IPSA Group PLC

ANNUAL REPORT AND ACCOUNTS FOR THE PERIOD ENDED
30 SEPTEMBER 2016

COMPANY INFORMATION

Directors
P R S Earl (Chairman)
S A Laker

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Secretary
S A Laker

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Telephone number
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Auditors
Bennett Brooks & Co Ltd
Chartered Accountants & Statutory Auditors
St George's Court
Winnington Avenue
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Bankers
Coutts & Co
440 Strand
London
WC2 0QS

STRATEGIC REPORT – LETTER FROM THE CHAIRMAN

Dear Shareholder,

I present to the shareholders of IPSA Group PLC (the "Company") and its subsidiaries (together the "Group") the Report and Accounts for the period ended 30 September 2016. During the period the Company sold its principal operating business in South Africa by disposing of its shareholding in Blazeway Engineering Pty Ltd ("Blazeway"), which, as it occurred prior to the completion of the 2015 audit, was already partially reflected in the accounts for that year end. As a result of further adjustments relating to the disposal, together with the settlement of matters between Ethos Energy and Rurelec PLC, a revaluation of the balance of plant, the Group's sole asset, and negotiations with other creditors, the Group shows a comprehensive gain of £0.86m.

Strategy

The Company's strategy following the disposal of NewCogen has been to collect the balance of the purchase price of the turbines sold to Rurelec PLC, to sell the BOP and clear all remaining Company creditors, of which Ethos was by far the largest, and leave IPSA as a quoted cash shell suitable as a partner for a potential reverse takeover candidate. Of these objectives, two remain outstanding: the sale of the BOP and the merger.

Results

The consolidated statement of comprehensive income (2015 figures reclassify discontinued operations) shows a gross loss (Company only) of £2.06m (2015 £1.24m). The operating loss for the period is £2.11m (2015 £2.22m). The bulk of the loss at this level was due to the revaluation of the BOP following an impairment review of the carrying value of the remaining ancillary equipment.

On 30 March 2017, following the announcement by Rurelec on 14 February 2017 of its acquisition of the Ethos Energy creditor position, the Company and Rurelec agreed a settlement whereby the balance due from Rurelec was fixed at £1.535m (including reimbursement of storage charges and other costs) and £1.275m of the balance due from Rurelec was offset against amounts originally due to Ethos Energy, with outstanding amounts written off, enabling IPSA to recognise a gain of £2.94m and leaving £0.26m to be paid by Rurelec under a new payment timetable. The first payment was received on 31 March 2017 and the final payment is scheduled to be received by 31 October 2017.

After recognising the effects of the settlement with Rurelec and negotiations with trade creditors the loss for the year for continuing operations is £0.13m (2015 £2.37m).

After the adjustments in group reserves necessary to recognise the reclassification of exchange differences arising on translation of foreign operations relating to discontinued operations, the comprehensive gain for the year was £0.86m, increasing total equity to £2.1m (2015: loss £7.05m, total equity £1.24m).

Board of Directors

The resignations of Richard Linnell, Neil Bryson and Mark Otto were announced on 7 April 2016. At the same time, Susan Laker and I stepped in as directors to nurse the Company through this difficult year. We have done so with no remuneration.

Outlook

Having finally reached a settlement with Rurelec which has allowed us to make payments to the Company's long suffering trade creditors, the directors will focus on realising the BOP. The Directors have received proposals for a share for share swap from Encor Power PLC ("Encor"), a UK company supplying peaking generation services to the UK electricity sector, seeking a quote on the London Stock Exchange, allowing IPSA shareholders to exchange their now unquoted shares for shares in a quoted entity (the "Encor Transaction"). The offer was recommended to shareholders on 28 April 2017

The last few years have been extremely trying for shareholders. Throughout that time the directors of IPSA have endeavoured to retain some value for shareholders and the current offer will permit you to participate in a new and exciting business. While this is the final report and accounts to be published by IPSA Group PLC, I hope your patience as shareholders of IPSA will be rewarded under the stewardship of Encor, where, as Chairman designate, I look forward reporting on progress of that enlarged group in which IPSA shareholders will have a continuing stake.

P R S Earl
Director
28 April 2017

STRATEGIC REPORT - REVIEW OF OPERATIONS

NEWCOGEN

The Company's only operating subsidiary was sold during the year.

ETHOS/RURELEC SETTLEMENT

Following a transaction between Ethos Energy and Rurelec, all liabilities between IPSA and Ethos Energy were extinguished. On 29 March 2017 IPSA and Rurelec agreed a settlement and IPSA received a payment which leaves a balance of £0.18m to be received pursuant to the Turbine SPA.

IRIS CLAIM

As reported in last year's results, at a hearing in the Federal Court of Malaysia on 3 February 2016, Iris's final leave to appeal to have their claim heard in the Malaysian courts was dismissed and costs awarded to the Company. The Directors believe that this brings the Iris litigation to a successful close.

WORKING CAPITAL

Working capital has continued to be very tight for the Group. The disposal of NewCogen resulted in a number of liabilities of the Company being released. Further negotiations with the Company's long suffering creditors has meant that the Company has sufficient cash being generated from the Rurelec Settlement to pay agreed amounts to them without having to sell the BOP. Ongoing storage costs can be met until September 2017, by which time the directors believe that the bulk of the equipment will be under contract to be sold permitting them to terminate this ongoing expenditure.

PRINCIPAL RISKS AND UNCERTAINTIES

The board of directors (the "Board") with appropriate processes formally reviews risks and controls put in place to monitor and mitigate them. Key business risks include the disposal of the BOP prior to the end of September 2017.

KEY PEFORMANCE INDICATORS

The Directors use a range of performance indicators to monitor progress in the delivery of the Group's strategic objectives, to assess actual performance against targets and to aid management of the businesses.

The Group's key performance indicators ("KPIs") include financial and non-financial targets, which are set annually.

Financial KPIs

Financial KPIs address operating profitability, net asset value and earnings per share.

i) Operating profitability

Operating profit excludes all non-operating costs, such as financing and tax expenses, as well as one-off items and non-trading items such as negative goodwill. The exclusion of these non-operating items provides an indication of the performance of the underlying businesses. The Group made an operating loss in the year ended 30 September 2016.

ii) Net asset value

Net asset value is calculated by dividing funds attributable to the Group's shareholders by the number of shares in issue. The net assets of the Group increased in the year to 1.95 pence per share. (2015: 1.16 pence per share).

iii) Earnings per share

Earnings per share provide a measure of the overall profitability of the Group. It is defined as the profit or loss attributable to each Ordinary Share based on the consolidated profit or loss for the year after deducting tax and non-controlling interest. Growth in earnings per share is indicative of the Group's ability to identify and add value. The Group made a loss in the year of 4.6 pence per share (2015: loss 6.45 pence per share) made up of continuing operations of 0.1 pence per share and discontinued operations of 4.5 pence per share.

Non-Financial KPIs

Non-financial KPIs address other important technical aspects of the business, such as gross capacity, operating efficiency and availability. Following the disposal of NewCogen the Group has no operating assets.

The Strategic Report was approved by the Board of Directors on 28 April 2017 and was signed on its behalf by:

P R S Earl
Director
28 April 2017

DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 30 September 2016. On 1 April 2016 the Company's accounting reference date was changed to September and these financial statements present the results of the group for the 18 month period ended 30 September 2016. Comparative information is for the year ended 31 March 2015. As a result of the disposal of its only operating business, the comparative figures in the statement of comprehensive income have been restated to present the Company information for the year ended 31 March 2015.

Principal activities and review of the business

The principal activities of the Group comprise the operation and development of power generation assets, initially in South Africa. The Group's strategy was to create a portfolio of power generation assets in southern Africa, in conjunction with project partners where the directors believed this to be advantageous. The parent Company is now engaged in the sale of the balance of plant following the announcement of the sale of NewCogen on 16th February 2016.

The Company was incorporated on 1 July 2005 and was admitted to AIM in September 2005. In October 2006, the Company obtained a secondary listing, on the Alternative Exchange of the Johannesburg Stock Exchange Limited ("AltX"). The Company ceased trading on AIM at the end of September 2016. Since October 2006, the shares have had a dual listing on Altx (the Alternative Exchange, a division of JSE Limited, of the Johannesburg market. The AltX listing was temporarily suspended on 16 September 2015 and the listing was terminated on 31 January 2017.

A review of the Group's activities is set out in the Chairman's Statement and the Review of Operations.

Results and dividends

The Group results for the year ended 30 September 2016 are set out in the Consolidated Statement of Comprehensive Income. No dividend has been paid or is proposed.

Going Concern

The directors have continued to adopt the 'going concern' basis for the preparation of the financial statements since the directors consider that the Company and the Group have sufficient financial resources available to continue trading for the foreseeable future, although this is dependent upon certain material factors as set out in note 3.2.

Share capital

Details of the authorised and issued share capital are set out in note 18. During the year, there were no changes in the issued share capital of the Company.

Directors

The directors who served during the period are as follows:

Name	Appointed	Resigned
R Linnell		7 April 2016
N Bryson		7 April 2016
P Earl	1 March 2016	31 July 2015
E Shaw		31 July 2015
M Otto		7 April 2016
S Laker	7 April 2016	

Risk management policies and objectives

The financial risk management policies and objectives are set out in note 21.

Post Balance Sheet Events

On 14 February 2017 Rurelec PLC announced that it had stepped into the shoes of Ethos Energy SpA and acquired the creditor balances due from the Company.
On 23 March 2017 Rurelec and IPSA signed a settlement and waiver agreement extinguishing IPSA's liability in relation to the Ethos Energy payable and fixing the balance due in respect of the turbine SPA at £260,000. £75,000 was received from Rurelec on 31 March 2017. In addition, on 29 March 2017 the Company secured a short term loan of £30,000 from Sterling Trust, which was drawn down on 31 March 2017. The interest rate is 5% and the loan is repayable within 365 days from drawdown. The cash received has been or will be used to settle outstanding creditors. With the Rurelec agreement in place the Company was able to negotiate a reduction in trade creditors and enter into a storage contract for the balance of plant. The financial statements have been prepared on the basis of recognising the Rurelec settlement and negotiations with trade creditors as effective at 30 September 2016.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs"). The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable IFRSs 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- So far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

During the year Grant Thornton LLP resigned as auditors and were replaced by Bennett Brooks & Co. Limited, who have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board
Peter Earl
Chairman
28 April 2017

Report of the Independent Auditors to the Members of
IPSA Group PLC

We have audited the financial statements of IPSA Group PLC for the period ended 30 September 2016 on pages ten to thirty-two. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 a Report of the Auditors 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.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2016 and of the group's and the parent company's loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3.2 to the financial statements concerning the Group's ability to continue as a going concern. The company's ability to meet its liabilities as they fall due is dependent upon the successful sale of certain items of balance of plant or the financial support provided by the new parent following the successful Encor transaction. These conditions, along with other matters explained in note 3.2 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the company's ability continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion 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.

Matters on which we are required to report by exception
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;

Jason Leach FCA (Senior Statutory Auditor)
for and on behalf of Bennett Brooks & Co Ltd
Chartered Accountants & Statutory Auditors
St George's Court
Winnington Avenue
Northwich
Cheshire
CW8 4EE

28 April 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 September 2016

	Notes	18 Months 30/09/2016 £'000	12 Months 31/03/2015 £'000
Revenue	4	-	-
Impairment of property, plant & equipment	6	(2,000)	-
Other cost of sales	6	(61)	(1,236)
Total cost of sales		**(2,061)**	**(1,236)**
Gross loss		**(2,061)**	**(1,236)**
Administrative expenses	7	(48)	(988)
Operating loss		**(2,109)**	**(2,224)**
Other income		2,937	-
Other expense	8	(843)	(78)
Net finance expense	9	(121)	(72)
Loss for the period/year from continuing operations		**(136)**	**(2,374)**
Tax expense	10	-	-
Loss after tax		**(136)**	**(2,374)**
Discontinued operations			
Loss for year from discontinued operations	13b	(4,848)	(4,559)
Loss for period/year		**(4,984)**	**(6,933)**
Other comprehensive income			
Items that will subsequently be reclassified to profit or loss:			
Exchange differences on translation of foreign operation		5,843	(118)
Total comprehensive gain/(loss)		**859**	**(7,051)**

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2016

	Notes	18 months 30/09/2016 £'000	12 months 31/03/2015 £'000
Non-current assets			
Property, plant and equipment	12	-	1,916
		-	**1,916**
Current assets			
Trade and other receivables	14	1,538	3,422
Cash and cash equivalents	16	58	3
		1,596	**3,425**
Non-current assets classified as assets held for sale	17	2,000	4,000
Total assets		**3,596**	**9,341**
Equity and liabilities			
Equity attributable to equity holders of the parent:			
Share capital	18	2,150	2,150
Share premium account		26,767	26,767
Foreign currency reserve		-	(5,843)
Profit and loss reserve		(26,815)	(21,831)
Total equity		**2,102**	**1,243**
Current liabilities			
Trade and other payables	19	1,456	7,152
Borrowings	20	38	946
		1,494	**8,098**
Total equity and liabilities		**3,596**	**9,341**

The financial statements were approved by the Board on 28 April 2017.

Peter Earl -Director

Company registration number: 05496202

The accompanying accounting policies and notes form an integral part of these financial statements.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
at 30 September 2016

	Notes	30/09/16 £'000	31/03/15 £'000
Assets			
Non-current assets			
Investments	13	-	1,916
		-	**1,916**
Current assets			
Trade and other receivables	14	1,538	3,068
Stock	15	-	-
Cash and cash equivalents	16	58	-
		1,596	**3,068**
Non-current assets classified as assets held for sale	17	**2,000**	**4,000**
Total assets		**3,596**	**8,984**
Equity and liabilities			
Share capital	18	2,150	2,150
Share premium account		26,767	26,767
Profit and loss reserve		(26,815)	(27,514)
Total equity		**2,102**	**1,403**
Current liabilities			
Trade and other payables	19	1,456	6,635
Borrowings	20	38	946
		1,494	**7,581**
Total equity and liabilities		**3,596**	**8,984**

The financial statements were approved by the Board on 28 April 2017.

Peter Earl - Director

Company registration number: 05496202

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 30 September 2016

	18 Months 30/09/2016 £'000	12 Months 31/03/2015 £'000
(Loss) for the period/year including discontinued operations	**(4,984)**	**(6,933)**
Adjustments for:		
Net finance expense	121	74
Loss on sale of subsidiary	4,080	-
Depreciation and Impairment	2,000	4,472
Group IAS 10 write down re post-date sale of Blazeway	-	1,311
Unrealised exchange losses	-	(30)
Change in trade and other receivables	1,884	153
Change in trade and other payables	(3,134)	311
Cash outflow from operations	**(33)**	**(642)**
Interest paid	-	(13)
Net cash flow from operations	**(33)**	**(655)**
Cash flows from investing activities		
Purchase of plant and equipment	-	(99)
Proceeds from sale of discontinued operations	50	-
Cash inflow/(outflow) from investing activities	**50**	**(99)**
Cash flow from financing activities		
Loans received	38	729
Loans repaid	-	(33)
Net cash inflow from financing activities	**38**	**696**
Increase/(decrease) in cash and cash equivalents	**55**	**(58)**
Cash and cash equivalents at start of period	3	61
Cash and cash equivalents at end of period	**58**	**3**

The accompanying accounting policies and notes form an integral part of these financial statements.

PARENT COMPANY STATEMENT OF CASH FLOWS
for the period ended 30 September 2016

	18 Months 30/09/2016 £'000	12 Months 31/03/2015 £'000
(Loss)/profit for the period/year	**698**	**(23,958)**
Adjustments for:		
Net finance expense	121	74
Impairment on investments	-	22,747
Impairment on assets held for sale	2,000	
Profit on disposal of asset held for sale	(833)	-
Change in trade and other receivables	1,474	180
Sale/(purchase) of inventory	-	1,320
Change in trade and other payables	(3,490)	279
Cash flow from operations	**(30)**	**642**
Interest paid	-	(13)
Net cash inflow/(outflow) from operations	**(30)**	**629**
Cash flows from investing activities		
Loan to subsidiary	-	(1,342)
Proceeds from disposal of asset held for sale	50	-
Net cash inflow/(outflow) from investing activities	**50**	**(1,342)**
Cash flow from financing activities		
Loans received	38	729
Loans repaid	-	(33)
Net cash inflow from financing activities	**38**	**696**
(Decrease)/increase in cash and cash equivalents	**58**	**(17)**
Cash and cash equivalents at start of period	-	17
Cash and cash equivalents at end of period	**58**	**-**

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 September 2016

	Share Capital	Share Premium Account	Foreign Currency Reserve	Profit and Loss Reserve	Total Equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31.3.14	**2,150**	**26,767**	**(5,725)**	**(14,898)**	**8,294**
Loss for the year	-	-	-	(6,933)	(6,933)
Other comprehensive loss	-	-	(118)	-	(118)
Total comprehensive loss for the year	**-**	**-**	**(118)**	**(6,933)**	**(7,051)**
At 31.3.15	**2,150**	**26,767**	**(5,843)**	**(21,831)**	**1,243**
Other comprehensive expense	-	-	5,843	(4,984)	859
Total comprehensive gain/(loss) for the period	**-**	**-**	**5,843**	**(4,984)**	**859**
At 30.9.2016	**2,150**	**26,767**	**-**	**(26,815)**	**2,102**

The accompanying accounting policies and notes form an integral part of these financial statements.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
for the period ended 30 September 2016

	Share Capital	Share Premium Account	Foreign Currency Reserve	Profit and Loss Reserve	Total Equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31.3.14	**2,150**	**26,767**	**-**	**(3,555)**	**25,362**
Loss for the year	-	-	-	(23,958)	(23,958)
Total comprehensive loss for the year	**-**	**-**	**-**	**(23,958)**	**(23,958)**
At 31.3.15	**2,150**	**26,767**	**-**	**(27,513)**	**1,404**
Gain for the year	**-**	**-**	**-**	698	698
Total comprehensive gain for the period	**-**	**-**	**-**	**698**	**698**
At 30.9.16	**2,150**	**26,767**	**-**	**(26,815)**	**2,102**

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements
for the period ended 30 September 2016

1 Principal activities and nature of operations

The principal activity of IPSA Group PLC (the “Company”) and its subsidiaries (together the “Group”) is the construction, development and operation of electricity generation assets and the supply of electricity to the wholesale market and major end-users. The parent Company is also involved in the purchase and sale of power related equipment and products.

During the year under review, the Group’s operating activities included the generation and sale of electricity and steam by the Group’s gas fired plant in Newcastle, Republic of South Africa until 28 February 2016, when the Company disposed of its interest in Blazeway Engineering Limited. This has been accounted for as a discontinued operation.

Further details are provided in the Chairman’s statement and the Acting Chief Executive’s review of operations.

2 General information

IPSA Group PLC is the Group’s ultimate Parent Company. It is incorporated and domiciled in England and Wales. The address of IPSA Group PLC’s registered office is given on the information page. IPSA Group PLC’s shares were traded on the AIM market of the London Stock Exchange PLC in London until 16 September 2015 when the shares were temporarily suspended. The shares were permanently delisted on 26 September 2016. Since October 2006, the shares have had a dual listing on Altx (the Alternative Exchange, a division of JSE Limited, of the Johannesburg market. The AltX listing was temporarily suspended on 16 September 2015 and the listing was terminated on 31 January 2017.

3 Summary of accounting policies

3.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards (“IFRS”) as adopted by the European Union. The measurement bases and principal accounting policies of the Group are set out below.

3.2 Going concern

Following completion of the sale of the remaining two turbines for a total consideration of US$25 million (£16.1 million) of which £12.9 million was received during the previous year, the Company had expected to receive from Rurelec PLC the outstanding amounts still owed prior to the year end.

The disposal of Blazeway Engineering Limited has removed a number of the Company’s creditors including £1.8 million of director salary creditors and liability for the Radix loan of £566,000. Whilst these liabilities have been removed from the Company’s balance sheet, its principal assets remain: a) the balance of the ancillary plant equipment which was purchased when the original four turbines were acquired, for which an independent valuation of £2.0 million has been obtained; and b) the sums still outstanding from Rurelec in respect of the sale of the two turbines. The Company’s position has been further improved following the assignment of the Ethos liability to Rurelec and the agreement regarding the reduction and set off of the assigned creditor amount, together with an agreed revised payment profile.

Since the sums owed to the Company represent a surplus over the Company’s liabilities and a new payment regime has been put in place (of the net £260,000 due from Rurelec, £70,000 has been received prior to signing these accounts) the directors believe it is appropriate to adopt the going concern basis in preparing the annual report and accounts.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of signing that incorporate the expected receipts from Rurelec and the committed payments of liabilities, principally relating to storage costs for the balance of plant. These cash flows show that the ability to meet the on-going storage costs is contingent on either the sale of some items of the balance of plant or the financial support provided by the new parent company following the successful Encor transaction as explained in the Chairman's statement. The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

3.3 Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 30 September 2016.

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Unrealised gains on transactions between the Group and subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiary entities have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the acquired company, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the acquired entity are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies.

Since the sale of the entire share capital of Blazeway was reflected in the financial statements to 31 March 2015 IAS 10 - Events After the Reporting Period, the carrying value of Blazeway was adjusted in the financial statements of the previous year. Not all the effects of the disposal were allowable at the time, so further adjustments have been made in the current year and are reflected in the profit and loss account with further explanation in note 13.

3.4 Intangible assets acquired as part of a business combination

In accordance with IFRS 3: Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of an intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the group of assets is recognised as a single asset separately from the goodwill where the individual fair values of the assets in the group are not reliably measured. Where the individual fair value of the complementary assets is reliably measurable, the Group recognises them as a single asset, provided the individual assets have similar lives. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided to write-off the cost of the intangible asset over its useful economic life.

3.5 Impairment of property, plant, equipment and intangible assets

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.6 Foreign currency translation

The financial information is presented in pounds sterling, which is also the functional currency of the Parent Company.

In the separate financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of remaining balances at year end exchange rates are recognised in the income statement under “other income” or “other expenses”, respectively.

In the consolidated financial statements, all separate financial statements of subsidiary entities, originally presented in a currency different from the Group’s presentation currency, have been converted into sterling. Monetary assets and liabilities have been translated into sterling at the closing rate at the reporting date. Income and expenses have been converted into sterling at the average rates over the reporting period. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated in the Foreign Currency Reserve.

3.7 Discontinued operations

The results of the Group’s South African based trading operations have been treated as discontinued operations in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. A single amount is presented in the statement of comprehensive income comprising the total of (i) the post-tax profit or loss of discontinued operations and (ii) the post-tax gain or loss recognised on the disposal of the assets constituting the discontinued operation. This analysis is presented in note 13. In accordance with paragraph 33 of IFRS 5, prior periods have been restated accordingly. The continuing operations of the Group are the head office function in supporting the principal activities of the Group as set out in the Directors’ Report.

3.8 Income and expense recognition

Revenue from the sale of goods and services is recognised when i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and services which is when supply has been made, ii) the amount of revenue can be reliably measured and iii) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

In the period ended 30 September 2016 the Group's revenue from discontinued operations comprised the sale of electricity from the plant in South Africa.

Operating expenses are recognised in the consolidated statement of comprehensive income upon utilisation of the service or at the date of their origin. All other income and expenses are reported on an accrual basis.

3.9 Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. No depreciation is charged during the period of construction.

All operational plant and equipment in the course of construction is recorded as plant under construction until such time as it is brought into use by the Group. Plant under construction includes all direct expenditure. On completion, such assets are transferred to the appropriate asset category.

Depreciation is calculated to write down the cost or valuation less estimated residual value of all property, plant and equipment other than freehold land by equal annual instalments over their estimated useful economic lives. The periods generally applicable are:

Plant and equipment:	3 to 25 years

Material residual values are updated as required, but at least annually, whether or not the asset is revalued. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The Group's property plant and equipment were written down to their recoverable amounts as at 31 March 2015 and disposed of in the year.

3.10 Stock

Stock, which represents equipment bought for future projects, is valued at the lower of cost and net realisable value.

3.11 Non-current assets classified as held for sale

Assets are categorised as non-current assets classified as held for sale when the directors intend that the asset be sold rather than employed as an operating asset. Non-current assets classified as held for sale are valued at the lower of cost and fair value less costs to sell, which is re-estimated each at each balance sheet date. Any reductions or impairments in the fair value and any costs to sell are charged to the income statement within cost of sales.

3.12 Borrowing costs

All borrowing costs, and directly attributable borrowing costs, are expensed as incurred except where the costs are directly attributable to specific construction projects, in which case the costs are capitalised as part of those assets.

3.13 Taxation

Current income tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising in investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

3.14 Financial assets

The Group's financial assets include cash and cash equivalents, trade and other receivables.

Cash and cash equivalents include cash at bank and in hand as well as short term highly liquid investments such as bank deposits.

Receivables are non-derivative financial assets with fixed or determinable payment dates that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. Receivables are measured initially at fair value and subsequently re-measured at amortised cost using the effective interest method, less provision for impairment. Any impairment is recognised in Profit or Loss.

Trade receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated cash flows.

3.15 Financial liabilities

Financial liabilities are obligations to pay cash or other financial instruments and are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in "finance expense" in the Statement of Comprehensive Income except to the extent that the costs are directly attributable to specific construction projects. Bank and other loans are raised for support of long term funding of the Group's operations. They are recognised initially at fair value, net of transaction costs. In subsequent periods, they are stated at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption, and direct issue costs are charged to Profit or Loss on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

3.16 Hedging instruments

The Group has not entered into any derivative financial instruments for hedging or for any other purpose.

3.17 Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- "Foreign currency reserve" represents the differences arising from translation of investments in overseas subsidiaries; and
- "Profit and loss reserve" represents retained earnings.

3.18 Investment in subsidiary undertakings

At the Period end the Company had no investments in subsidiary undertakings.

3.19 Amounts due from subsidiaries

No amounts are due from subsidiary undertakings.

3.20 Key assumptions and estimates

The Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The Board has considered the critical accounting estimates and assumptions used in the financial statements and concluded that the main areas of significant risk which may cause material adjustment to the carrying value of assets and liabilities within the next financial year are in respect of:

i) the carrying value of the Balance of Plant, the Board recently commissioned a review by an independent expert who has confirmed that the carrying value of £2.0m represents a discount of approximately 80% of its replacement cost; this is a judgement by the Directors and the amount realised may be more or less than the £2m valuation.

ii) the receivable from Rurelec in connection with the deferred consideration of the 2013 turbine sale. At the balance sheet date this was £1.53m, at the date of this report, following adjustments pursuant to the IPSA/Rurelec Settlement Agreement dated 23 March 2017, which includes a payment programme to clear all balances owing by 31 October 2017, the balance due from Rurelec is now £0.19m.

iii) the going concern basis for the preparation of these financial statements, further details of which are set out in note 3.2.

3.21 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group in the 31 March 2015 financial statements

No new standards, amendments or interpretations effective for the first time for the financial year beginning on or after 1 April 2015 have had a material impact on the group or parent company.

New standards, amendments and interpretations not yet adopted

The following IFRSs relevant to the Group have been endorsed by the EU and were available for early application but have not been applied by the Group in these financial statements. The impact of their adoption is currently being assessed and is not expected to have a material effect on the financial statements unless otherwise indicated:

IFRS 9 – "Financial instruments" – applicable from 1 October 2018
IFRS 15 - 'Revenue From Contracts With Customers'- applicable from 1 October 2018
The following IFRS relevant to the Group have not yet been endorsed by the EU and hence were not available for early application. The impact of their adoption is currently being assessed and is not expected to have a material effect on the financial statements unless otherwise indicated:
IFRS 16 – "Leases" – applicable from 1 October 2019

4 Segment analysis

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision maker (considered to be the Executive Board).

Management currently identifies two operating segments, being operations in RSA (comprising the business of generating electricity and, as a by-product, the generation of steam) and the head office in the UK. Each operating segment is monitored separately and strategic decisions are made on the basis of segment operating results. The electricity is sold to a single customer and the steam is sold to two industrial customers who operate from premises adjacent to the plant. As a result of the disposal of Blazeway, the RSA operations are classified as discontinued in the period to 30 September 2016 and 31 March 2015.

The following table provides a segmental analysis.

Period ended 30.09.16	**RSA £'000**	**UK £'000**	**Discontinued £'000**	**Total £'000**
Revenue				
Electricity	2,529	-	(2,529)	-
Steam		-	-	-
Cost of sales	(2,698)	(2,061)	2,698	(2,061)
Gross loss	**(169)**	**(2,061)**	**169**	**(2,061)**
Administrative expenses	(462)	(48)	462	(48)
Other indirect costs	(103)	-	103	-
Operating loss	**(734)**	**(2,109)**	**734**	**(2,109)**
Other (expense)	(3)	(843)	3	(843)
Other income		2,937		2,937
Finance expense	(31)	(121)	31	(121)
(Loss) for period	**(768)**	**(136)**	**768**	**(136)**
Total assets	-	3,596		3,596
Total liabilities	-	1,494		1,494

Year ended 31.03.15	**RSA £'000**	**UK £'000**	**Discontinued £'000**	**Total £'000**
Revenue				
Electricity	3,474	-	(3,474)	-
Steam	175	-	(175)	-
Cost of sales	(7,712)	(1,236)	7,712	(1,236)
Gross loss	**(4,063)**	**(1,236)**	**4,063**	**(1,236)**
Administrative expenses	(494)	(988)	494	(988)

Operating loss	**(4,557)**	**(2,224)**	**4,557**	**(2,224)**
Other expense	-	(78)	-	(78)
Finance expense	(2)	(72)	2	(72)
(Loss)/profit for year	**(4,559)**	**(2,374)**	**4,559**	**(2,374)**
Total assets	2,273	7,068		9,341
Total liabilities	517	7581	-	8,098

5 Sensitivity analysis

The value of shareholder equity and the results for the Group are affected by changes in exchange rates, prices for electricity, steam and gas, and interest rates. The following illustrates the effects of changes in these variables where this continues to be relevant. Following the disposal of the South African trading business, the Group's balance sheet and operations are no longer sensitive to these changes, hence further disclosures are not considered necessary.

6 Cost of sales	**Period ended 30.09.16 £'000**	**Year ended 31.03.15 £'000**
Gas	-	-
Depreciation	-	-
Impairment charge to balance of plant (note 17)	2,000	-
Other	61	1,236
	2,061	**1,236**

7 Administrative expenses	**Period ended 30.09.2016 £'000**	**Year ended 31.03.15 £'000**
Payroll and social security	4	564
Other administrative expenses	19	387
Audit fees	25	37
	48	**988**

Audit fees comprise £25,000 (year to 31.03.15: £37,000) paid to the Company's auditor (Grant Thornton LLP in 2015; Bennett Brooks & Co Limited in 2016).

8 Other expense	**Period ended 30.09.16 £'000**	**Year ended 31.03.15 £'000**
Storage and insurance charges[1]	(379)	(366)
Foreign currency exchange gain/(loss)	(464)	288
	(843)	**(78)**

[1] These costs relate to storage and insurance of the remaining balance of plant.

9 Net finance expense	**Period ended 30.09.16 £'000**	**Year ended 31.03.15 £'000**
Interest received on bank deposits	-	-
Interest expense:		
Bank interest	-	-
Other loans interest[1]	68	47
Other interest[2]	53	25
	121	**72**
Net finance expense	**121**	**72**

[1]Other loans interest comprises interest on other loans (see also note 20).
[2]Other interest represents an accrual for interest payable on the overdue sum due to Ethos, which was settled during the year.

10 Tax expense / (credit)

No UK corporation tax or foreign tax is payable on the results of the Group. The relationship between the expected tax credit and the tax credit actually recognised is as follows:

	Period ended 30.09.16 £'000	**Year ended 31.03.15 £'000**
(Loss)/profit for the year before tax (including discontinued operations)	(4,984)	(6,933)
Expected tax (credit)/charge based on standard rate of UK corporation tax @ 20% (2015 – 21%)	(997)	(1,456)
Tax losses utilised	-	-
Addition to tax losses carried forward	**997**	**1,456**

No deferred tax asset has been recognised owing to uncertainty as to the timing and utilisation of the tax losses. In the event that a deferred tax asset was recognised at the reporting date, it is estimated that the value of the deferred tax asset would be £5.6m (year to 31.03.15: £4.6m) in respect of the Group and £5.7m (year to 31.03.15: £5.8m) in respect of the Company.

11 (Loss)/profit attributable to the parent company

The loss attributable to the Parent Company, IPSA Group PLC, was £0.70m (year to 31.03.15: £24.0m loss). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Parent Company.

12 Plant and equipment	**30.09.16 £'000**	**31.03.15 £'000**
Cost		
At beginning of period/year	12,442	12,595
Addition/(disposal) in period/year	(12,442)	99
Exchange adjustment	-	(252)
At end of period/year	**-**	**12,442**
Depreciation		
At beginning of period/year	10,526	4,857
Charge for the period/year	-	564
Impairment charge	-	5,144

Write off of spares	-	75
Eliminated on disposal	(10,526)	
Exchange adjustment	-	(114)
At end of period/year	-	10,526
Net book value at start of period/year	**1,916**	**7,738**
Net book value at end of period/year	**-**	**1,916**

Property, plant and equipment has been valued at cost. It represented the 18 MW Gas Turbines and 5.8 MW of Engines (3.8 MW not commissioned at 31.03.15), the plant owned by NewCogen, adjusted by impairment charges and in accordance with IAS10. Following the disposal of Blazeway, the Group has no assets in this category.

13 (a) Investments in subsidiary undertakings	**30.09.16** **£'000**	**31.03.15** **£'000**
Investment in Blazeway Engineering Ltd[1]	-	500
Loans to Blazeway Engineering Ltd	-	1,160
Loans to Newcastle Cogeneration (Pty.) Ltd	-	5,953
Write down to Blazeway sale proceeds	-	(5,697)
	-	**1,916**

Investments in subsidiary undertakings - movement in period	**£'000**
Investment in subsidiary undertakings at 31.03.15	**1,916**
Eliminated on disposal	(1,916)
Investment in subsidiary undertakings at 30.09.16	**-**

[1] Investment in Blazeway Engineering Ltd
The Company owned 100 per cent. of the issued share capital of Blazeway Engineering Ltd (a company incorporated in England and Wales, company number 5356014). The investment has been sold. Blazeway Engineering Ltd was the holding company of 100 per cent. of Newcastle Cogeneration (Pty.) Ltd (a company incorporated in the RSA).

The disposal of the subsidiary was completed on 29 February 2016 and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

13(b) Financial performance and cashflow information	2016 £'000	2015 £'000
Revenue	2,529	3,649
Expenses	(3,297)	(8,208)
Loss before income tax	**(768)**	**(4,559)**
Income tax	-	-
Loss after income tax of discontinued operation	(768)	(4,559)
Gain on sale of the subsidiary after income tax, 13c)	(4,080)	-
Loss from discontinued operation	(4,848)	(4,559)
Exchange differences on translation of discontinued operations	5,843	(118)

Other comprehensive income from discontinued operations	5,843	(118)
Net cashflow from operating activities	(768)	(26)
Net cash inflow/(outflow) from investing activities inc. disposal	-	(99)
Net cashflow from financing activities (new net loans to NCG)	-	84
Net increase/(decrease) in cash generated by subsidiary	-	(41)

13(c) Details of the sale of the subsidiary	2016 £'000	2015 £'000
Consideration received or receivable:		
Cash	50	-
Release of liabilities	2,699	-
Total consideration	**2,749**	-
Carrying value of net assets sold[1]	(986)	-
Gain on sale before reclassification of foreign currency translation reserve	**1,763**	-
Reclassification of foreign currency translation reserve	(5,843)	-
Loss on sale after income tax	**(4,080)**	-

[1]Variations in the proceeds recognised on the disposal of Blazeway have arisen as a result of operational losses, additional charges/(forgiveness) being recognised during the period.

14 Trade and other receivables due in less than one year	**30.09.16 £'000**	**31.03.15 £'000**
a) Group		
Trade receivables	3	368
Deferred consideration[1]	1,535	2,963
Vat receivable	-	2
Other receivables and prepayments	-	89
	1,538	**3,422**
b) Company		
Trade receivable	3	24
Deferred consideration[1]	1,535	2,963
Vat receivable	-	2
Other receivables and prepayments	-	79
	1,538	**3,068**

[1] The deferred consideration relates to the sale of the two turbines. Under the original contract this receivable was due by 30.09.2015. On 29 March 2017 the parties agreed a settlement and amendment to the contract which includes a payment schedule whereby the first of the payments was made on 31 March 2017 and the balance of funds due will be paid in full by 31 October 2017. As the agreement post-dated the financial year reported here, the gross amount due from Rurelec before the set-off is shown here. The net amount due is £260,000.

All other trade and other receivables are unsecured and are not past their due dates. In the opinion of the directors, the fair values of receivables are not materially different to the carrying values shown above.

15 Stock	**30.09.16 £'000**	**31.03.15 £'000**
Group & Company	**-**	-

16 Cash and cash equivalents	30.09.16	31.03.15
	£'000	£'000
a) Group		
Cash at bank and in hand	**58**	3
b) Company		
Cash at bank and in hand	**58**	-

17 Assets held for sale	30.09.16	31.03.15
	£'000	£'000
Spares and ancillary equipment	2,000	4,000

These assets comprise spares and ancillary equipment were originally acquired in 2007 as part of a package including four turbines. The turbines have been sold and the remaining equipment is expected to be sold within the next 12 months. The figure of £2m represents the directors' estimate of the current valuation of the assets. The write down has been shown in cost of sales.

18 Share capital	30.09.16	31.03.15
	£'000	£'000
Issued and fully paid		
107,504,018 ordinary shares of 2p each	2,150	2,150

There were no changes in the share capital of the Company during the year (2015 – none).

19 Trade and other payables	30.09.16	31.03.15
	£'000	£'000
a) Group		
Trade payables[1]	1,456	5,375
Other payables[2]	-	1,777
	1,456	**7,152**
b) Company		
Trade payables[1]	1,456	4,953
Other payables[2]	-	1,682
	1,456	**6,635**

Trade payables include:

[1] Pursuant to the Rurelec/Ethos Settlement Agreement dated 14 February 2017 Ethos assigned its creditor position to Rurelec in full. Following agreement with Rurelec dated 23 March 2017 it was agreed that an amount of £1.275m (31.03.15: €4.7m/£4.1m) remains payable in respect of the refurbishment work (which was completed in 2008 on the turbines) including storage charges and interest (calculated at 1 month EURIBOR plus 1 per cent. per annum on the amount outstanding), such sum to be set off against the Deferred Consideration referred to in note 14.

[2] Other payables includes an accrual for directors' remuneration and salaries of £0 (31.03.15: £1.68m) – see also notes 13 and 25, the balance having been waived by those entitled as part of the Blazeway disposal, with the waiver forming part of the release of liabilities set out in note 13(c).

20 Borrowings	30.09.16	31.03.15
	£'000	£'000
a) Group		
Other loans including accrued interest[1]	38	946
	38	**946**

b) Company		
Other loans including accrued interest[1]	38	946
	38	**946**

[1] In 2015 two new loans totalling £0.2m, to support expansion of the plant in NewCogen, were drawn down during the year. Interest on these new loans is at 5.7% per annum. The loan is repayable within 12 months. This loan has been repaid in the current period.

Additionally, a new loan of £0.5m was drawn down in the year ending March 2015 to support the parent's working capital requirements and provide £0.1m of working capital support for NewCogen. Interest on this loan was charged at 1% per month. This loan formed part of the non-cash consideration transfer of IPSA liabilities to Sloane Corporation Ltd as part of the sale of Blazeway which completed on 29th February 2016.

As part of the disposal arrangements Peter Earl made available funds to support Blazeway and IPSA during the transition period. Of the funds provided, £38k (2015 £0k) remains outstanding at the period end and is due for repayment in less than one year.

21 Financial instruments and risk management

The Group is exposed to a variety of financial risks which result from both its operating and investing risks. The Group's risk management is coordinated to secure the Group's short to medium term cash flows by minimising the exposure to financial markets. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant risks to which the Group is exposed are described below. As the Group had only one operating subsidiary, the impact on the parent Company is deemed to be materially similar to the impact on the Group.

a) Foreign currency risk
The Group's principal trading operations were based in South Africa and as a result the Group had exposure to currency exchange rate fluctuations in the ZAR relative to sterling. Following the disposal of Blazeway this risk is no further impact.

b) Interest rate risk
Group funds are invested in short term deposit accounts, with a maturity of less than three months, with the objective of maintaining a balance between accessibility of funds and competitive rates of return.

c) Capital management policies and liquidity risk
The Company considers its capital to comprise its ordinary share capital, share premium, accumulated retained earnings and other reserves.

The Company's objective when maintaining capital is to safeguard the Group's ability to continue as a going concern so that it can provide returns for shareholders and other stakeholders.

The Company meets its capital needs by a combination of equity and debt funding and attempts to anticipate the future cash requirements for each project and put in place appropriate equity and debt facilities to match the funding requirements of these projects. As a result of the time taken to secure a purchaser for the Company's turbines, the Company was required during the year to obtain extensions to the repayment dates of loans and bank borrowings. Since the year-end, these loans and borrowings have been repaid.

The Group does not have any derivative or hedging instruments.

d) Credit risk
Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial position (or in the detailed analysis provided in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount. The Group's

trade and other receivables are actively monitored to avoid significant concentrations of credit risk. At the balance sheet date the Group and Company receivable represented deferred consideration of £1.53m of which the remaining unpaid balance at the date of this report is £0.19m. The directors expect it to be settled on or before 31 October 2017 and, after review, they are of the opinion that no impairment has occurred. The Company's primary credit risk related to the investment in its subsidiaries. As noted in note 3.18, this is reviewed on an annual basis.

e) Fair values
In the opinion of the directors, there is no significant difference between the fair values of the Group's and the Company's assets and liabilities and their carrying values and none of the Group's or the Company's trade and other receivables are considered to be impaired.

The financial assets and liabilities of the Group and the Company are classified as follows:

	Group Loans and Receivables	**Group Amortised Cost**	**Company Loans and Receivables**	**Company Amortised Cost**
30.09.2016	**£'000**	**£'000**	**£'000**	**£'000**
Trade and Other Receivables < 1 year	1,538	-	1,538	-
Cash and Cash Equivalents	58	-	58	-
Trade and Other Payables	-	(1,456)	-	(1,456)
Borrowings	-	(38)	-	(38)
	1,596	**(1,494)**	**1,596**	**(1,494)**
31.03.2015	**£'000**	**£'000**	**£'000**	**£'000**
Trade and Other Receivables < 1 year	3,422	-	3,068	-
Cash and cash equivalents	3	-	-	-
Trade and other payables	-	(7,152)	-	(6,635)
Borrowings	-	(946)	-	(946)
	3,425	**(8,098)**	**3,068**	**(7,581)**

In the opinion of the directors, there is no significant difference between the fair values of the Group's and the Company's financial assets and liabilities and their carrying values.

22 Capital commitments

There were no outstanding capital commitments at the year end.
In December 2016 the Company signed a direct storage contract for the balance of plant with Fagioli SpA for a period of 9 months. The cost of storage for the contract period is €0.12m.

23 Contingent liabilities

There are no contingent liabilities outstanding at the period end. During the year ended 31 March 2013 the Company entered into a contract for the sale of two turbines. The prospective purchaser paid a non-refundable deposit of US $3.1m (£1.9m). Under the terms of the contract, the deposit was forfeited as the purchaser failed to complete the contract. The prospective purchaser initiated proceedings in the Malaysian courts to recover the deposit. As announced on 4th February 2016, the final appeal was rejected.

24 Related party transactions

Material transactions with related parties during the year and up the date of these accounts were as follows:

i) Charge to the Company of £80,000 by Rurelec PLC under a Shared Services Agreement (originally with IPC and assigned to Rurelec after July 2015) for the provision of offices and other administrative services. P Earl, E Shaw were directors of Rurelec until June 2016. P Earl is a director of IPC and owner of IPC since July 2015, and E Shaw was a director of IPC until June 2015. All balances due to IPC at 31 July 2015 were assigned to Rurelec, reducing the sum owing to IPC at the year-end to £11,587 (31.03.15: £113,000).

ii) Group salaries (short term employee benefits) payable to key management totalling £1.8m has been credited to the profit and loss account as part of the calculation of the gain on disposal of Blazeway during the year (12 months charge to 31.03.15: £0.56m).

iii) Receipt from Rurelec PLC of £0.45m in the period for payment of deferred consideration. Following the execution of a settlement and waiver agreement on 23 March 2017 the balance of funds due was £0.26m, of which £0.19m remains outstanding at the date of these accounts.

iv) Sale of Blazeway Engineering Ltd to Sloane Corporation Ltd, a company controlled by P Earl, for total consideration of £1.9m. The sale was announced on 28 January 2016 and completed on 29 February 2016.

Transactions between the Company, NewCogen and Blazeway Engineering Ltd:

i) Additional loans of £0.4m were made to Blazeway/NewCogen during the period, which have been extinguished on disposal.

25 Directors' and employee costs	**Period ended 30.09.16 £'000**	**Year ended 31.03.15 £'000**
Aggregate remuneration of all employees and directors, including national insurance	**-**	**952**

The charge in respect of directors 'remuneration is as follows:

	Salary in. NI 2016 £'000	**Fees 2016 £'000**	**Total 2016 £'000**	**Total 2015 £'000**
R Linnell	-	-	-	68
N Bryson	-	-	-	49
M Otto	107	-	107	107
P Earl	-	-	-	60
S Laker	-	-	-	104
E Shaw	4	-	4	104
	111	**-**	**111**	**492**

Of the charge in the year the following amounts have been paid: M Otto £107k and E Shaw £4k.

The total accrual for unpaid salary and fees stands at zero (2015: £1.8m). As part of the Blazeway transaction all those entitled agreed to waive their salaries and fees this has resulted in a credit of £1.8m in these financial statements.

The Group considers the directors to be the key management personnel.
The average number of employees in the Group, including directors, was 11 (2015: 17).

26 Post Balance Sheet Events

On 14 February 2017 Rurelec PLC announced that it had stepped into the shoes of Ethos Energy SpA and acquired the creditor balances due from the Company.
On 23 March 2017 Rurelec and IPSA signed a settlement and waiver agreement extinguishing IPSA's liability in relation to the Ethos Energy payable and fixing the balance due in respect of the turbine SPA at £260,000. £75,000 was received from Rurelec on 31 March 2017. In addition, on 29 March 2017 the Company secured a short term loan of £30,000 from Sterling Trust, which was drawn down on 31 March 2017. The interest rate is 5% and the loan is repayable within 365 days from drawdown. The cash received has been or will be used to settle outstanding creditors. With the Rurelec agreement in place the Company was able to negotiate a reduction in trade creditors and enter into a storage contract for the balance of plant. The financial statements have been prepared on the basis of recognising the Rurelec settlement and negotiations with trade creditors as effective at 30 September 2016.

27 Ultimate controlling party

The directors consider there to be no ultimate controlling party by virtue of the diverse shareholder base.