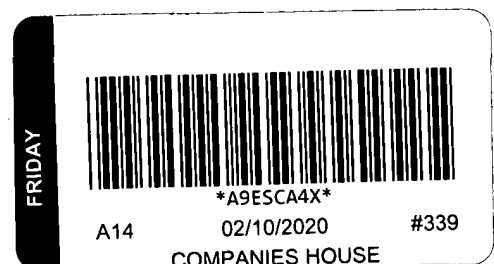


Registration number: 06242328

Blade Dynamics Limited
Annual Report and Financial Statements
for the Year Ended 31 December 2019



Blade Dynamics Limited

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Blade Dynamics Limited

Strategic Report

The directors present their strategic report for the year ended 31 December 2019.

Fair review of the business

The result for the company show a pre-tax profit of £360,000 (2018: £209,000) for the year and sales of £5,114,000 (2018: £2,152,000).

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to the following principal risks and uncertainty are:

General economic and legislative risk

The company is subject to general economic risk including legislative changes regarding power generation emissions, the future funding and growth of the renewables industry as the company is heavily involved in the design, development and manufacturing of advanced wind turbines products and technology.

Market risk

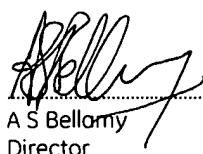
Competition for our customer from other companies in this global industry.

Key performance indicators (KPIs)

The company's key financial and other performance indicators during the year were as follows:

	2019	2018	Definition, method of calculation
Change in sales (%)	138%	-61%	Year on year sales growth expressed as a percentage.

Approved by the Board on 28/09/2020 and signed on its behalf by:



A S Bellamy
Director

Blade Dynamics Limited

Directors Report

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the company is the design, develop and manufacture of advanced wind turbine products and technology.

Results and dividends

The profit for the year, after taxation, amounted to £69,000 (2018: loss £84,000).

The directors do not recommend the payment of a dividend (2018: £nil).

Political contributions

The company made no political donations or incurred any political expenditure during the year (2018: nil).

Directors of the company

The directors who held office during the year and up to the date of the directors' report were as follows:

P T Hayden (resigned 11 November 2019)

R Lobo (resigned 11 November 2019)

R B C Sanders (resigned 11 November 2019)

A S Bellamy (appointed 11 November 2019)

H Mashal (appointed 11 November 2019)

Going concern

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicates that, taking account of a reasonably possible downside scenario, the anticipated socio-economic impact of the COVID-19 pandemic and the company's ability to access the group's cash pool facility if required, the company will have sufficient funds to meet its liabilities as they fall due for that period. The directors are confident that the company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Blade Dynamics Limited

Directors Report

Post balance sheet event

The COVID-19 pandemic has significantly impacted global economies, resulting in workforce and travel restrictions, supply chain and production disruptions and reduced demand and spending across many sectors. During the latter part of the first quarter of 2020, these factors began having an adverse impact on our operations, as well as on the operations and financial performance of our customers and suppliers. While the effects of these events cannot be estimated at our report release date, we do not believe the long-term outlook for renewable energy products and services has materially changed. The ongoing effects of the pandemic and the required mitigating actions, however, will continue to be monitored and evaluated by management during the 2020 financial year.

Directors' liabilities

One or more of the directors have benefited from qualifying third party indemnity provisions in place during the financial year and subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the directors' report.


Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 28/09/2020 and signed on its behalf by:


A S Bellamy
Director

Blade Dynamics Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company'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 company and enable them to ensure that the financial statements comply with the 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.

Independent Auditor's Report to the Members of Blade Dynamics Limited

Opinion

We have audited the financial statements of Blade Dynamics Limited ("the company") for the year ended 31 December 2019, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been 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 company 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 company or to cease its operations, and as they have concluded that the 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 its 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 company's business model and analysed how those risks might affect the 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 company will continue in operation.

Independent Auditor's Report to the Members of Blade Dynamics Limited

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report 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 Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, 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 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 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.

Independent Auditor's Report to the Members of Blade Dynamics Limited

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 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.



Julie Breakell (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Gateway House, Tollgate
Chandlers Ford
SO53 3TG

Date: 30/09/2020

Blade Dynamics Limited

Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover	4	5,114	2,152
Cost of sales		<u>(4,534)</u>	<u>(1,519)</u>
Gross profit		580	633
Administrative expenses		<u>(207)</u>	<u>(437)</u>
Operating profit	5	373	196
Interest receivable and similar income	6	4	15
Interest payable and similar charges	7	<u>(17)</u>	<u>(2)</u>
Profit before tax		360	209
Tax on profit	11	<u>(291)</u>	<u>(293)</u>
Profit/(loss) for the year		69	(84)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year		<u><u>69</u></u>	<u><u>(84)</u></u>

The above results were derived from continuing operations.

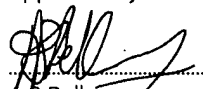
Blade Dynamics Limited

Registration number: 06242328

Balance Sheet as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Intangible assets	12	3	-
Tangible assets	13	710	1,018
Right of use assets	14	362	-
		<u>1,075</u>	<u>1,018</u>
Current assets			
Debtors: amounts falling due within one year	16	5,933	5,898
Cash at bank and in hand		162	-
		<u>6,095</u>	<u>5,898</u>
Creditors: Amounts falling due within one year	17	<u>(527)</u>	<u>(487)</u>
Net current assets		<u>5,568</u>	<u>5,411</u>
Total assets less current liabilities		6,643	6,429
Creditors: Amounts falling due after more than one year	18	(154)	-
Provisions for liabilities	19	<u>(75)</u>	<u>(84)</u>
Net assets		<u>6,414</u>	<u>6,345</u>
Capital and reserves			
Called up share capital	20	9,246	9,246
Share premium account		14,831	14,831
Profit and loss account		<u>(17,663)</u>	<u>(17,732)</u>
Shareholders' funds		<u>6,414</u>	<u>6,345</u>

Approved by the Board on 28/09/2020 and signed on its behalf by:


A S Bellamy
Director

The notes on pages 11 to 30 form an integral part of these financial statements.

Blade Dynamics Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2019	9,246	14,831	(17,732)	6,345
Comprehensive income for the year				
Profit for the year	-	-	69	69
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	69	69
At 31 December 2019	<u>9,246</u>	<u>14,831</u>	<u>(17,663)</u>	<u>6,414</u>

	Called up share capital £ 000	Share premium account £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2018	9,246	14,831	(17,648)	6,429
Comprehensive loss for the year				
Loss for the year	-	-	(84)	(84)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(84)	(84)
At 31 December 2018	<u>9,246</u>	<u>14,831</u>	<u>(17,732)</u>	<u>6,345</u>

Blade Dynamics Limited

Notes to the Financial Statements

1 General information

The company is a private company limited by share capital, registered in England, incorporated and domiciled in the United Kingdom.

The address of its registered office is:

Unit D Omega Enterprise Park
Chandlers Ford
Eastleigh
Hampshire
United Kingdom
SO53 4SE

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The amendments to FRS 101 (2018/19 cycle) issued in July 2019 have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

Going concern

The directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicates that, taking account of a reasonably possible downside scenario, the anticipated socio-economic impact of the COVID-19 pandemic and the company's ability to access the group's cash pool facility if required, the company will have sufficient funds to meet its liabilities as they fall due for that period. The directors are confident that the company will have sufficient funds to continue in operational existence for at least 12 months from the date of approval of these financial statements and they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Blade Dynamics Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Exemption from preparing group accounts

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The results of the company are included in the consolidated financial statements of General Electric Company which are available from 5 Necco Street, Boston, Massachusetts, 02210, USA or at www.ge.com.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Changes in accounting policy

In the current year the company has adopted new accounting standards and amendments including IFRS 16: *Leases*. The company transitioned to IFRS 16 using the modified retrospective approach. The impact of the adoption of this new standard is included in note 24.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 52, 58 and the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Blade Dynamics Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Turnover

Recognition

The company earns revenue from the provision of services relating to Research and Development into wind turbine blades and components. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The main performance obligations in contracts consist of completion of research and development technology project milestones. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date.

Foreign currency transactions and balances

The accounts are presented in sterling which is the company's functional and presentational currency. All amounts in the financial statements have been rounded to the nearest £1,000.

Transactions in foreign currencies are recorded using a monthly average operating exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date. The gains or losses arising are included in the Profit and Loss Account.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income, and any adjustments to tax payable in respect of previous years. Full provision is made for deferred tax liabilities arising from all temporary differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Blade Dynamics Limited

Notes to the Financial Statements

2 Accounting policies (continued)

A net deferred tax asset is recognised only if it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the temporary differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful life of each tangible fixed asset as follows:

Asset class	Estimated useful life
Plant and machinery	4-20 years
Fixtures and fittings and office equipment	5 years
Leasehold alterations	length of lease

Intangible assets

Software

Software acquired by the company is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Other intangible assets

Other intangible assets acquired by the company are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Estimated useful life
Software	3 years

Blade Dynamics Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Leases (policy applicable from 1 January 2019)

As a lessee

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term discounted using the company's incremental borrowing rate. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the company has made an accounting policy election to account for both components as a single lease component.

Subsequent measurement

After the commencement date, the company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for tangible fixed assets. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Blade Dynamics Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Leases (policy applicable before 1 January 2019)

Rentals paid under operating leases are charged to the profit or loss (net of any incentives received from the lessor) on a straight line basis over the period of the lease.

Provisions

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

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Financial instruments

Initial recognition

The company recognises financial assets and financial liabilities in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade debtor without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade debtor without a significant financing component is initially measured at the transaction price.

Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Blade Dynamics Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing financial assets and liabilities and the contractual cash flow characteristics of the financial assets. Accordingly, all financial assets and liabilities are subsequently measured at amortised cost.

Impairment of financial assets

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVTOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for 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 which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL (Trade receivables and contract assets with significant financing component are measured using the general model described above).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Blade Dynamics Limited

Notes to the Financial Statements

2 Accounting policies (continued)

Financial instruments (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the year. Although these estimates are based on the directors' best knowledge of the amounts, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

Useful economic lives of fixed assets

In the application of the company's accounting policy, judgement is exercised by management in the determination of residual values and useful lives.

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed periodically.

They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of fixed assets and note 2 for the useful economic lives for each class of assets.

Blade Dynamics Limited

Notes to the Financial Statements

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2019	2018
	£ 000	£ 000
Service income	<u>5,114</u>	<u>2,152</u>

A geographical analysis of turnover is as follows:

	2019	2018
	£ 000	£ 000
United Kingdom	968	-
Rest of Europe	4,124	2,152
Other	<u>22</u>	<u>-</u>
	<u>5,114</u>	<u>2,152</u>

5 Operating profit

Operating profit is stated after charging/(crediting):

	Note	2019	2018
		£ 000	£ 000
Depreciation expense	13, 14	470	335
Amortisation expense	12	4	-
Difference on foreign exchange		(1)	-
Loss on disposal of tangible and intangible fixed assets		10	-
Operating lease expense under IAS 17		-	234
Expense on short term leases (over one month)		<u>28</u>	<u>-</u>

6 Interest receivable and similar income

	2019	2018
	£ 000	£ 000
Interest receivable from group companies	<u>4</u>	<u>15</u>

Blade Dynamics Limited

Notes to the Financial Statements

7 Interest payable and similar expenses

	2019 £ 000	2018 £ 000
On loans from group undertakings	7	2
Interest on lease liabilities	10	-
	<u>17</u>	<u>2</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £ 000	2018 £ 000
Wages and salaries	2,169	1,722
Social security costs	297	191
Pension costs	169	101
	<u>2,635</u>	<u>2,014</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Finance and Administration	3	2
Engineering development	30	26
	<u>33</u>	<u>28</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £ 000	2018 £ 000
Remuneration	324	253
Company pension contributions	20	-
	<u>344</u>	<u>253</u>

Blade Dynamics Limited

Notes to the Financial Statements

9 Directors' remuneration (continued)

In respect of the highest paid director:

	2019 £ 000	2018 £ 000
Remuneration	194	150
Company contributions to defined contribution pension scheme	<u>8</u>	<u>-</u>

Two of the directors are also directors of a group undertaking and do not specifically receive any remuneration in respect of the company. The appropriate proportion of their services on behalf of the company is considered to be not material.

10 Auditor's remuneration

	2019 £ 000	2018 £ 000
Audit of the financial statements	<u>16</u>	<u>14</u>

11 Taxation

Tax charged in the profit and loss account

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	-	-
UK corporation tax adjustment to prior years	<u>291</u>	<u>293</u>
Deferred taxation		
Origination and reversal of temporary differences	(21)	-
Effect of changes to tax rates	2	-
Adjustment in respect of prior year	108	-
Movement on deferred tax not provided	<u>(89)</u>	<u>-</u>
Total deferred taxation	<u>-</u>	<u>-</u>
Tax expense in the profit and loss account	<u>291</u>	<u>293</u>

Blade Dynamics Limited

Notes to the Financial Statements

11 Taxation (continued)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (2018: higher than the standard rate of corporation tax in the UK) of 19% (2018: 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	360	209
Corporation tax at standard rate	68	40
Adjustment to tax charge in respect of prior year	399	293
Non-taxable income	(2)	(282)
Group relief for £nil consideration	(2,250)	1,270
Movement on deferred tax not provided	(89)	27
Share of partnership income	2,165	(1,055)
Total tax charge	291	293

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. Subsequent to the balance sheet date it was announced that the rate of 19% would continue to apply with effect from 1 April 2020. This change was substantively enacted on 17 March 2020. This will increase the current tax charge accordingly.

Deferred tax assets and liabilities on all timing differences have been calculated at 17% as at 31 December 2019. The impact of this on the financial statements is not considered material.

There are no other factors that may significantly affect future tax charges.

Deferred tax

There are £Nil of deductible temporary differences (2018: £141,804) for which no deferred tax asset is recognised in the balance sheet.

Blade Dynamics Limited

Notes to the Financial Statements

12 Intangible fixed assets

	Software £ 000
Cost	
At 1 January 2019	-
Transfers from tangible assets	43
Disposals	(29)
	<hr/>
At 31 December 2019	14
Amortisation and impairment	
At 1 January 2019	-
Transfers from tangible assets	35
Amortisation charge	4
Amortisation eliminated on disposals	(28)
	<hr/>
At 31 December 2019	11
Net book value	
At 31 December 2019	<hr/> <hr/> 3
At 31 December 2018	<hr/> <hr/> -

Blade Dynamics Limited

Notes to the Financial Statements

13 Tangible fixed assets

	Furniture, fittings and equipment £ 000	Motor vehicles £ 000	Mould tools £ 000	Plant & Machinery £ 000	Total £ 000
Cost					
At 1 January 2019	369	7	273	1,263	1,912
Additions	122	-	-	9	131
Disposals	(59)	-	(273)	(256)	(588)
Transfers	84	-	-	(84)	-
Transfers to intangible assets	(43)	-	-	-	(43)
At 31 December 2019	<u>473</u>	<u>7</u>	<u>-</u>	<u>932</u>	<u>1,412</u>
Depreciation					
At 1 January 2019	170	6	273	445	894
Charge for the year	95	1	-	170	266
On disposals	(45)	-	(273)	(105)	(423)
Transfers	46	-	-	(46)	-
Transfers to intangible assets	(35)	-	-	-	(35)
At 31 December 2019	<u>231</u>	<u>7</u>	<u>-</u>	<u>464</u>	<u>702</u>
Net book value					
At 31 December 2019	<u>242</u>	<u>-</u>	<u>-</u>	<u>468</u>	<u>710</u>
At 31 December 2018	<u>199</u>	<u>1</u>	<u>-</u>	<u>818</u>	<u>1,018</u>

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Notes to the Financial Statements

14 Right of use assets

	Property £ 000
Cost	
At 1 January 2019	<u>566</u>
At 31 December 2019	<u>566</u>
Depreciation and impairment	
Depreciation charge	<u>204</u>
At 31 December 2019	<u>204</u>
Net book value	
At 31 December 2019	<u>362</u>
At 31 December 2018	<u>-</u>

Blade Dynamics Limited

Notes to the Financial Statements

15 Fixed asset investments

	Investments in subsidiary companies £ 000
Cost	
At 1 January 2019	-
At 31 December 2019	-
Impairment	
At 1 January 2019	-
At 31 December 2019	-
Net book value	
At 31 December 2019	-
At 31 December 2018	-

Details of the company's subsidiary undertakings as at 31 December 2019 are as follows:

Name of subsidiary	Registered office	Class of shares held	Proportion of ownership interest
Blade Dynamics Limited LLP	NASA Michoud Assembly Facility, 13800 Old Gentilly Road, Bldg 220, New Orleans, LA, 70129, United States of America	Ordinary	99%
Blade Dynamics Tidal Energy Limited	Unit D Omega Enterprise Park, Chandlers Ford, Eastleigh, Hampshire, SO53 4SE, United Kingdom	Ordinary	100%

Blade Dynamics Limited

Notes to the Financial Statements

16 Debtors

	2019 £ 000	Reclassified 2018 £ 000
Trade debtors	-	36
Amounts owed by group undertakings	3,907	3,952
Prepayments	123	133
Other debtors	1,903	1,777
	<u>5,933</u>	<u>5,898</u>

Amounts owned by Group undertakings are unsecured, interest free and repayable on demand. The company has reclassified the amount of £1,716,000, previously disclosed as corporation tax asset in 2018, to other debtors to more accurately reflect the nature of the balance.

17 Creditors: Amounts falling due within one year

	2019 £ 000	2018 £ 000
Trade creditors	91	128
Accruals and deferred income	74	68
Other taxation and social security	11	3
Other creditors	172	288
Operating lease liabilities	179	-
	<u>527</u>	<u>487</u>

18 Creditors: Amounts falling due after more than one year

	2019 £ 000	2018 £ 000
Operating lease liabilities	154	-

Blade Dynamics Limited

Notes to the Financial Statements

19 Provisions for liabilities

	Dilapidation £ 000
At 1 January 2019	84
Additions during the year	-
Utilised during the year	(9)
At 31 December 2019	<u>75</u>

The dilapidation provision relates to the Company's lease premises at Chandler's Ford and Cowes. The provision for Chandler's Ford and Cowes is for future dilapidation and refurbishment cost that will be incurred at the end of the respective leases when the premises have to be returned to their original condition.

20 Share capital

Allotted, called up and fully paid shares

	No. 000	2019 £ 000	No. 000	2018 £ 000
Ordinary shares of £0.01 each	<u>924,648</u>	<u>9,246</u>	<u>924,648</u>	<u>9,246</u>

There is a single class of ordinary shares. The holders of ordinary shares are entitled to receive dividends as disclosed from time to time and are entitled to one vote per share at meetings of the Company.

21 Pension commitments

The pension charge for the year was £168,000 (2018: £101,000), in respect of the defined contribution scheme. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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Notes to the Financial Statements

22 Ultimate parent undertaking and controlling party

The company's immediate parent is Altair Filter Technology Limited, a company registered at 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT.

The smallest and largest group in which the results of the company are consolidated is that headed by its ultimate parent undertaking, General Electric Company, a company with principal executive offices at 5 Necco Street, Boston, Massachusetts, 02210, USA. The consolidated financial statements of this company are available to the public and may be obtained from the address of the principal executive offices or at www.ge.com.

23 Post balance sheet event

The COVID-19 pandemic has significantly impacted global economies, resulting in workforce and travel restrictions, supply chain and production disruptions and reduced demand and spending across many sectors. During the latter part of the first quarter of 2020, these factors began having an adverse impact on our operations, as well as on the operations and financial performance of our customers and suppliers. While the effects of these events cannot be estimated at our report release date, we do not believe the long-term outlook for renewable energy products and services has materially changed. The ongoing effects of the pandemic and the required mitigating actions, however, will continue to be monitored and evaluated by management during the 2020 financial year.

Blade Dynamics Limited

Notes to the Financial Statements

24 Changes resulting from adoption of IFRS 16

The company transitioned to IFRS 16 using the modified retrospective approach and as a result the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. The prior period figures were not adjusted.

On adoption of IFRS 16, the company elected to apply the relief provisions available and has not reviewed contracts under the definition of a lease per IFRS 16, which had previously been classified as leases under the principles of IAS 17. Therefore, only contracts entered into or modified on or after 1 January 2019 have had the definition of a lease per IFRS 16 applied.

For leases classified as operating leases under IAS 17, these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

- Relied on the previous assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application of IFRS 16 Leases as an alternative to performing an impairment review;
- Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application;

Right-of-use assets are measured at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments.

The company recognised lease liabilities in relation to leases that were classified as "operating leases" under the principles of IAS 17: Leases. On transition, an additional £566,000 of right-to-use assets and £517,000 of lease liabilities were recognised as at 1 January 2019.

	31 December 2018 £ 000
Operating lease commitments at 31 December 2018 (as originally stated)	171
Operating lease commitments discounted at the incremental borrowing rate	(7)
Adjustments resulting from the different treatment of extension and termination options	<u>353</u>
Lease liabilities recognised at 1 January 2019	<u><u>517</u></u>

These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average rate applied was 2.21%.