed or floating rates.

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

Capital risk management

The Company's objectives when managing capital (i.e. equity and borrowings) are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Foreign currency risk

The Company's policy is not to use forward contracts and therefore none were outstanding at the year end (2021: £nil). The Company has no foreign currency exposures at 31 March 2022 or 31 March 2021 so no numerical disclosures have been provided.

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in this note. The main types of risks are market risk, credit risk and liquidity risk.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

19 Segmental disclosure

	2022	2021
	£	£
Africa / Middle East	3,153,987	3802810
Europe	102,066	966,777
Far East / Asia	(62,653)	1,078
	<u>3,193,400</u>	<u>4,770,665</u>
Less discontinued operations	-	-
Revenue from continuing activities	<u>3,193,400</u>	<u>4,770,665</u>

20 Operating profit

	2022	2021
	£	£
Operating profit is stated after charging		
Depreciation of property plant and equipment	20,952	20,998
Auditors remuneration	10,000	10,000
	<u>30,952</u>	<u>30,998</u>

21 Employee benefits expense

Expenses Recognised for employee benefits are analysed below:

	2022	2021
	£	£
Wages, salaries	155,567	219,720
Social security costs	21,234	28,145
Pensions – defined contribution plans	3,676	10,451
	<u>180,477</u>	<u>258,316</u>

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

22 Employee numbers

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Admin and management	5	5
	<u>5</u>	<u>5</u>

23 Directors remuneration

	2022	2021
	£	£
Remuneration	66,000	65,168
Pensions – defined contribution plans	41,400	48,400
	<u>107,400</u>	<u>113,568</u>

24 Other operating income

	2022	2021
	£	£
Government grants	46,241	143,959
	<u>46,241</u>	<u>143,959</u>

25 Finance costs and finance income

Finance costs for the reporting periods consist of the following:

	2022	2021
	£	£
Interest Expenses	(129,852)	(83,486)
Finance cost	<u>(129,852)</u>	<u>(83,486)</u>

26 Tax expense

	2022	2021
	£	£
Tax expense on continuing activities comprises:		
Current tax expense	11000	0
Deferred tax expense	-	0
Prior year adjustment		(96,534)
	<u>11,000</u>	<u>(96,534)</u>
Effects of:		
Expenses not deductible for tax purposes	-	0
Actual tax expense/(income)	<u>11,000</u>	<u>(96,534)</u>

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

27 Dividends

Dividends on ordinary shares have been paid as follows

	2022	2021
	£	£
Dividend per share	0	0
Dividend paid	0	0

28 Related party transactions

The Company's related parties include its subsidiaries, companies under common ownership and key management, as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

At the balance sheet date, the Company had the following balances owed to/from related parties. These entities are considered to be related parties due to beneficial ownership.

29 Transactions with key management personnel

Key management of the Company are the executive members of Gentec Energy Ltd board of directors. Key management personnel remuneration is considered to be the same as Directors remuneration and is disclosed above.

At the year end the directors were owed £32,160 (2021 - £49,891).

30 Contingent liabilities

There were no contingent liabilities as at 31 March 2022 or 31 March 2021.

31 Post reporting date events

The company sold its premises, Unit 7 Chancerygate Close, South Ruislip, HA4 0JS on 31 May 2022 for £1,875,000.

32 Ultimate controlling party

The director Mrs A Khilnani is the beneficial owner of 51% of the share capital of the parent entity.

Gentec Energy Ltd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

33 Related party transactions

Related companies	Sales	Purchase	Sales	Purchases
	2022	2022	2021	2021
	£	£	£	£
Cummins Power Generation Nigeria Limited	166,332		3,516,192	(935)
Cummins ESB Nigeria Ltd	1,167,276	(82,249)	91,577	(1,321,134)
Cummins Energy Solutions Limited	48,904			
Ebedei Holdings Limited	7,997		9,190	
Cogeneration Holdings Limited			(47,250)	(600,000)
Coronation Power & Gas Ltd	241			
Gentec Energy Nigeria Limited	201,704		152,916	
Gentec EPC India (Pvt) Ltd	1,170	(572,381)	1,079	
Globeleq Power Solutions Nigeria Limited	76,722		38,928	
Natural Gas Technologies Limited	640,372	(1,426,000)	724,974	(2,119,367)
Power Gas Delta Innovations Limited	3,778		19,541	
Powergas Africa Limited	9,470	(600,000)	10,207	
Power Gas Ebedei Limited	3,667		1,263	
Power Gas Global Investments Limited	327,539		25,044	
Soventrix Hybrid Limited	15,972		3,610	
Soventriv Hybrid Nigeria Limited	(3,709)		88475	
Total	2,667,433	(2,680,630)	4,635,746	(4,041,436)

Gentec EnergybLtd
Financial statements
For the year ended 31 March 2022
Notes to the accounts

34 **Related party transactions**

Related companies	Balance owed from 2022	Balance owed to 2022	Balance owed from 2021	Balance owed to 2021
	£	£	£	£
Clean Energy SA	117,748	(411,071)		
Coronation Power and Gas Limited	11,631		12,134	
Cogeneration Holdings Limited	14,465,988	(720,000)	11,616,733	
Cummins Power Generation Limited		299	12,096	
Cummins Energy Solutions Limited	48,904			
Cummins ESB Nigeria Ltd	1,173,846	(6,685,542)		(2,752,338)
Cummins Power Generation Nigeria Limited	991,805		750,338	(3,651,350)
Ebedei Holdings Ltd	31,542		22,593	
Gentec EPC SA Limited			498,495	
Gentec Myriad Ltd			10,000	
Gentec Energy Nigeria Limited	141,039		17,683	(97,258)
Gentec EPC Pvt Limited	6,909	(569,349)	5,716	(349,491)
Green Fuels Limited			1,241	
Globeleq Power Solutions Nigeria Limited	43,272		38,928	
Industrial Energy Africa Limited	3,760		3,380	
Myriad	10,000			
Manchurian Inc	240		240	
Natural Gas Technologies Limited	1,328,398	(1,426,000)	228,027	
Powergas Energy Resources Limited				
Power Gas Delta Innovations Limited	911,457		776,964	
Power Gas Global Investments Nigeria Limited	464,852		93,999	
Powergas Africa Limited	798,850	(400,000)	13,359	
Power Gas Ebedei Limited	2,550		828	
Tower Power Utility Limited			18,562	
Soventrix Hybrid Limited	42,915		179,269	(40,547)
Total	20,595,706	(10,211,664)	14,300,585	(6,890,984)