Registration number: SC597702

Flotation Energy Limited
(formerly Flotation Energy Plc)

Annual Report and Consolidated Financial Statements

for the Period Ended 31 December 2022

Flotation Energy Limited (formerly Flotation Energy Plc)

Contents

Flotation Energy Limited (formerly Flotation Energy Plc)

Company Information

Directors

Mr Timothy Sawyer

Mr Jonathan Dobson

Lord Nicol Stephen

Mr Toru Fujishiro

Mr Masaki Honda

Mr Shinichiro Ichiyama

Mr Shinsuke Inoue

Registered office

12 Alva Street
Edinburgh
EH2 4QG

Auditors

Johnston Carmichael LLP
Chartered Accountants
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

Strategic Report for the Period Ended 31 December 2022

The directors present their strategic report for the 7-month period ended 31 December 2022.

Fair review of the business

The principal activity of the Company ("Flotation Energy Limited") and the Group ("Flotation Energy Limited and its subsidiaries") is the identification and development of offshore wind energy projects in the UK and selected international markets.

The Consolidated income statement for the 7-month period ended 31 December 2022 is set out on page 11. The loss for the 7-month period amounted to £2,235,292 (year ended 31 May 2022: loss of £656,243). The Consolidated statement of financial position at 31 December 2022 is set out on page 12 and indicates net assets of £8,622,739 (year ended 31 May 2022: net liabilities of £26,476).

The directors consider the results for the period and the position of the Group at the period end to be in line with the directors' expectations, given the nature of the Group's activities.

Revenue for the 7-month period was £1,780,335 (year ended 31 May 2022: £2,040,048). This was generated from our partner companies with whom we collaborate on joint projects. Our business model is to take the lead in project development work and to collaborate with others in order to mitigate project risks and reduce costs.

During the period development activity continued on offshore wind projects in the UK, Ireland, Australia and Asia and Intangible assets which represent capitalised development costs of offshore wind farm projects increased from £3,744,249 to £5,725,445.

The financial KPIs utilised by the directors are revenue, net loss and net liabilities. The directors also monitor non-financial KPIs of export capacity of projects in development, head count and staff turnover.

Events after the reporting period

On 4 January 2023, the Company issued 9,634,854 Ordinary shares of £1 each. On 31 March 2023, the Company issued 63,058 Ordinary shares of £1 each. On 28 April 2023, the Company issued 72,000,000 Ordinary shares of £1 each.

Principal risks and uncertainties
The Group's current activities expose it to a number of principal risks and uncertainties during the normal course of business. These can be categorised as follows:

Strategic risk: Delays in license or planning consent

Delays in securing a license or planning consent from the authorities, communities and others in relation to the new projects and sites. The risk is mitigated through prudent project budgeting and effective management of stakeholders in the consenting process. The Company's directors have a track record in the effective management of consenting processes.

Liquidity risk: Access to capital

The Company is supported by funding provided by certain directors and shareholders, either directly or through connected companies, controlled by those directors and shareholders, who have confirmed their willingness to support the Company to enable it to meet its liabilities as they fall due for a period at least 12 months from the date of approval of these financial statements.

Credit Risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in the Group incurring a financial loss. The Group is exposed to the risk that its counterparties will fail to discharge their obligations to the Group on its cash, cash equivalents and accounts receivable.

Cash and cash equivalents are on deposit with reputable UK and international banking institutions, and therefore the Group does not believe they instruments are subject to material credit risk.

The majority of trade debtors are customers with whom the Group has established trading relationships. As a result, accounts receivable are considered for impairment on an individual basis.

Foreign Exchange Risk

Foreign currency exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Group is exposed to changes in foreign exchange rates as some of the Group's subsidiaries operate in foreign jurisdictions. As a result, fluctuations in these currencies against Pound Sterling could result in unanticipated fluctuations in the Group's financial results. The directors believe that at present the exposure is limited given the level of project work currently in foreign jurisdictions, but as this increases in scale, appropriate hedging strategies will be considered in future.

Section 172(1) statement
The Directors have considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172').

When making decisions, each Director ensures that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) "The likely consequences of any decision in the long term"

The Directors understand the business environment in which we operate, including the challenges of developing offshore wind projects of navigating through the energy transition. The Directors take decisions that they believe best support the ambitions of the Company to develop and deliver the very best offshore wind projects.

S172(1) (B) “The interests of the company's employees”

The Directors recognise that our employees are vital to the business and the delivery of our ambitions, our success depends on attracting and retaining employees. The Directors consider the impact of their decisions on employees and the wider workforce and their health, safety and well being is always a strategic priority for Flotation Energy.

S172(1) (C) “The need to foster the company's business relationships with suppliers, customers and others”

Delivering our strategy requires strong relationships with suppliers, governments and joint-venture partners. The Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged.

S172(1) (D) “The impact of the company's operations on the community and the environment

This is fundamental in our strategic ambitions to deliver affordable renewable energy that will help the planet combat climate change. As such, the Board receives information on these topics to provide information for specific decisions.

S172(1) (E) “The desirability of the company maintaining a reputation for high standards of business conduct”

Flotation Energy's mission is to accelerate the global delivery in the 21st century of clean, green, renewable energy. The Directors are entirely committed to ensure that the high standards are maintained both within Flotation Energy and in the business relationships we maintain in pursuit of this mission. The Board monitor compliance with government standards and ensure Flotation Energy employees always conduct themselves in line with the high standards set by the board.

S172(1) (F) “The need to act fairly as between members of the company

After weighing up relevant factors, the Directors consider which course of action best enables delivery of our strategic mission. In doing so, our Directors act fairly as between the Company’s members but are not required to balance the Company’s interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Approved by the Board on 23/09/2023 and signed on its behalf by:

....

Mr Jonathan Dobson
Director

Flotation Energy Limited (formerly Flotation Energy Plc)

Directors Report for the Period Ended 31 December 2022

The directors present their report and the consolidated financial statements for the 7-month period ended 31 December 2022.

Directors of the Group

The directors, who held office during the period, were as follows:

Mr Timothy Sawyer
Mr Jonathan Dobson
Lord Nicol Stephen
Mr Toru Fujishiro (appointed 11 November 2022)
Mr Masaki Honda (appointed 11 November 2022)
Mr Shinichiro Ichiyama (appointed 11 November 2022)
Mr Shinsuke Inoue (appointed 11 November 2022)
Mr Martin Gilbert (resigned 11 November 2022)
Mr Allan Macaskill (resigned 11 November 2022)

Results and Dividends

The loss for the 7-month period after taxation amounted to £2,235,292 (year ended 31 May 2022: loss of £656,243). The Directors recommended a dividend payment during the 7-month period of £nil (2022 dividend: £nil).

Health, Safety and Environment

During the period the Group operated a Health, Safety and Environment management system that complies with international regulations and standards (ISO 9001, ISO 14001, ISO 45001). The implementation of this system was finalised in November 2021 and full accreditation achieved in December 2021. The Group's energy consumption is less than 40,000 kWh per year so it is not required to report under Streamlined Energy and Carbon Reporting regulations.

Price risk, credit risk, liquidity risk and foreign exchange risk

The Group's current activities expose it to a number of financial risks during the normal course of business, the major one being a liquidity risk. Further details on this risk are provided in the Strategic report on page 3.

Events after the reporting period

Events after the reporting period are provided in the Strategic report on page 2.

Future developments

The Group will continue to focus on developing its current portfolio of offshore wind energy projects and look to identify potential new projects which fit the Group's risk profile. The Group will continue to enjoy the financial support of its shareholder which will ensure appropriate future funding levels.

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

Johnston Carmichael LLP will continue in office as auditor until such time as a resolution to the contrary is passed in accordance with legislation and the Memorandum and Articles of Association.

Approved by the Board on 23 September 2023 and signed on its behalf by:

....
Mr Jonathan Dobson
Director

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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-adopted International Accounting Standards. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Flotation Energy Limited (formerly Flotation Energy Plc)

Independent Auditor's Report to the Members of Flotation Energy Limited

Opinion

We have audited the financial statements of Flotation Energy Limited (the 'parent company') and its subsidiaries (the 'group') for the 7-month period ended 31 December 2022, which comprise the Consolidated Statement of Total Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 and of the group's loss for the period then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards; 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 under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Flotation Energy Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent Auditor's Report to the Members of Flotation Energy Limited (continued)

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)
We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the parent company and the sector in which they operate, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks identified include:

- Companies Act 2006;
- UK tax legislation; and
- UK adopted international accounting standards.

We gained an understanding of how the group and the parent company are complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Revenue recognition
- Capitalisation of development costs
- Management override of controls

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Performing audit work procedures around the completeness of revenue recognised within the financial statements through testing a sample of revenue from point of inception through to recording on sales ledger, confirming with counterparty and undertaking a review of revenue cut-off to ensure revenue has been recognised in the correct period;
- Performing audit work procedures around ensuring the appropriateness of capitalisation of costs in line with the relevant accounting standard, for a sample of capitalised costs confirming back to source documentation and considering the ongoing viability of the projects to ensure the capitalised costs remain recoverable;
- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the group's procurement of legal and professional services;

Flotation Energy Limited (formerly Flotation Energy Plc)

Independent Auditor's Report to the Members of Flotation Energy Limited (continued)

Extent to which the audit is considered capable of detecting irregularities, including fraud (continued)

Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;

Completion of appropriate checklists and use of our experience to assess the parent company's compliance with the Companies Act 2006; and
Agreement of the financial statement disclosures to supporting documentation

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Use of our report

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.

....
Stephen McIlwaine (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP, Statutory Auditor

Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

Date: 25/09/2023

Flotation Energy Limited (formerly Flotation Energy Plc)

Consolidated Statement of Total Comprehensive Income for the Period Ended 31 December 2022

	Note	7-month period ended 31 December 2022 £	Year ended 31 May 2022 £
Revenue	4	1,780,335	2,040,048
Cost of sales		(3,459,119)	(1,515,472)
Gross (loss) / profit		(1,678,784)	524,576
Administrative expenses		(2,072,817)	(1,179,852)
Operating loss	5	(3,751,601)	(655,276)
Finance income		6,601	8,063
Finance costs		(1,032,744)	(9,030)
Net finance loss	6	(1,026,143)	(967)
Profit on disposal of intangible assets	5	2,542,452	-
Loss before tax		(2,235,292)	(656,243)
Income tax receipt / (expense)	10	-	-
Loss for the period		(2,235,292)	(656,243)
Other comprehensive income			
Currency translation differences		(2,756)	1,048
Total comprehensive expense for the period		(2,238,048)	(655,195)
Loss attributable to:			
Owners of the Company		(2,238,048)	(655,195)

The above results were derived from continuing operations.

Flotation Energy Limited (formerly Flotation Energy Plc)

(Registration number: SC597702)
Consolidated Statement of Financial Position as at 31 December 2022

	Note	31 December 2022 £	31 May 2022 £
Assets			
Non-current assets			
Property, plant and equipment	11	65,252	34,304
Intangible assets	12	5,728,048	3,747,854
Other non-current financial assets	14	323,944	317,410
		6,117,244	4,099,568
Current assets			
Trade and other receivables	15	8,322,218	5,975,123
Cash and cash equivalents	16	1,567,921	490,346
		9,890,139	6,465,469
Total assets		16,007,383	10,565,037
Equity and liabilities			
Equity			
Share capital	18	12,006,086	1,118,823
Retained earnings	18	(3,383,347)	(1,145,299)
Equity attributable to owners of the Company		8,622,739	(26,476)
Non-current liabilities			
Loans and borrowings	19	24,153	-
Current liabilities			
Trade and other payables	20	6,737,387	9,945,529
Loans and borrowings	19	623,104	645,984
		7,360,491	10,591,513
Total equity and liabilities		16,007,383	10,565,037

Approved by the Board on 23/09/2023 and signed on its behalf by:

....
Mr Jonathan Dobson
Director

Flotation Energy Limited (formerly Flotation Energy Plc)

(Registration number: SC597702)
Company Statement of Financial Position as at 31 December 2022

	Note	31 December 2022 £	31 May 2022 £
Assets			
Non-current assets			
Property, plant and equipment	11	49,512	30,245
Intangible assets	12	2,913,303	2,129,995
Investments in subsidiaries, joint ventures and associates	13	6,452	6,452
Other non-current financial assets	14	323,944	317,410
		3,293,211	2,484,102
Current assets			
Trade and other receivables	15	11,612,230	7,371,166
Cash and cash equivalents	16	1,180,634	458,559
		12,792,864	7,829,725
Total assets		16,086,075	10,313,827
Equity and liabilities			
Equity			
Share capital	18	12,006,086	1,118,823
Retained earnings	18	(2,495,931)	(844,651)
Total equity		9,510,155	274,172
Non-current liabilities			
Loans and borrowings	19	24,153	-
Current liabilities			
Trade and other payables	20	5,928,663	9,393,671
Loans and borrowings	19	623,104	645,984
		6,551,767	10,039,655
Total equity and liabilities		16,086,075	10,313,827

No income statement is presented for the Company as permitted by section 408 of the Companies Act 2006. The Company made a loss after tax for the financial period of £1,651,280 (year ended 31 May 2022: loss of £354,737).

Approved by the Board on 23/09/2023 and signed on its behalf by:

....
Mr Jonathan Dobson
Director

Flotation Energy Limited (formerly Flotation Energy Plc)

Consolidated Statement of Changes in Equity for the Period Ended 31 December 2022

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 June 2022	1,118,823	(1,145,299)	(26,476)
Loss for the period	-	(2,235,292)	(2,235,292)
Currency translation differences	-	(2,756)	(2,756)
Total comprehensive expense	-	(2,238,048)	(2,238,048)
Issue of ordinary shares	10,887,263	-	10,887,263
At 31 December 2022	12,006,086	(3,383,347)	8,622,739

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 June 2021	558,823	(490,104)	68,719
Loss for the year	-	(656,243)	(656,243)
Currency translation differences	-	1,048	1,048
Total comprehensive expense	-	(655,195)	(655,195)
Issue of preferred ordinary shares	560,000	-	560,000
At 31 May 2022	1,118,823	(1,145,299)	(26,476)

The notes on pages 18 to 47 form an integral part of these financial statements.

Flotation Energy Limited (formerly Flotation Energy Plc)

Company Statement of Changes in Equity for the Period Ended 31 December 2022

	Share capital £	Retained earnings £	Total £
At 1 June 2022	1,118,823	(844,651)	274,172
Loss for the period	-	(1,651,280)	(1,651,280)
Total comprehensive expense	-	(1,651,280)	(1,651,280)
Issue of ordinary shares	10,887,263	-	10,887,263
At 31 December 2022	12,006,086	(2,495,931)	9,510,155

	Share capital £	Retained earnings £	Total £
At 1 June 2021	558,823	(489,914)	68,909
Loss for the year	-	(354,737)	(354,737)
Total comprehensive expense	-	(354,737)	(354,737)
Issue of preferred ordinary shares	560,000	-	560,000
At 31 May 2022	1,118,823	(844,651)	274,172

The notes on pages 18 to 47 form an integral part of these financial statements.

Flotation Energy Limited (formerly Flotation Energy Plc)

Consolidated Statement of Cash Flows for the Period Ended 31 December 2022

	Note	7-month period ended 31 December 2022 £	Year ended 31 May 2022 £
Cash flows used in operating activities			
Loss for the period		(2,235,292)	(656,243)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	10,247	12,188
Finance income	6	(6,601)	(8,063)
Finance costs	6	1,032,744	9,030
Profit on disposal of intangible assets		(2,542,452)	-
		(3,741,354)	(643,088)
Working capital adjustments			
Increase in trade and other receivables	15	(2,347,096)	(1,279,772)
Increase in trade and other payables	20	1,278,889	1,632,145
Net cash flow used in operating activities		(4,809,561)	(290,715)
Cash flows from / (used in) investing activities			
Interest received	6	6,601	8,063
Acquisitions of property plant and equipment	11	(40,395)	(28,432)
Acquisition of intangible assets	12	(3,332,222)	(2,787,218)
Proceeds on disposal of intangible assets		3,839,552	-
Advances of loans, classified as investing activities	21	(6,534)	(152,827)
Net cash flows from / (used in) investing activities		467,002	(2,960,414)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs	18	2,882,263	560,000
Proceeds from other borrowing drawdowns	21	2,550,000	1,790,000
Interest paid on other borrowings	19	(638)	(3,005)
Repayment of bank loans	19	(5,833)	(9,997)
Proceeds from loans	19	-	599,956
Net cash flows from financing activities		5,425,792	2,936,954
Net increase / (decrease) in cash and cash equivalents		1,083,233	(314,175)
Cash and cash equivalents at 1 June		490,346	803,429
Exchange gains on cash and cash equivalents		(5,658)	1,092
Cash and cash equivalents at 31 December		1,567,921	490,346

The notes on pages 18 to 47 form an integral part of these financial statements.

Flotation Energy Limited (formerly Flotation Energy Plc)

Company Statement of Cash Flows for the Period Ended 31 December 2022

	Note	7-month period ended 31 December 2022 £	Year ended 31 May 2022 £
Cash flows used in operating activities			
Loss for the period		(1,651,280)	(354,737)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	9,688	11,553
Finance income	6	(6,535)	(8,048)
Finance costs	6	1,032,657	7,161
Profit on disposal of intangible assets		(2,542,452)	-
		(3,157,922)	(344,071)
Working capital adjustments			
Increase in trade and other receivables	15	(4,241,064)	(2,143,962)
Increase in trade and other payables	20	964,992	1,162,167
Net cash flow used in operating activities		(6,433,994)	(1,325,866)
Cash flows from / (used in) investing activities			
Interest received	6	6,535	8,048
Acquisitions of property plant and equipment	11	(27,953)	(23,923)
Acquisition of intangible assets	12	(2,081,410)	(1,743,451)
Advances of loans, classified as investing activities	21	3,839,552	(152,827)
Acquisition of investments in subsidiaries	13	(6,534)	(6,262)
Net cash flows from / (used in) investing activities		1,730,190	(1,918,415)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs	18	2,882,263	560,000
Proceeds from other borrowing drawdowns	21	2,550,000	1,790,000
Interest paid on other borrowings	19	(551)	(1,136)
Repayment of bank loans	19	(5,833)	(9,997)
Proceeds from loans	19	-	599,956
Net cash flows from financing activities		5,425,879	2,938,823
Net increase / (decrease) in cash and cash equivalents		722,075	(305,458)
Cash and cash equivalents at 1 June		458,559	764,017
Cash and cash equivalents at 31 December		1,180,634	458,559

The notes on pages 18 to 47 form an integral part of these financial statements.

1 General information

The Company is a private company limited by shares, incorporated and domiciled in Scotland.

The address of its registered office is:
12 Alva Street
Edinburgh
EH2 4QG
United Kingdom

2 Accounting policies

Statement of compliance
The group financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IAS").

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 UK-adopted IAS and under historical cost accounting rules.

The preparation of financial statements in conformity with IAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The functional and presentational currency of the Group is British Pounds Sterling. The amounts in the financial statements have been presented in Pounds with rounding to the nearest Pound.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the Group and the Company.

Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group has received a letter of financial support from its parent company, TEPCO Renewable Power, Inc., stating its current intention to continue to provide such funding to the Company and the Group as is necessary to enable the Company and Group to continue in operational existence and to meet their liabilities as they fall due for the foreseeable future. Although this support is not guaranteed, the directors are confident that the support will continue to be made available and that TEPCO Renewable Power, Inc. has the financial means necessary to provide this support.

Having considered the Group's financial projections together with the above confirmed financial support, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2 Accounting policies (continued)

Basis of consolidation

The group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2022.

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

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. The financial statements of the associate are prepared for the same reporting period as the Group.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

2 Accounting policies (continued)

Revenue recognition

Recognition
The Group earns revenue from the provision of services relating to recharging to partners the costs of obtaining licences for electricity generation. 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 IAS 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 technical services provided under a Development Services Agreement. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date by tracking the work performed under the relevant Development Services Agreement and invoicing the customer based on the agreed rates within the Development Services Agreement.

The Group is an agent if a performance obligation is to arrange for the provision of the goods or services by another party which the Group does not control. Revenue from an agency relationship is recognised on the net basis equal to the consideration the Group retains after paying fees to the party providing such goods or services.

Contract modifications
The Group's contracts can be amended for changes in contract specifications and requirements. Contract modification exists when the amendment either creates new or changes the existing enforceable rights and obligations.

Disposal of an interest in a project
Where the Group dispose of an interest in a project to a new partner, the resultant gain or loss arising is recorded as a separate profit or loss on disposal of intangible assets and presented separately on the face of the statement of comprehensive income.

Foreign currency transactions and balances

The Group's consolidated financial statements are presented in British pounds sterling, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group consolidates the financial statements of subsidiaries on a line by line basis, and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

2 Accounting policies (continued)

Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2 Accounting policies (continued)

Property, plant and equipment
Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
IT equipment	3 years straight line

Intangible assets
Intangible assets are recognised for internally generated development costs which fulfil the criteria for capitalisation. The Group capitalises such costs when it can demonstrate: the technical feasibility of completing the asset so that it will be available for use or sale; its intention to complete and use or sell the asset; how the asset will generate future economic benefits; the availability of resources to complete the asset; the ability to measure reliably the expenditure during development. Government grant income relating to development costs is offset against the cost of intangible assets.

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 which begins when the asset is available for use as follows:

Asset class	**Amortisation method and rate**
Internally generated development costs	25 – 60 years straight line

Investments
For Flotation Energy Limited company only accounts, investments in securities, including shares in subsidiaries and associates, are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are presented separately from cash and cash equivalents as a current liability.

2 Accounting policies (continued)

Trade receivables and other loans receivable

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is accounted for under the framework relating to expected credit losses under IFRS 9.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Leases

Short term and low value leases

The Group has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases). The Group has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2 Accounting policies (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all cash, receivables and payables in the statement of financial position.

The Group recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Group becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. 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.

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

Classification and measurement

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).

2 Accounting policies (continued)

The classification and the basis for measurement are subject to the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the Group may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through the profit or loss (FVTPL)

Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets

The Group derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

2 Accounting policies (continued)

Impairment of financial assets

Measurement of Expected Credit Losses

The Group recognises loss allowances for expected credit losses (ECL) on trade receivables and loans receivable.

The Group classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the Group recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the Group recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the Group recognises the lifetime ECL.

The Group measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

Provisions for credit-impairment are recognised in the statement of income and are reflected in accumulated provision balances against each relevant financial instruments balance.

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the Group on terms that the Group would not consider otherwise;

- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults in the Group.

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2 Accounting policies (continued)

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and judgements that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of estimates is principally limited to the determination of provisions for impairment of financial instruments.

Provisions for impairment

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition. The Group's trade receivables are with a limited number of customers, therefore expected loss rates are based on an analysis of each customer's ability to meet its debt.

Critical accounting judgements relate to accounting for the loan, capitalisation of internally generated development costs and recoverability of receivable from the associate company.

Accounting for the loan

As the number of shares to be issued to the lender of the loan is variable, full amount of the loan was recognised as a liability. There are no embedded derivatives to be recognised as the variability in return to the lender is closely related to the amortised cost of the loan.

Capitalisation of internally generated development costs

Accounting judgement is required in determining whether expenditure relating to the development of a project constitutes an intangible asset, i.e., it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably; or if this expenditure pertains to a research phase of the project and therefore should be expensed. The Group has processes and controls to evaluate the classification of such expenditure. £3,332,222 (year ended 31 May 2022: £2,782,068) of development costs were capitalised during the period. This includes costs incurred in the bidding and consent phases of projects, where the directors have assessed that a successful outcome is more likely than not.

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Recoverability of receivable from Associate Company

The £6,733,852 (year ended 31 May 2022: £4,475,184) receivable from the associate company Offshore Wind Limited is unsecured, interest free and repayable on demand. It is in respect of the Offshore Wind Round 4 Option to Lease Fee for the 480MW Morecambe site in the Irish Sea paid which was partly paid by Flotation Energy Limited on behalf of Offshore Wind Limited. Having assessed the position, the directors are confident the amounts will be recovered from Offshore Wind Limited, which will hold the Morecambe Option to Lease.

4 Revenue

The Group's revenue has been derived from its principal activity and wholly undertaken in the United Kingdom.

5 Operating loss

	7-month period ended 31 December 2022	Year ended 31 May 2022
Arrived at after charging/(crediting):	£	£
Depreciation expense	9,245	10,643
Amortisation expense	1,002	1,545
Profit on disposal of intangible assets	(2,542,452)	-
Expense relating to short-term leases	34,218	33,711
Foreign exchange losses	4,784	50,524

6 Finance income and costs

	7-month period ended 31 December 2022	Year ended 31 May 2022
	£	£
Finance income		
Other finance income	6,601	8,063
Finance costs		
Interest on bank loans	(638)	(3,005)
Interest on convertible loans	(7,106)	(6,025)
Interest on other loans	(1,025,000)	-
Net finance (loss) / income	(1,026,143)	(967)

7 Staff costs

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

	7-month period ended 31 December 2022 £	Year ended 31 May 2022 £
Wages and salaries	2,254,697	1,587,466
Social security costs	434,271	179,049
Pension costs, defined contribution scheme	165,723	168,207
Cash-settled share based payment expense	2,116,584	-
	4,971,275	1,934,723

During the period £310,879 (year ended 31 May 2022: £200,185) of payroll costs have been capitalised.

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

	7-month period ended 31 December 2022 No.	Year ended 31 May 2022 No.
Research and development	46	29
Directors	6	5
	52	34

8 Directors' remuneration

The directors' remuneration for the period was as follows:

	7-month period ended 31 December 2022 £	Year ended 31 May 2022 £
Remuneration	176,818	210,992
Contributions paid to defined contribution pension schemes	14,374	21,534
	191,192	232,526

8 Directors' remuneration (continued)

In respect of the highest paid director:

	7-month period ended 31 December 2022 £	Year ended 31 May 2022 £
Remuneration	72,500	120,000
Contributions paid to defined contribution pension schemes	7,250	12,000
	79,750	132,000

£51,740 (year ended 31 May 2022: £104,870) of directors' remuneration was capitalised in the period.
Information on the remuneration of key management personnel is not provided separately as only the directors are considered to be key management personnel.

9 Auditors' remuneration

	7-month period ended 31 December 2022 £	Year ended 31 May 2022 £
Audit of these financial statements	27,775	25,250
Non-audit services	10,000	10,000

10 Income tax

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK of 19% (year ended 31 May 2022: 19%). The differences are reconciled below:

	7-month period ended 31 December 2022 £	Year ended 31 May 2022 £
Loss before tax	(2,235,292)	(656,243)
Corporation tax at standard rate	(424,705)	(124,686)
Deferred tax expense from unrecognised tax loss or credit	424,705	124,686
Total tax charge/(credit)	-	-

The Group had gross UK corporation tax losses carried forward of £2,430k at 31 December 2022 (year ended 31 May 2022: £971k). No deferred tax asset has been recognised on these losses due to uncertainty around the generation of future taxable profits that will utilise these losses. In the 2021 Spring Budget it was announced that the rate of UK corporation tax would increase from 19% to 25% from April 2023 onwards.

11 Property, plant and equipment

Group

	IT Equipment £	Total £
Cost		
At 1 June 2021	21,630	21,630
Additions	28,432	28,432
Retranslation	215	215
At 31 May 2022	50,277	50,277
At 1 June 2022	50,277	50,277
Additions	40,395	40,395
Retranslation	(216)	(216)
At 31 December 2022	90,456	90,456
Depreciation		
At 1 June 2021	5,300	5,300
Charge for the year	10,643	10,643
Retranslation	30	30
At 31 May 2022	15,973	15,973
At 1 June 2022	15,973	15,973
Charge for the period	9,245	9,245
Retranslation	(15)	(15)
At 31 December 2022	25,204	25,204
Carrying amount		
At 31 December 2022	65,252	65,252
At 31 May 2022	34,304	34,304
At 1 June 2021	16,330	16,330

11 Property, plant and equipment (continued)

Company

	IT Equipment £	Total £
Cost		
At 1 June 2021	21,630	21,630
Additions	23,923	23,923
At 31 May 2022	45,553	45,553
At 1 June 2022	45,553	45,553
Additions	27,953	27,953
At 31 December 2022	73,506	73,506
Depreciation		
At 1 June 2021	5,300	5,300
Charge for the year	10,008	10,008
At 31 May 2022	15,308	15,308
At 1 June 2022	15,308	15,308
Charge for the period	8,686	8,686
At 31 December 2022	23,994	23,994
Carrying amount		
At 31 December 2022	49,512	49,512
At 31 May 2022	30,245	30,245
At 1 June 2021	16,330	16,330

12 Intangible assets

Group

	Development costs £	Website £	Total £
Cost			
At 1 June 2021	880,531	-	880,531
Additions	2,782,068	5,150	2,787,218
Retranslation	81,650	-	81,650
At 31 May 2022	3,744,249	5,150	3,749,399
At 1 June 2022	3,744,249	5,150	3,749,399
Additions	3,332,222	-	3,332,222
Disposals	(1,297,100)	-	(1,297,100)
Retranslation	(53,926)	-	(53,926)
At 31 December 2022	5,725,445	5,150	5,730,595

12 Intangible assets (continued)

	Development costs £	Website £	Total £
Amortisation			
At 1 June 2022	-	1,545	1,545
Charge for the period	-	1,002	1,002
At 31 December 2022	-	2,547	2,547
Carrying amount			
At 31 December 2022	5,725,445	2,603	5,728,048
At 31 May 2022	3,744,249	3,605	3,747,854
At 1 June 2021	880,531	-	880,531

Company

	Development costs £	Website £	Total £
Cost			
At 1 June 2021	388,089	-	388,089
Additions	1,738,301	5,150	1,743,451
At 31 May 2022	2,126,390	5,150	2,131,540
At 1 June 2022	2,126,390	5,150	2,131,540
Additions	2,081,410	-	2,081,410
Disposals	(1,297,100)	-	(1,297,100)
At 31 December 2022	2,910,700	5,150	2,915,850
Amortisation			
At 1 June 2022	-	1,545	1,545
Charge for the period	-	1,002	1,002
At 31 December 2022	-	2,547	2,547
Carrying amount			
At 31 December 2022	2,910,700	2,603	2,913,303
At 31 May 2022	2,126,390	3,605	2,129,995
At 1 June 2021	388,089	-	388,089

12 Intangible assets (continued)

Capitalised development costs relate to planning, environmental, and other costs incurred in the development of offshore wind farm projects, including costs incurred during the bidding and consenting phase, where appropriate.

Capitalised development costs have not yet been completed and therefore the amortisation of these assets has not yet begun. Consequently, no amortisation charge has been recognised in the income statement.

13 Investments

Group subsidiaries

Details of the Group subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held
Flotation Energy Pty Ltd*	Development of offshore wind farm sites	Suite 4a, E Shed, Port of Fremantle, Fremantle, Western Australia 6160, Australia	100%
Flotation Energy Taiwan Ltd*	Development of offshore wind farm sites	16F, No. 89, Songren Road, Xinyi, Taipei City 110413,Taiwan (R.O.C.), Taiwan	100%
Green Volt Offshore Wind Farm Ltd	Production of electricity	12 Alva Street, Edinburgh, EH2 4QG, United Kingdom	100%
Blackwater Offshore Wind Holdco Limited*	Holding entity	12 Alva Street, Edinburgh, EH2 4QG, United Kingdom	100%
Cenos Holdco Ltd*	Holding entity	12 Alva Street, Edinburgh, EH2 4QG, United Kingdom	100%
Green Volt Holdco Ltd*	Holding entity	12 Alva Street, Edinburgh, EH2 4QG, United Kingdom	100%
Greystones Offshore Wind Holdco Limited*	Holding entity	12 Alva Street, Edinburgh, EH2 4QG, United Kingdom	100%
Morecambe Offshore Wind Holdo Ltd*	Holding entity	12 Alva Street, Edinburgh, EH2 4QG, United Kingdom	100%
White Cross Offshore Wind Holdco Ltd*	Holding entity	12 Alva Street, Edinburgh, EH2 4QG, United Kingdom	100%
Flotation Energy Japan Co. Ltd*	Development of offshore wind farm sites	9-38 Higashi Bandai cho,Chuo ku, Niigata Prefecture, Japan	100%

* indicates direct investment of the company

All investments in subsidiaries are held in the form of ordinary shares.

13 Investments (continued)

Blackwater Offshore Wind Holdco Limited, Cenos Holdco Ltd, Green Volt Holdco Ltd, Greystones Offshore Wind Holdco Limited, Morecambe Offshore Wind Holdo Ltd and White Cross Offshore Wind Holdco Ltd have taken the exemption in section 479A of the Companies Act 2006 (the Act) from the requirement in the Act for their individual accounts to be audited. In order for Green Volt Holdco Ltd to take the audit exemption in section 479A of the Companies Act 2006, the Company has guaranteed all outstanding liabilities of this subsidiary company at 31 December 2022 until those liabilities are satisfied in full.

The following subsidiaries were incorporated during the period and are currently dormant:

Name of subsidiary	Registered office	Proportion of ownership interest and voting rights held
Blackwater OWL Windfarm Limited	(a)	100%
Cenos Offshore Windfarm Ltd	(b)	100%
Greystones OWL Windfarm Limited	(a)	100%
Morecambe Offshore Windfarm Ltd	(b)	100%
White Cross Offshore Windfarm Ltd	(b)	100%

The registered offices are as follows:
(a) 1WML, 1 Windmill Lane, Dublin 2, Dublin, D02 F206, Ireland
(b) 12 Alva Street, Edinburgh, EH2 4QG, United Kingdom

Group joint operations

The Group has a 50% interest in a joint arrangement which was set up as an agreement with Vårgrønn AS to jointly pursue opportunities relating to offshore wind farm projects known as CENOS and Green Volt. The principal place of business of the joint operation is the United Kingdom.

13 Investments (continued)

Group associates

Details of the Group associates as at 31 December 2022 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held
Offshore Wind Ltd	Development of offshore wind farm sites	1 St Peter's Square Manchester M2 3DE United Kingdom	19%

The associate is accounted for using the equity method. The investment in the associate is in the form of ordinary shares.

Offshore Wind Ltd

The Group has a veto right over the decisions concerning the financial management of the investee and has consequently concluded that the Group exerts significant influence.

Unrecognised share of losses	7-month period ended 31 December 2022 £	Year ended 31 May 2022 £
Unrecognised share of loss for the period	(313,864)	(39,009)
Cumulative share of loss for Offshore Wind Ltd	(546,430)	(232,566)

Summary of company investments

	31 December 2022 £	31 May 2022 £
Investments in associates	190	190
Investments in subsidiaries	6,262	6,262
	6,452	6,452

13 Investments (continued)

	£
Associates	
At 1 June 2021	190
At 31 May 2022	190
At 31 December 2022	190
Subsidiaries	
At 1 June 2021	-
Additions	6,262
At 31 May 2022	6,262
At 31 December 2022	6,262
Carrying amount	
At 31 December 2022	6,452
At 31 May 2022	6,452
At 1 June 2021	190

14 Other financial assets

Group

	Note	31 December 2022 £	31 May 2022 £
Non-current financial assets			
Loan to associate	21	323,944	317,410

Company

	Note	31 December 2022 £	31 May 2022 £
Non-current financial assets			
Loan to associate	21	323,944	317,410

15 Trade and other receivables

Group

	Note	31 December 2022 £	31 May 2022 £
Trade receivables		620,054	132,142
Accrued revenue		2,776,653	-
Receivables from related parties	21	4,475,184	4,475,184
Prepayments		6,088	12,637
Other receivables		444,239	1,355,160
		8,322,218	5,975,123

Company

	Note	31 December 2022 £	31 May 2022 £
Trade receivables		620,054	132,236
Accrued revenue		2,416,925	-
Receivables from related parties	21	8,246,768	6,216,413
Prepayments		694	5,478
Other receivables		327,789	1,017,039
		11,612,230	7,371,166

16 Cash and cash equivalents

Group

	31 December 2022 £	31 May 2022 £
Cash at bank	1,567,921	490,346

Company

	31 December 2022 £	31 May 2022 £
Cash at bank	1,180,634	458,559

17 Share-based payment transactions

The Company operates an equity-settled share option scheme. Options vest only if the employee remains in employment with the Company at the vesting date. The options lapse at the end of the day before the tenth anniversary of the grant date. The options vest on a change in ownership of the Company. Options become exercisable upon vesting. Unvested options held by individuals who cease employment are forfeited unless determined by the Board.

	Number of share options	
	2022	**2022**
	£	**£**
Outstanding at 1 June 2022	5,284	3,300
Granted in the period	-	2,308
Forfeited in the period	(475)	(324)
Exercised in the period	(4,809)	-
Outstanding at 31 December 2022	-	5,284
Exercisable at 31 December 2022	-	-

All options were either exercised or forfeited ahead of the acquisition of the Company by TEPCO Renewable Power Inc. during the period. The options outstanding at the previous year end had an exercise price of £1 and a remaining contractual life of 8 years.

During the period no share-based payment expense was recognised in relation to equity-settled options (year ended 31 May 2022: nil) as the Directors consider that the value of the share options is not material to these financial statements.

The Group operates a cash-settled share scheme. Phantom shares were issued to employees with a portion payable at the acquisition of the Company by TEPCO Renewable Power Inc. of £1,984,809 (year ended 31 May 2022: nil) and the remaining amounts due on completion of milestones. An amount of £131,775 (year ended 31 May 2022: nil) was recognised during the period in relation to phantom shares due on completion of milestones.

18 Share capital and reserves

Allotted, called up and fully paid shares

	31 December 2022		31 May 2022	
	No.	£	No.	£
Ordinary shares of £1 each	10,946,086	10,946,086	58,823	58,823
Preferred ordinary shares of £1 each	1,060,000	1,060,000	1,060,000	1,060,000
	12,006,086	12,006,086	1,118,823	1,118,823

Reconciliation of movements during the period:

	Ordinary shares	Preferred ordinary shares
	No.	No.
At 1 June 2021	58,823	500,000
Issue of fully paid shares	-	560,000
At 1 June 2022	58,823	1,060,000
Issue of fully paid shares	2,882,263	-
Conversion of loans	8,005,000	-
At 31 December 2022	10,946,086	1,060,000

New shares allotted

During the period 10,887,263 ordinary shares having a nominal value of £1 were allotted for an aggregate consideration of £10,887,263. During the prior year 560,000 preferred ordinary shares having a nominal value of £1 were allotted for an aggregate consideration of £560,000.

Rights, preferences and restrictions

Ordinary shares
All ordinary shares rank pari passu with one another.

Preferred ordinary shares
Preferred ordinary shares have priority over ordinary shares on a return of assets on liquidation, reduction of capital, or otherwise, but carry no right to a fixed return or repayment. Preferred ordinary shares do not carry voting rights.

Retained earnings
The retained earnings present the accumulated profits or losses of the Group and Company less distributions made to shareholders.

19 Loans and borrowings

	Group		Company	
	31 December 2022 £	31 May 2022 £	31 December 2022 £	31 May 202 £
Non-current loans and borrowings				
Bank borrowings	24,153	-	24,153	-
Current loans and borrowings				
Bank borrowings	10,017	40,003	10,017	40,003
Loans	613,087	605,981	613,087	605,981
	623,104	645,984	623,104	645,984
Total	647,257	645,984	647,257	645,984

The Covid-19 bounce bank loan is denominated in GBP with a nominal interest rate of 0% for the first 12 months, which increases to 2.5% thereafter. Repayment is due in equal monthly instalments from June 2021 to May 2026.

A loan was received in the form of a facility of up to £600k with interest accruing at 2% per annum. Interest and principal will be repaid by way of converting the outstanding amounts into a 50% share of a new special purpose entity to be incorporated. Repayment will be made during 2023.

20 Trade and other payables

Group

	Note	31 December 2022 £	31 May 2022 £
Trade payables		1,204,199	1,344,627
Accrued expenses		493,246	410,480
Amounts due to related parties	23	-	4,430,000
Social security and other taxes		1,135,266	91,632
Outstanding defined contribution pension costs		46,437	35,214
Other payables		3,858,239	3,633,576
		6,737,387	9,945,529

Company

	Note	31 December 2022 £	31 May 2022 £
Trade payables		851,877	952,153
Accrued expenses		299,540	294,556
Amounts due to related parties	23	-	4,430,000
Social security and other taxes		964,809	67,343
Outstanding defined contribution pension costs		34,907	29,398
Other payables		3,777,530	3,620,221
		5,928,663	9,393,671

Other payables are interest free, unsecured and repayable following full receipt of payment from associate company Offshore Wind Limited (see note 23).

21 Financial risk review and management

The Group's capital management objectives are:

to ensure the Group's ability to continue as a going concern;
to provide an adequate return to shareholders;
to support the Group's stability and growth;
to provide capital for the purpose of strengthening the Group's risk management capability; and
to provide capital for the purpose of further investments.

The capital structure of the Group consists of debt (trade, other payables and loans) and equity (comprising issued capital and retained earnings).

The Group is not subject to any externally imposed capital requirements.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and to maximise equity holder returns in the future, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, and projected strategic investment opportunities. The management regard capital as total equity and reserves for capital management purposes.

i. Risk management framework

The Group is reliant upon the funding from its ultimate parent company, TEPCO Holdings Inc.

Its business activities expose the Group to operational risk and financial risks such as market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. Market risk is considered not significant. The Group's principal financial liabilities comprise trade and other payables as well as loans. The main purpose of these financial liabilities is to finance the Group's operations. Financial assets include cash, trade and other receivables.

The board is responsible for setting and monitoring the Group's exposure to risk and for the setting of appropriate policies, controls and parameters. The Group's objective is to have comprehensive and timely control and disclosure of risk measures and exposures. The evaluation of these risks is the responsibility of senior internal management. The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably.

ii. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group and the risk that any debtors of the Group may default on amounts due to the Group.

The group assesses the credit quality of each customer before accepting any terms of trade. Internal procedures are performed taking into account their financial position as well as their reputation within the industry and external credit ratings are obtained. The group operates a robust credit control system. Trade receivables balance relates to the Group's joint arrangement partner, Vårgrønn AS, and payment terms are 30 days.

Credit risk on cash and cash equivalents is considered to be very low as the counterparty is a bank with a high credit rating.

The group's maximum exposure to credit risk relating to its financial assets and financial liabilities is equal to their carrying value.

21 Financial risk review and management (continued)

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

The Group closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations as they fall due.

The Board receives regular debt management forecasts which estimate the cash inflows and outflows for the next twelve months, so that management can ensure that sufficient funding is in place as it is required.

The following tables set out the maturity profile of the Group's non-derivative financial liabilities, based on undiscounted contractual cash outflows, as at the following dates:

At 31 December 2022

Liabilities	Less than 1 month £	1-3 months £	3-12 months £	1-5 years £	Total £
Trade payables	1,204,199	-	-	-	1,204,199
Accrued expenses	493,246	-	-	-	493,246
Other payables	3,858,239	-	-	-	3,858,239
Loans and borrowings	835	2,498	619,771	24,153	647,257
Total liabilities	5,556,519	2,498	619,771	24,153	6,202,941

At 31 May 2022

Liabilities	Less than 1 month £	1-3 months £	3-12 months £	1-5 years £	Total £
Trade payables	1,344,627	-	-	-	1,344,627
Accrued expenses	410,480	-	-	-	410,480
Amounts due to related parties	-	-	4,430,000	-	4,430,000
Other payables	3,633,576	-	-	-	3,633,576
Loans and borrowings	835	2,502	642,647	-	645,984
Total liabilities	5,389,518	2,502	5,072,647	-	10,464,667

21 Financial risk review and management (continued)

Financial instruments

Group	**31 December 2022 £**	**31 May 2022 £**
Financial assets		
At amortised cost:		
Cash and cash equivalents	1,567,921	490,346
Trade receivables	620,054	132,142
Accrued revenue	2,776,653	-
Receivables from related parties	4,475,184	4,475,184
Other receivables	444,239	1,355,160
	9,884,051	6,452,832
Financial liabilities		
At amortised cost:		
Trade payables	1,204,199	1,344,627
Accrued expenses	493,246	410,480
Amounts due to related parties	-	4,430,000
Other payables	3,858,239	3,633,576
Loans and borrowings	647,257	645,984
	6,202,941	10,464,667

Company	**31 December 2022 £**	**31 May 2022 £**
Financial assets		
At amortised cost:		
Cash and cash equivalents	1,180,634	458,559
Trade receivables	620,054	132,236
Accrued revenue	2,416,925	-
Receivables from related parties	8,246,768	6,216,413
Other receivables	327,789	1,017,039
	12,792,170	7,824,247
Financial liabilities		
At amortised cost:		
Trade payables	851,877	952,153
Accrued expenses	299,540	294,556
Amounts due to related parties	-	4,430,000
Other payables	3,777,530	3,620,221
Loans and borrowings	647,257	645,984
	5,576,204	9,942,914

22 Changes in liabilities arising from financing activities

The following table details the changes in the Group's borrowings arising from financing activities.

Group and Company	At 1 June 2021	New loans	Repayments	Repayments (issue of shares)	Accrued interest (non-cash)	At 31 May 2022
	£	£	£	£	£	£
Bank borrowings	50,000	-	(9,997)	-	-	40,003
Convertible loans	-	599,956	-	-	6,025	605,981
Loans from related parties	2,640,000	2,440,000	(90,000)	(560,000)	-	4,430,000
	2,690,000	3,039,956	(99,997)	(560,000)	6,025	5,075,984

	At 1 June 2022	New loans	Repayments	Repayments (issue of shares)	Accrued interest (non-cash)	At 31 December 2022
	£	£	£	£	£	£
Bank borrowings	40,003	-	(5,833)	-	-	34,170
Convertible loans	605,981			-	7,106	613,087
Loans from related parties	4,430,000	500,000	-	(4,930,000)	-	-
Other loans	-	2,050,000	-	(3,075,000)	1,025,000	-
	5,075,984	2,550,000	(5,833)	(8,005,000)	7,106	647,257

23 Related party transactions

Summary of transactions with associates

Offshore Wind Ltd

The Group has a 19% stake in Offshore Wind Ltd, a company incorporated in the UK for the purposes of developing offshore wind farms. The Group has significant influence over the management of Offshore Wind Limited, including the right to appoint directors; consequently the Group has accounted for it as an associate.

Amounts receivable from the associate are unsecured, interest free and repayable on demand.

Income and receivables from related parties

	Associates
31 December 2022	**£**
At start of period	4,475,184
Advanced	2,258,668
At end of period	6,733,852

	Associates
31 May 2022	**£**
At start of period	4,475,184
Advanced	-
At end of period	4,475,184

Loans from related parties

	Key management
31 December 2022	**£**
At start of period	4,430,000
Advanced	500,000
Issue of ordinary shares	(4,930,000)
At end of period	-

	Key management
31 May 2022	**£**
At start of period	2,640,000
Advanced	2,440,000
Repayment	(90,000)
Issue of preferred ordinary shares	(560,000)
At end of period	4,430,000

Terms of loans from related parties
Loans from directors are unsecured, interest free and repayable on demand.

23 Related party transactions (continued)

Loans to related parties

31 December 2022	**Associates** **£**
At start of period	317,410
Advanced	6,534
At end of period	323,944

31 May 2022	**Associates** **£**
At start of period	164,583
Advanced	152,827
At end of period	317,410

Terms of loans to related parties

The loan to the Group's associate, Offshore Wind Ltd, is in the form of loan notes and has been treated as non-current as the Group does not have the unconditional right to demand repayment within 12 months. The nominal rate of interest is 3.5% per annum.

The amounts have no fixed repayment date and are unsecured.

24 Parent and ultimate parent undertaking

The immediate parent company is TEPCO Renewable Power Inc. The ultimate parent company and the smallest and largest group to consolidate these financial statements is TEPCO Holdings Inc., a company registered in Japan. Copies of TEPCO Holdings Inc. consolidated financial statements can be obtained from www.tepco.co.jp/en.

24 Events after the reporting period

On 4 January 2023, the Company issued 9,634,854 Ordinary shares of £1 each. On 31 March 2023, the Company issued 63,058 Ordinary shares of £1 each. On 28 April 2023, the Company issued 72,000,000 Ordinary shares of £1 each.