

Financial Statements for the Year Ended 31 August 2021

for

Nova Innovation Ltd

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for the Year Ended 31 August 2021

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DIRECTORS:

Dr D S Forrest
Dr G Connor
Mr J Meagher
Mr O J G Bontems
Sir M C Fallon
Mr C R L Phillips
Mr B R Aird

SECRETARY:

Dr D S Forrest

REGISTERED OFFICE:

45 Timberbush
Edinburgh
EH6 6QH

REGISTERED NUMBER:

SC358996 (Scotland)

AUDITORS:

Cowan & Partners Limited
Statutory Auditors
60 Constitution Street
Edinburgh
EH6 6RR

Balance Sheet
31 August 2021

	Notes	31.8.21 £	£	31.8.20 £	£
FIXED ASSETS					
Intangible assets	4		10,652,078		9,604,860
Tangible assets	5		325,959		693,884
Investments	6		1,090		1,090
			<u>10,979,127</u>		<u>10,299,834</u>
CURRENT ASSETS					
Debtors	7	2,377,719		522,553	
Cash at bank		<u>1,590,657</u>		<u>3,009,671</u>	
		3,968,376		3,532,224	
CREDITORS					
Amounts falling due within one year	8	<u>1,543,566</u>		<u>751,262</u>	
NET CURRENT ASSETS			<u>2,424,810</u>		<u>2,780,962</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			13,403,937		13,080,796
CREDITORS					
Amounts falling due after more than one year	9		(935,858)		(1,357,812)
ACCRUALS AND DEFERRED INCOME			<u>(3,215,878)</u>		<u>(3,811,053)</u>
NET ASSETS			<u>9,252,201</u>		<u>7,911,931</u>
CAPITAL AND RESERVES					
Called up share capital			1,278		1,278
Share premium			2,504,288		2,504,288
Retained earnings			<u>6,746,635</u>		<u>5,406,365</u>
SHAREHOLDERS' FUNDS			<u>9,252,201</u>		<u>7,911,931</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 27 October 2021 and were signed on its behalf by:

Dr D S Forrest - Director

Notes to the Financial Statements
for the Year Ended 31 August 2021

1. **STATUTORY INFORMATION**

Nova Innovation Ltd is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section IA "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about Nova Innovation Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Turnover

Turnover represents net invoiced sales and grant income towards tidal turbine projects. Turnover is recognised at the point where the company obtains the right to consideration and is stated net of VAT.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 8% on cost
Plant and machinery	- 20% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 33% on cost

At each balance sheet date, the company reviews the carrying amounts of its tangible and investment assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Intangible assets - research and development

Research expenditure is written off as incurred. Development expenditure is also written off as incurred, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. As such there is no amortisation included this year. Intangible assets are reviewed annually for any impairments and provision is made for any impairment.

Patents and trademarks are capitalised at cost.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Grants

Grants are recognised under the performance model. A grant that does not impose specified future performance-related conditions is recognised in income when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions is recognised in income only when those conditions are met. Grants received before the revenue recognition criteria are satisfied are recognised as deferred income.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

2. ACCOUNTING POLICIES - continued

Going concern

These financial statements are prepared under the going concern basis of accounting. Directors have reviewed the company's forecasts and projections, and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider that the going concern basis continues to be appropriate in in preparation of these financial statements.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 30 (2020 - 29) .

4. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST	
At 1 September 2020	9,604,860
Additions	1,610,487
Impairments	(563,269)
At 31 August 2021	<u>10,652,078</u>
NET BOOK VALUE	
At 31 August 2021	<u>10,652,078</u>
At 31 August 2020	<u>9,604,860</u>

An impairment review was carried out to determine whether the intangible R&D asset was likely to generate a commercially viable product in the future. Following a critical review of the commercial product pathway for each significant R&D component, it was determined that some previously capitalised learnings have been superseded. Therefore, an impairment of £563,270 has been recognised in the profit and loss account in the current year. No other indicators of impairment were present, and the directors regularly undertake such a review of intangible assets.

5. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 September 2020	10,101	1,838,323	11,564	74,648	1,934,636
Additions	-	-	-	9,726	9,726
At 31 August 2021	<u>10,101</u>	<u>1,838,323</u>	<u>11,564</u>	<u>84,374</u>	<u>1,944,362</u>
DEPRECIATION					
At 1 September 2020	2,965	1,170,398	9,250	58,139	1,240,752
Charge for year	808	366,759	1,243	8,841	377,651
At 31 August 2021	<u>3,773</u>	<u>1,537,157</u>	<u>10,493</u>	<u>66,980</u>	<u>1,618,403</u>
NET BOOK VALUE					
At 31 August 2021	<u>6,328</u>	<u>301,166</u>	<u>1,071</u>	<u>17,394</u>	<u>325,959</u>
At 31 August 2020	<u>7,136</u>	<u>667,925</u>	<u>2,314</u>	<u>16,509</u>	<u>693,884</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2021

5. **TANGIBLE FIXED ASSETS - continued**

There are no impairment indicators in the year.

6. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
COST	
At 1 September 2020 and 31 August 2021	<u>1,090</u>
NET BOOK VALUE	
At 31 August 2021	<u>1,090</u>
At 31 August 2020	<u>1,090</u>

The above relates to the 100% ownership of Nova Innovation CAN Ltd, Enlli Tidal Ltd, Nova Innovation (Ireland) Limited, and Oran Na Mara Ltd, with the latter two entities acquired in the current year. Nova Innovation CAN Ltd began trading in April 2020, with other entities remaining dormant for the full year.

7. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.21 £	31.8.20 £
Trade debtors	44,164	1,394
Other debtors	<u>2,333,555</u>	<u>521,159</u>
	<u>2,377,719</u>	<u>522,553</u>

8. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.8.21 £	31.8.20 £
Trade creditors	106,998	250,948
Other creditors	<u>1,436,568</u>	<u>500,314</u>
	<u>1,543,566</u>	<u>751,262</u>

9. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.8.21 £	31.8.20 £
Other creditors	<u>935,858</u>	<u>1,357,812</u>

10. **SECURED DEBTS**

The following secured debts are included within creditors:

	31.8.21 £	31.8.20 £
Other loans	<u>1,027,817</u>	<u>1,284,766</u>

The company has granted securities in the form of floating charge over the first three turbines in the Shetland Tidal Array and their associated assets to Scottish Enterprise.

11. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

John W Kennedy CA (Senior Statutory Auditor)
for and on behalf of Cowan & Partners Limited

12. POST BALANCE SHEET EVENTS

On the 6th September 2021, Nova received an equity investment of £6,424,995.06 from the Scottish National Investment Bank. This represented the issue of 217,134 new shares. This highlights and recognises the importance of the role that the business can play in the transition to clean energy and the net zero targets being set by governments around the world.

13. COASTAL COMMUNITIES FUND GRANT

During the financial year ended 31 August 2021, Nova Innovation received a Coastal Communities Fund Grant of £nil (2020: £130,994) to develop its tidal energy operations in North Wales. In relation to this grant, income of £29,712 (2020: £42,709) and costs of £50,424 (2020: £72,158) have been reported in these financial statements. At the period end, grant income of £140,943 was unspent and is reported in deferred income.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.