

Registered number: 09657236

INTELLIGENT ENERGY SAVING COMPANY LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 JULY 2020



INTELLIGENT ENERGY SAVING COMPANY LIMITED
REGISTERED NUMBER: 09657236

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	4	214,285	768,945
Tangible assets	5	11,570	8,475
		<u>225,855</u>	<u>777,420</u>
Current assets			
Stocks		276,855	188,394
Debtors: amounts falling due within one year	6	266,433	563,487
Bank and cash balances		57,740	168,461
		<u>601,028</u>	<u>920,342</u>
Creditors: amounts falling due within one year	7	(5,292,588)	(4,438,415)
Net current liabilities		<u>(4,691,560)</u>	<u>(3,518,073)</u>
Total assets less current liabilities		<u>(4,465,705)</u>	<u>(2,740,653)</u>
Net liabilities		<u><u>(4,465,705)</u></u>	<u><u>(2,740,653)</u></u>
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account		(4,465,706)	(2,740,654)
		<u><u>(4,465,705)</u></u>	<u><u>(2,740,653)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 November 2021.


Mr S P Banks
 Director

The notes on pages 2 to 8 form part of these financial statements.

INTELLIGENT ENERGY SAVING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

1. General information

The principal activity of the company is the provision of voltage optimization technology.

The company is a private company limited by shares, which is incorporated and registered in England (no. 09657236). The address of the registered office and principal place of business is Unit 12 Attercliffe Industrial Estate, Fell Road, Sheffield, England, S9 2AL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

For the company to continue to meet its day to day working capital requirements the company is reliant on the continuation of existing bank facilities at current levels and injection of additional working capital from investors.

The company remains in a process of restructuring and the directors are confident that once fully implemented the business will become cash generative, if it is able to achieve forecast revenue and cost targets and that adequate working capital will be available from the bank and investors while this is achieved. On that basis the directors have prepared the financial statements on the going concern basis, however this relies on the key assumption that the working capital requirement as described above is fulfilled and therefore there exists a material uncertainty as to whether the company will be able to continue to operate as a going concern for the foreseeable future, being at least twelve months from the date of approval of these financial statements. These financial statements do not include any adjustments if the company was unable to continue as a going concern.

INTELLIGENT ENERGY SAVING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which ranges combine of 3 to 4 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

INTELLIGENT ENERGY SAVING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

2. Accounting policies (continued)

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Patents	-	7	years
Development expenditure	-	3	years
Goodwill	-	3	years

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 4 years
Fixtures and office equipment	- 3-4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

INTELLIGENT ENERGY SAVING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

2. Accounting policies (continued)

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads. At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the year was 14 (2019 - 12).

4. Intangible assets

	Patents £	Development expenditure £	Goodwill £	Total £
Cost				
At 1 August 2019	750,000	991,116	508,408	2,249,524
At 31 July 2020	750,000	991,116	508,408	2,249,524
Amortisation				
At 1 August 2019	428,572	543,599	508,408	1,480,579
Charge for the year on owned assets	107,143	259,296	-	366,439
Impairment charge	-	188,221	-	188,221
At 31 July 2020	535,715	991,116	508,408	2,035,239
Net book value				
At 31 July 2020	214,285	-	-	214,285
At 31 July 2019	321,428	447,517	-	768,945

INTELLIGENT ENERGY SAVING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

5. Tangible fixed assets

	Plant and machinery £	Fixtures and office equipment £	Total £
Cost or valuation			
At 1 August 2019	19,201	15,499	34,700
Additions	-	9,316	9,316
At 31 July 2020	<u>19,201</u>	<u>24,815</u>	<u>44,016</u>
Depreciation			
At 1 August 2019	13,164	13,061	26,225
Charge for the year on owned assets	3,689	2,532	6,221
At 31 July 2020	<u>16,853</u>	<u>15,593</u>	<u>32,446</u>
Net book value			
At 31 July 2020	<u>2,348</u>	<u>9,222</u>	<u>11,570</u>
At 31 July 2019	<u>6,037</u>	<u>2,438</u>	<u>8,475</u>

6. Debtors

	2020 £	2019 £
Trade debtors excluding factored debts	119,764	33,625
Factored debts	-	292,427
Other debtors	7,844	13,122
Prepayments and accrued income	45,978	131,466
Tax recoverable	92,847	92,847
	<u>266,433</u>	<u>563,487</u>

INTELLIGENT ENERGY SAVING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020

7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other loans	945,000	710,000
Trade creditors	420,598	413,065
Amounts owed to group undertakings	3,334,586	2,742,085
Other taxation and social security	182,941	69,207
Other creditors	88,041	261,395
Accruals and deferred income	321,422	242,663
	<u>5,292,588</u>	<u>4,438,415</u>

Included in other creditors at 31 July 2020 is an invoice discounting facility total of £37,404 (2019: £197,757) which represents the amount drawn down under an agreed facility of £1,000,000 and is secured on the associated debts involved and a fixed and floating charge over all assets both present and future

Secured loans

Amounts owed to group undertakings include three loans of £750,000 each. One loan accrues interest at 3% and the other 2 accrue interest at 10%. During the year a further £420,000 loan note was issued which incurs no interest. These loans are secured by a fixed and floating charge over all assets. Intelligent Energy Saving Company Holdings Limited and the ultimate loan note holders have indicated, in the current financial and economic circumstances, it is not their intention to seek repayment of the capital or accrued interest for the foreseeable future.

The loan notes are secured by a fixed and floating charge over all assets, both present and future.

Unsecured loans

Other loans are unsecured loans accruing interest at 10%. The loan note holders have indicated that it is not their intention to seek repayment of the capital or accrued interest for the foreseeable future.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020**

8. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary shares share of £1.00	1	1

9. Controlling party

The company's parent undertaking is Intelligent Energy Saving Company Holdings Limited, a company incorporated in England and Wales. The registered office and principal place of business of Intelligent Energy Saving Company Holdings Limited is Unit 12 Attercliffe Industrial Estate, Fell Road, Sheffield, England, S9 2AL.

10. Auditor's information

The auditor's report on the financial statements for the year ended 31 July 2020 was unqualified.

In their report, the auditor emphasised the following matter without qualifying their report:

We draw attention to note 2.2 in the financial statements, which indicates that there are conditions identified which may cast doubt on the Company's ability to continue as a going concern. The Company has made a loss £1,725,053 for the year ended 31 July 2020 and has a net liability position of £4,465,705. The directors' going concern assessment is based on the assumption that future investment funding will be obtained. At the time of the signing of the financial statements, no such funding has been secured. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

The audit report was signed on 30 November 2021 by Guy J Morgan (Senior statutory auditor) on behalf of Crowe U.K. LLP.