

Company registration number SC358996 (Scotland)

NOVA INNOVATION LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
PAGES FOR FILING WITH REGISTRAR

NOVA INNOVATION LTD

BALANCE SHEET

AS AT 31 DECEMBER 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	4		17,215,804		14,756,216
Tangible assets	5		21,271		26,469
Investments	6		4,090		2,090
			<u>17,241,165</u>		<u>14,784,775</u>
Current assets					
Debtors	8	2,945,809		3,507,743	
Cash at bank and in hand		3,323,179		2,906,856	
		<u>6,268,988</u>		<u>6,414,599</u>	
Creditors: amounts falling due within one year	9	<u>(1,140,507)</u>		<u>(1,258,785)</u>	
Net current assets			<u>5,128,481</u>		<u>5,155,814</u>
Total assets less current liabilities			<u>22,369,646</u>		<u>19,940,589</u>
Creditors: amounts falling due after more than one year	10		(128,478)		(385,431)
Provisions for liabilities	11		(162,000)		(162,000)
Deferred income	12		(75,258)		(68,231)
Net assets			<u>22,003,910</u>		<u>19,324,927</u>
Capital and reserves					
Called up share capital	13		1,533		1,533
Share premium account			9,893,657		9,893,657
Profit and loss reserves			12,108,720		9,429,737
Total equity			<u>22,003,910</u>		<u>19,324,927</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 31 July 2024 and are signed on its behalf by:

Dr D S Forrest
Director

Company registration number SC358996 (Scotland)

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

Nova Innovation Ltd is a private company limited by shares incorporated in Scotland. The registered office is 45 Timber Bush, Edinburgh, EH6 6QH.

1.1 Reporting period

The profit and loss account presented reflects a 12 month period. Following a change in the accounting year end to better suit the business in the prior year, the comparative profit and loss account reflects a 16 month period. As such the two periods are not entirely comparable.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.3 Going concern

The Directors, in their consideration of going concern, have reviewed the Company's future cash forecasts and revenue projections, which they believe are based on a combination of prudent market data, past experience and current trading conditions of improved operational cash flow year on year and believe, based on those forecasts and projections, that it is appropriate to prepare the financial statements of the Company on the going concern basis given the forecast positive operational cash flow for at least the next 12 months.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received towards tidal turbine projects, including invoiced sales, including consulting income and charges to subsidiary companies, and grant income. Turnover is recognised at the point where the company obtains the right to consideration and is stated net of VAT.

Where the company recognises income from Research and Development Expenditure Credits (RDEC), it is classified as other income.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised as an intangible asset to the extent that the technical, commercial and financial feasibility can be demonstrated.

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

1.6 Intangible fixed assets other than goodwill

Development expenditure is 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 provisions are made for any such impairment.

Patents and trademarks are capitalised at cost.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	8% straight line
Plant and equipment	20% straight line
Fixtures and fittings	25% straight line
Computers	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

The carrying value of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Debtors

Debtors with no stated interest rate and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

Creditors

Creditors with no stated interest rate and payable within one year are recorded at transaction price.

All interest bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable. After initial recognition they are measured at amortised cost.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

1.14 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 stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.15 Retirement benefits

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

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.17 Grants

A grant that specifies performance conditions is recognised in income when the performance conditions are met.

Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Sales and consulting income	542,072	887,105
Grant income	3,978,015	3,588,986
	<u>4,520,087</u>	<u>4,476,091</u>
	2023	2022
	£	£
Other revenue		
Interest income	10,617	17,196
	<u>10,617</u>	<u>17,196</u>

Turnover includes grant income as detailed above.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023	2022
	Number	Number
Total	39	36
	<u>39</u>	<u>36</u>

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

4 Intangible fixed assets

	Other £
Cost	
At 1 January 2023	15,319,485
Additions	2,794,011
At 31 December 2023	<u>18,113,496</u>
Amortisation and impairment	
At 1 January 2023	563,269
Impairment losses	334,423
At 31 December 2023	<u>897,692</u>
Carrying amount	
At 31 December 2023	<u>17,215,804</u>
At 31 December 2022	<u>14,756,216</u>

5 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 January 2023	10,101	1,955,453	1,965,554
Additions	-	8,826	8,826
Disposals	-	(25,961)	(25,961)
At 31 December 2023	<u>10,101</u>	<u>1,938,318</u>	<u>1,948,419</u>
Depreciation and impairment			
At 1 January 2023	4,850	1,934,235	1,939,085
Depreciation charged in the year	808	13,216	14,024
Eliminated in respect of disposals	-	(25,961)	(25,961)
At 31 December 2023	<u>5,658</u>	<u>1,921,490</u>	<u>1,927,148</u>
Carrying amount			
At 31 December 2023	<u>4,443</u>	<u>16,828</u>	<u>21,271</u>
At 31 December 2022	<u>5,251</u>	<u>21,218</u>	<u>26,469</u>

6 Fixed asset investments

	2023 £	2022 £
Shares in group undertakings and participating interests	<u>4,090</u>	<u>2,090</u>

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

6 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2023	2,090
Additions	2,000
	<hr/>
At 31 December 2023	4,090
	<hr/>
Carrying amount	
At 31 December 2023	4,090
	<hr/> <hr/>
At 31 December 2022	2,090
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7 Subsidiaries

Details of the company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Nova Innovation CAN Ltd	1	Tidal turbine projects	Ordinary shares	100.00
Enlli Tidal Ltd	2	Dormant	Ordinary shares	100.00
Nova Innovation (Ireland) Ltd	3	Dormant	Ordinary shares	100.00
Oran Na Mara Ltd	4	Dormant	Ordinary shares	100.00
Yell Tidal Energy	4	Dormant	Ordinary shares	100.00
Seastar Tidal Ltd	4	Dormant	Ordinary shares	100.00
Oceanstar Tidal Ltd	4	Dormant	Ordinary Shares	100.00

Registered office addresses (all UK unless otherwise indicated):

- 1 Conrad Dillon Robinson Law, 820-33 Alderney Drive, Dartmouth, Nova Scotia, B2Y 2N4
- 2 Menai Science Park, Gaerwen, Anglesey, LL60 6AG
- 3 Lewis and Co, 8 Priory Office Park, Stillorgan Road, Blackrock, Co Dublin
- 4 45 Timber Bush, Leith, Edinburgh, EH6 6QH

8 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	170,605	100,211
Corporation tax recoverable	308,781	376,979
Amounts owed by group undertakings	1,496,724	2,501,502
Other debtors	969,699	529,051
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	2,945,809	3,507,743
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NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

9 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	29,645	181,881
Taxation and social security	53,470	62,028
Other creditors	1,057,392	1,014,876
	<u>1,140,507</u>	<u>1,258,785</u>

Included within other creditors is £256,952 (2022 - £256,954) of secured loan notes carrying an interest rate of 4.7% per annum. The company has granted securities over these loan notes in the form of a floating charge over the first three turbines in the Shetland Tidal Array and their associated assets to Scottish Enterprise.

10 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Other creditors	128,478	385,431
	<u>128,478</u>	<u>385,431</u>

Included within other creditors is £128,478 (2022 - £385,431) of secured loan notes carrying an interest rate of 4.7% per annum. The company has granted securities over these loan notes in the form of a floating charge over the first three turbines in the Shetland Tidal Array and their associated assets to Scottish Enterprise.

11 Provisions for liabilities

	2023	2022
	£	£
Decommissioning provision	162,000	162,000
	<u>162,000</u>	<u>162,000</u>

Included within provisions are the costs of restoring the sea bed that the Tidal Array is situated on to its original state in the event of decommissioning.

12 Deferred income

	2023	2022
	£	£
Grant income	75,258	68,231
	<u>75,258</u>	<u>68,231</u>

13 Called up share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £0.001 each	1,533,178	1,533,178	1,533	1,533
	<u>1,533,178</u>	<u>1,533,178</u>	<u>1,533</u>	<u>1,533</u>

During the previous period there were various allotments of shares by which an additional 255,058 of Ordinary shares of £0.001 each were allotted at par. Consideration of £7,428,929 was received by the company for these shares, against which £39,305 of legal fees was offset.

NOVA INNOVATION LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

14 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Senior Statutory Auditor:	Iain Binnie
Statutory Auditor:	MHA
Date of audit report:	31 July 2024

15 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2023	2022
	£	£
	85,216	111,675
	<u>85,216</u>	<u>111,675</u>

16 Related party transactions

The directors are of the opinion that all related party transactions are conducted under normal market conditions and on an arm's length basis and therefore do not need to be disclosed under FRS 102 section 1A appendix C.

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.