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CHAIRMAN'S STATEMENT

Richard Linnell
Chairman

Dear Shareholder

I am pleased to present to the shareholders of IPSA Group PLC (the "Group") the Report and Accounts for the year ended 31 March 2014.

In operating terms the Group has performed satisfactorily. The Company successfully disposed of the remaining two Siemens Westinghouse 701DU turbines (the "Turbines") during the financial year under review and our operating assets in South Africa had a consistent year of operation. Immediately prior to the year-end we increased installed capacity by 1.4 MW, by successfully commissioning a Deutz gas engine. We are planning on installing a further 3.8 MW of efficient gas engines prior to the end of this financial year. In spite of the commitment to increasing plant efficiency demonstrated by this latter increase in capacity, we are required under the accounting rules to recognise an impairment of the generating assets at the year end of £0.75 million. In addition we have recognised an impairment in the loans to our operating subsidiary of £1.7 million in view of the delay in it achieving profitability and the development status of further planned expansions. I draw your attention to the qualified opinion of the auditor in respect of the valuation of the generating assets arising from a difference in the view of the appropriate rate to use in discounting the cashflows for the impairment review. The table in note 14 provides further information regarding the impact of various discount rates on the value of the assets.

Strategy

The Group strategy is to seek small to medium-sized generation opportunities in southern Africa.

Having built and commissioned one of the first IPPs in South Africa, we are now looking to expand generating capacity there to leverage our established relationships allowing us to maintain and increase our earnings capacity on the site.

Having completed the sale of the Turbines this year, we plan to initiate development opportunities in the wider remit in order to grow the Group.

Group Results

Although Group turnover is lower at £3.7 million (2013: £4.3 million), the Group recorded slight deterioration in its gross margin (2014: loss of £957k; 2013 loss of £920k). The operating loss increased from £1.95 million last year to a loss of £2.35 million in the current year.

As in previous years, there were again a number of one-off items, including £3.2 million profit on the sale of two Turbines less costs associated with the Turbines of £358k (2013:– £410k), and minor gains on share sales and foreign exchange amounting to £76k in total (2013 loss of £459k), plus the £0.75 million impairment of the generating plant (2013: £1.0 million).

The net finance expense declined from £0.5 million to £0.2 million as a result of reduced indebtedness following the disposal of the Turbines in the first half of the year.

The carrying value of the remaining ancillary equipment continues to be no less than £4.0 million, the original cost.

As reported in last year's annual report, the remaining two Turbines were sold in June 2013 to Rurelec PLC. The balance of the purchase price (now £3.2 million) is due to

be paid before June 2015. The amount owed to Turbocare SpA is currently under dispute, but has been fully provided in the accounts at £4.4 million.

Newcastle Cogeneration (Pty.) Limited

The plant recorded an overall loss for the year of £1.6 million (2013: £2.1 million) after reporting a £0.75 million impairment and lower foreign currency losses as a result of the reorganisation of Newcastle Cogeneration (Pty.) Limited ("NewCogen's") finances and the conversion of approximately £14.3 million of its debt into ZAR. Given the accumulated losses in NewCogen, it is our intention to convert this debt into equity to restore NewCogen's reserves.

Excluding depreciation and impairment, the plant recorded a gross profit of £0.4 million (2013: gross profit £0.7 million) and an operating loss, excluding depreciation and the impairment charge, of £0.14 million (2013: £0.03 million loss). In local currency, turnover was ZAR 59.6 million (2013: ZAR 58.1 million), gross profit before depreciation and the impairment charge was ZAR 5.7 million (2013: ZAR 9.4 million) and the operating loss, excluding depreciation and the impairment charge, was ZAR 3.2 million (2013 ZAR 0.8 million).

Outlook

In addition to the expansion activities we are undertaking in Newcastle, we hope to close the time consuming dispute we have with Iris and come to a settlement agreement with TurboCare during this financial year. We have been fortunate in having the support of both present and past directors, who have patiently worked to sell the Turbines and keep our NewCogen plant operating. The sale of the balance of plant will allow us to settle with these final long standing creditors and provide a small development budget for new projects.

The addition of efficient gas engines to augment capacity at Newcastle is also designed to counterbalance the fall in the tariff during this financial year. We are working to replace the current Eskom power purchase agreement with one at a similar rate to the previous year's tariff. Short to medium generating capacity is forecast to remain constrained as reserve margins are falling.

Finally, I would like to thank the three directors who stepped down during the year for their valuable contributions to the running of the Company.

Richard Linnell
Chairman
11 September 2014

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

Phil Metcalf
Chief Executive

NewCogen
In the past year we have seen reliable operations at the Newcastle Cogeneration power plant, with availability of over 95 per cent. We have also implemented the first of our expansion projects following the successful disposal of the turbines purchased for the now defunct project at the COEGA Development Zone.

Over the year of operation ended March 2014, NewCogen generated 46,377 MWh of electricity (2013: 46,277 MWh), predominantly during peak hours on a two shifting basis. The plant also delivered just under 57,800 tonnes of steam (2013: 68,700 tonnes), the reduction arising from a fall in demand from the offtakers. Electricity was delivered to Eskom under the MTPPP contract, which remains in place until March 2015. Steam was delivered to Karbochem and Lanxess under ad hoc arrangements in the absence of firm long term contracts.

We continue to enjoy excellent relationships with Eskom, the local Newcastle Municipality and our gas supplier, Spring Lights Gas (Pty) Limited ("Spring Lights"). During the year we consumed just over 740,000 GJ (2013: 683,000 GJ) of gas, a little over our minimum Take or Pay obligation of 700,000 GJ.

Electricity prices are adjusted annually under the MTPPP contract. In April 2014, the price was increased by 9.8 per cent., in line with the December 2013 inflation figures adjusted for the ZAR50 reduction in the base price in accordance with the contract terms (2013: 9.8 per cent.). Gas prices are adjusted in April and October, based on a combination of South African inflation figures and the price of Brent Crude in ZAR. In April we saw an increase of 4 per cent, and in October, it was 3.6 per cent. Future projections for gas price increases are currently forecast to be less than the increase we are anticipating in the electricity prices over the next year, but margins are susceptible to oil price and foreign exchange movements.

As reported last year, we saw reduced revenues over a six week period as the second gas turbine went through a shut down for a major overhaul.

In November 2013, we announced the acquisition of two 616 GE Jenbacher gas engines, which we hope to install before the end of this financial year. We continue to explore further opportunities to increase capacity at the Newcastle site.

With the MTPPP PPA ending in March 2015, we have commenced discussions with Eskom and other prospective power purchasers for a new contract for our increased output. Although the end of the contract is fast approaching, the Directors expect to put a contract in place ahead of the expiry date.

NewCogen takes the safety of its employees seriously and I am very pleased to report that there have been zero incidences or Lost Time Accidents in the past year.

Business Review
In November 2005, the Company acquired the 18 MW cogeneration plant located at Bury, East Lancashire and commenced the necessary work to dismantle and ship the equipment to South Africa. Construction completed in 2007 and the plant commenced supplying steam Karbochem pending securing a long term power purchase agreement. In 2008 NewCogen negotiated and commenced supply under a

short term agreement with Eskom. When Eskom did not opt to renew the supply agreement and the plant was forced to operate supplying steam only in order to mitigate its take or pay obligations with SASOL. In 2009 NewCogen successfully participated in a tender run by Eskom to supply power under the Medium Term Power Purchase Programme ("MTPPP"). Due to losses mounting up during steam operations, and with insufficient cashflow, the plant was shut down. In June 2010, as a result of financing provided by its largest shareholder, Sterling Trust Limited, the plant was able to restart and supply electricity during the FIFA 2010 World Cup. In August 2010 NewCogen and Eskom were finally in a position to execute the MTPPP contract. A new gas contract was negotiated in early 2011 and steady state operations began in late March 2011. During its operating history the plant has sold steam to Karbochem and, recently Lanxess, under ad hoc arrangements.

The Turbines

As reported last year, the sale of the last two Turbines was in June 2013. This sale did not include the Balance of Plant, which remains for sale and is valued in the accounts at £4m. The deferred payment of £3.2m from the Gas Turbine SPA remains outstanding for the time being while we finalise the shipping arrangements.

In November 2013, we received notice of a claim from Iris Ecopower Sdn Berhad ("Iris"), the Malaysian company with which we entered into a contract to sell two of our Siemens Westinghouse turbines in October 2012, against IPSA in the Malaysian courts for the recovery of US $3.1 million paid by way of deposit to IPSA plus costs and consequential losses amounting to approximately US $9.8 million in total. Iris failed to pay IPSA the balance of the consideration due, in spite of being granted time extensions by IPSA, and the deposit was forfeited in accordance with the terms of the contract signed by Iris and IPSA. The contract is governed by English law. Based on legal advice previously obtained, the Board of IPSA considers the claim to be entirely without merit and we have consequently made no provision for any payment to Iris.

At a court hearing in Malaysia in March 2014, the court accepted an application by IPSA that the Malaysian courts should not have jurisdiction over the claim and awarded costs in favour of IPSA. Iris has subsequently filed and been granted leave to appeal the matter in the Malaysian Court of Appeal but no date has yet been set.

Working Capital

Working capital has continued to be very tight for IPSA, but the situation has been managed through the year successfully.

Following completion of the sale of the Turbines, all external loans were repaid. Since then further borrowings have been taken on to support the planned increase in capacity at NewCogen.

General, Restructuring of the Board, renewed focus on South Africa, and other projects

As far as we have been able to with limited funds, we have continued to monitor the market and examine opportunities which have arisen from time to time. Reserve margins in South Africa continue at an all-time low and with a backdrop of positive encouragement towards independent power producers ("IPPs") in South Africa, particularly with the introduction recently of a program sponsored by the Department of Energy for new capacity, the resolution of the legacy problems at IPSA is very well timed, and we will have many excellent opportunities to develop the business in the coming 12 months. It is of particular note that we have the capacity and infrastructure available and permitted in Newcastle to install additional capacity quickly in response to such enquiries and a growing number of potential industrial based PPAs.

To make the most of this opportunity we are restructuring the Board, with the first steps already taken, with an intent and purpose to focus our management execution out of a base in South Africa, such that we are much closer to the major decision makers in Government, Eskom and our main customers.

Principal risks and uncertainties

Risks are formally reviewed by the Board and appropriate processes and controls put in place to monitor and mitigate them. Key business risks include:

1 Changes in demand and pricing of electricity in the markets in which we operate;

2 Pricing and availability of gas, our principal fuel;

3 Availability of financing at rates that allow new projects to be developed and provide a satisfactory return to our shareholders.

These risks are mitigated by:

1) Seeking long term contracts that give us a stable market for our output;

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

2) Maintaining a good relationship with our suppliers and ensuring availability of gas under a long term contract; and

3) Focussing our development activities in markets where long term contracts with creditworthy counterparties are available and where a reasonably well-developed capital market exists.

In addition to these factors which, if satisfactorily resolved, will have a significant positive impact on the Group's liquidity, the future growth and profitability of the Group will be influenced by:

1) Movements in the value of the ZAR relative to sterling since changes in the rate of exchange affect the sterling value of assets located in South Africa and will, in the future, affect the value of dividends which the Company expects to receive from its activities in South Africa; and

2) Political factors – the directors consider that the Government of the Republic of South Africa supports the provision of efficient power generation by IPPs and that the Company's listing on AltX, with local shareholders now owning a significant portion of the Company, further strengthens the Group's position in the Republic of South Africa; and

3) The credit market conditions remain difficult and there exists continued uncertainty over the availability of suitable project finance to fund future expansion of the existing plant and new projects.

Key Performance 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. IPSA'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.

ii) Net asset value

Net asset value is calculated by dividing funds attributable to IPSA's shareholders by the number of shares in issue. The net assets of the Group reduced in the year to 7.72 pence per share. (2013: 8.96 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 minority interests. Growth in earnings per share is indicative of the Group's ability to identify and add value. The Group made a profit in the year of 0.34 pence per share (2013: loss 1.74 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.

i) Gross capacity

Gross capacity is the total generation capacity owned by Group companies and is affected by acquisitions, expansion programmes and disposals. The Group increased operating capacity by 1.4 MW immediately prior to the year end.

ii) Operating efficiency

Operating efficiency is the average operating efficiency of the generating plant owned by Group companies. It can be improved through the installation of more thermally efficient generating units, refurbishment activities or through conversion to combined cycle operation. Given the late addition of the Deutz engine, no change was noted in the operating efficiency of the Group in the year.

iii) Technical availability

Technical availability measures when a plant is available for dispatch. The measurement method excludes time allowed for planned maintenance activities which occur at regular intervals during the life of the unit plus an allowance for unplanned outages. Unplanned and forced outages in excess of the annual allowance will cause a reduction in the technical availability factor. Average availability through the year for our plant in Newcastle was 95 per cent.

The Strategic Report was approved by the Board of Directors on 11 September, 2014.

P. Metcalf
(Chief Executive).

BOARD OF DIRECTORS

Executive Directors

Phil Metcalf – Chief Executive Officer

Phil Metcalf has spent the last 25 years as a respected executive in the energy, telecommunications and construction sectors in management and programme management roles of large and complex infrastructure projects. He has been responsible for the development and commercialization of Pelamis Wave Power and Operations Director for Stone & Webster Engineering specializing in Emerging Markets. He has an Engineering Science degree from Durham University.

Elizabeth R. Shaw – Finance Director

Elizabeth Shaw has been involved in the electricity sector since 1994 when she joined Fieldstone Private Capital Group. Between 1994 and 2000, as a director of Fieldstone, she advised on a number of mergers, acquisitions and disposals in the electricity industry, both in the UK and in developing markets. She joined Independent Power Corporation PLC as a director in 2000 where she is responsible for business development and finance. She is a director and founder of IPSA Group PLC. She is also an executive director of Rurelec PLC. She is a graduate of Exeter University.

Mark Otto – Chief Operating Officer

Mark Otto has extensive experience of both Africa and the energy and process industries. Since 2009 he has acted as a consultant on strategy, leadership and governance for Iyanla Quantum Qubed (Pty) Ltd., assisting clients including IPSA. Prior to this he was Managing Director of Alstom Africa Holdings Pty. Ltd., having previously held management positions with Lurgi (Pty.) Ltd., ThyssenKrupp Engineering (Pty) Ltd., IMS Process Plant (Pty) Ltd. and National Chemical Products. He has Bsc in Chemical Engineering from University of Natal.

Non-Executive Directors

Richard Linnell – Non-Executive Chairman

Richard Linnell is a South African national. A geologist by training, he has over 35 years' experience in the resource industry in Africa, principally with companies now forming part of BHP Billiton. His last two executive roles were Regional Director of African Exploration and Development with Billiton and General Manager of Manganese at Samancor. After retiring from full time employment with the BHP Billiton Group, he served as a non-executive Director of Billiton (SA) Ltd., until 2003. He is a director of a number of other companies.

Peter R. S. Earl – Non-Executive Director

Peter Earl began his career at the Boston Consulting Group Inc. advising state-owned companies. In 1994 he acted on secondment to the World Bank and UNDP in Bolivia. He has advised governments on privatisations in Latin America and Eastern Europe having served as Deputy Chairman for the United Nations Economic Commission for Europe infrastructure finance group. He became a director of Fieldstone Private Capital Group in London in 1994, where he advised on cross-border power sector acquisitions and bids totalling approximately US$6 billion, involving 5,000 MW of installed generating capacity. In 1995 he founded Independent Power Corporation PLC and is also CEO of Rurelec PLC. He is an Oxford University graduate and was a Kennedy Scholar at Harvard University.

Neil Bryson – Non-Executive Director

Neil Bryson's career has been in the energy sector: coal mining, power generation and renewable energy. He developed the UK's first CCGT power station after the privatisation of electricity, and was chairman of the Electricity Pool of England and Wales.

DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 31 March 2014.

Principal activities and review of the business

The principal activities of the Group comprise the acquisition and development of power generation assets, initially in markets in southern Africa. The Group's strategy is to create a portfolio of power generation assets in southern Africa, in conjunction with project partners where the directors believe this to be advantageous. In the event that appropriate opportunities present themselves outside this geographic area, the Group's investment boundaries may be extended. The parent Company is also engaged in the purchase and sale of power related equipment and products.

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").

A review of the Group's activities and future plans is set out in the Chairman's Statement and the Chief Executive's Review.

Results and dividends

The Group results for the year ended 31 March 2014 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 (see also note 3.2).

Share capital

Details of the authorised and issued share capital are set out in note 20. During the year, there were no changes in the issued share capital of the Company.

Directors

The directors who served during the year are as follows:

R Linnell

N Bryson

M Cox – resigned 3 July 2013

P Earl

M Eyre – resigned 3 July 2013

P Metcalf

R Sampson – resigned 3 July 2013

E Shaw

Directors' interests

The beneficial interests of the current directors and also those who served during the year in the share capital of the Company at 1 September 2014, being the last practicable date for reporting this information, were as stated below:

	1.09.2014	31.03.2014	31.03.2013
N Bryson	50,000	50,000	50,000
E R Shaw	1,268,750	1,268,750	1,268,750
P R S Earl	250,000	250,000	250,000

In May 2012, the Company issued 2.1 million share options. The options vested immediately at an exercise price of 5p per share and their fair value was £nil as the price of the shares when the options were granted was less than 5p. The options held by current directors are as follows:

R Linnell	192,067
N Bryson	213,407
P Earl	393,203
P Metcalf	93,899
E R Shaw	399,499

No options were granted during the year under review.

Significant shareholdings in the Company

In addition to the shareholdings shown above, the Company is aware of the following notifiable interests of 3 per cent or more in the issued share capital of the Company at 1 September 2014, being the last practicable date for reporting this information.

	Number of shares	% holding
Sterling Trust Ltd	31,794,105	29.57
METC Metlife	12,093,487	11.25
YF Finance Limited	6,430,000	5.98
Vidacos Nominees Ltd	5,017,500	4.67
The Bank of New York (Nominees) Ltd	4,431,435	4.12
Stephen Hargrave	4,370,370	4.07
Pershing Nominees Limited	3,670,370	3.45

DIRECTORS' REPORT

Risk management policies and objectives

The financial risk management policies and objectives are set out in note 23.

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

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

Susan Laker
Company Secretary
11 September 2014

CORPORATE GOVERNANCE REPORT

For the year ended 31 March 2014

Policy statement

The Board is committed to applying high standards of corporate governance and integrity to all our activities. The Company is not required by the rules of the AIM market of the London Stock Exchange to comply with the UK Corporate Governance Code (the "Code") and the Board recognises that it does not do so. However, the Board has been briefed on the Code and is accountable to the Company's shareholders for good corporate governance and therefore seeks to comply with the Code in so far as appropriate for a company of its size.

Internal controls

The Directors are responsible for the Group's systems of internal control. Whilst no risk management process or systems of internal control can completely eliminate the risk of material misstatement or loss, the Group's systems are designed to provide the directors with reasonable assurance that problems are identified in a timely manner and dealt with appropriately. The Board considers that there have been no substantial weaknesses in financial controls resulting in material loss, contingencies or uncertainties and thus disclosable in these Accounts. The Board has considered the need for an internal audit function and has concluded that there is no current need for such a function.

The role of the board

The Board is responsible for the overall management of the Group, its strategy and long term objectives, having regard to the interests of shareholders and the protection of shareholder value. The Board is tasked with ensuring that the Company has adequate resources to meet its objectives.

Once the strategic and financial objectives have been set by the Board, it is the role of the Chief Executive and the management team to work to achieve those objectives on a day to day basis.

External advice is available to the directors if they consider it necessary.

Accounting policies

The Board considers the appropriateness of its accounting policies on a regular basis.

Directors' roles

During the year under review, the Board was reduced to six members following the resignations shown in the directors' report. The Board now comprises a Non-Executive Chairman, three Executive Directors and two Non-Executive Directors. The Chairman of the Board is Richard Linnell. The other Non-Executive Directors are Neil Bryson and Peter Earl. The Executive Directors are Phil Metcalf, who is Chief Executive, Mark Otto, Chief Operating Officer, and Elizabeth Shaw, Finance Director. All Directors are involved in significant decisions and the Directors have access to external advice if they deem it necessary.

The Chairman's main role is to:

- Ensure good corporate governance
- Lead the Board, ensuring the effectiveness of the Board in all aspects of its role;
- Ensure effective communications with shareholders ; and
- Set the agenda for Board meetings in conjunction with the Chief Executive Officer and the Company Secretary and ensure that all Directors are encouraged to engage fully in the decision making process of the Board.

The Chief Executive Officer's main role is to:

- Lead the Company and provide the key recommendations to the Board on corporate strategy;
- Run the Company from day to day
- Provide strategic direction to the Company's management team;
- Set objectives for the review and performance of the Company's management team;
- Play a key role in external shareholder, client and partner relationships;
- Be responsible with the other directors for implementing the decision of the Board and its committees; and
- Act as the principal spokesperson of the Company in communications with shareholders, the media and investors.

The Non-executive Directors' main role is to:

- Challenge the opinions of the Executive Directors, providing fresh insight to the strategy and bring diversity of experience and expertise for the benefit of the Group;
- Play a part in ensuring good corporate governance;
- Assess the performance of the Chairman;
- Scrutinise the performance of the Executive Directors in terms of meeting agreed strategy and business objectives;
- Be available to shareholders if they have concerns not satisfied through contact with the Chairman or Chief Executive Officer;

CORPORATE GOVERNANCE REPORT

For the year ended 31 March 2014

- Play a part in ensuring that financial information, controls and systems of risk management within the Group are fit for purpose and are being adhered to;
- Monitor the reporting of performance of the Company; and
- Assist management, where possible, with high level contacts

The Chairman and Non-Executive Directors met four times during the financial year without the Executive Directors being present.

Shareholder relations

The Group values the views of its shareholders and recognises their interest in the Group's strategy and performance, Board membership and quality of management. The AGM is an opportunity to communicate with institutional and other shareholders through the circulation of the interim and annual reports. The outcome of the voting on AGM resolutions is disclosed by means of an RNS announcement. IPSA Group PLC maintains up to date information on the investor section of its website www.ipsagroup.co.uk.

COMMITTEES OF THE BOARD

Audit committee

The Audit Committee comprised Neil Bryson and Richard Linnell who are both Non-Executive Directors and is chaired by Neil Bryson. The Committee's remit is to review financial reporting practices, internal financial controls and internal and external audit policy including the appointment of the Company's auditor. During the year, the Audit Committee met twice to review the draft half year and annual financial statements.

Remuneration committee

The Remuneration Committee comprises Richard Linnell and Neil Bryson and is chaired by Richard Linnell. The Remuneration Committee reviews the remuneration policy for the Executive Directors and for senior management. The Executive Directors determine the remuneration arrangements for the Non-Executive Directors. No director may participate in decisions regarding his own remuneration. Details of the Directors' remuneration can be found in note 27.

Appointment of directors

The Nomination Committee comprises Richard Linnell as Chairman and Neil Bryson. The Committee is responsible for monitoring the composition of the Board and meets to make recommendations to the Board on all new Board appointments and succession planning. The Board has not used external consultants in the appointment of directors.

Health, safety and environmental protection policy

The Group is committed to compliance with all relevant laws and regulations and continues to assess its operations to ensure protection of the environment, the community and the health and safety of its employees. The Group maintains appropriate procedures to ensure that all activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount and which recognises environmental sustainability and respect for cultural and heritage issues.

Share dealing code

The Company has a Share Dealing Code which covers dealings by Persons Discharging Managerial Responsibilities. The Company's code complies with the provisions of the Code and restricts dealings in shares during designated close periods and at any time when they are in possession of unpublished price sensitive information.

Statement of non-compliance

The Non-Executive Directors are independent in character and judgment save that Peter Earl was formerly an Executive Director of the Company but in other respects, the Company complies with the Code in so far as appropriate for an AIM listed Company.

Susan Laker
Company Secretary
11 September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPSA GROUP PLC

For the year ended 31 March 2014

We have audited the financial statements of IPSA Group PLC for the year ended 31 March 2014 which comprise the consolidated statement of comprehensive income, the consolidated and Parent Company statements of financial position, the consolidated and Parent Company statements of cash flows, the consolidated and Parent Company statements of changes in equity and the related notes. 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 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement as set out in the Directors' Report, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Basis for qualified opinion on financial statements

Property, plant and equipment consists of the 18MW plant held in Newcastle Cogeneration (Pty) Limited with a carrying value of £7.74 million. The directors are required by IAS36 "Impairment of assets", where there Is an indicator of impairment, to undertake an impairment review and to establish the recoverable amount of this asset. The directors have established recoverable amount by assessing the value in use of the plant by discounting the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. The directors discounted the estimated future cash flows at a rate of 10.8%. One of the key inputs in calculating and arriving at the discount rate of 10.8% was an equity return of 13%.

In our opinion the discount rate used does not adequately reflect the risks specific to the asset and should be calculated using an equity return of 15.2%. Once this has been factored Into the calculation, we believe a discount rate of 11.9% would be more appropriate. Accordingly property, plant and equipment should be impaired by a further £1.02 million and the loss for the year and retained losses should be increased by £1.02 million.

Qualified opinion on financial statements

In our opinion, except for the effects on the matter described in the Basis of Qualified Opinion paragraphs:

- 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 31 March 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IPSA GROUP PLC

For the year ended 31 March 2014

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.

Christopher Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

London
11 September 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2014

	Notes	12 months 31.3.14 £'000	12 months 31.3.13 £'000
Revenue	4	**3,707**	**4,327**
Cost of sales	6	(4,664)	(5,247)
Gross loss		**(957)**	**(920)**
Administrative expenses	7	(1,388)	(1,037)
Operating loss		**(2,345)**	**(1,957)**
Profit on sale of non-current asset	8	3,166	–
Other (expense)/income	9	(282)	566
Net finance expense	10	(171)	(485)
Profit/(loss) before tax		**368**	**(1,876)**
Tax expense	11	–	–
Profit/(loss) after tax		**368**	**(1,876)**
Other comprehensive income			
Items that will subsequently be reclassified to Profit or Loss:			
Exchange differences on translation of foreign operation		(1,714)	(977)
Total comprehensive loss		**(1,346)**	**(2,853)**
Profit/(loss) per ordinary share (basic, diluted and headline)	13	**0.34p**	**(1.74p)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2014

	Notes	31.3.14 £'000	31.3.13 £'000
Assets			
Non-current assets			
Property, plant and equipment	14	7,738	8,376
		7,738	**8,376**
Current assets			
Trade and other receivables	16	3,575	582
Cash and cash equivalents	18	61	100
		3,636	**682**
Non-current assets classified as assets held for sale	19	**4,000**	**15,712**
Total assets		**15,374**	**24,770**
Equity and liabilities			
Equity attributable to equity holders of the parent:			
Share capital	20	2,150	2,150
Share premium account		26,767	26,767
Foreign currency reserve		(5,725)	(4,011)
Profit and loss reserve		(14,898)	(15,266)
Total equity		**8,294**	**9,640**
Current liabilities			
Trade and other payables	21	6,842	7,336
Borrowings	22	238	7,794
		7,080	**15,130**
Total equity and liabilities		**15,374**	**24,770**

The financial statements were approved by the Board on 11 September 2014.

P C Metcalf
Director

E R Shaw
Director

Company registration number: 5496202

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

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

at 31 March 2014

	Notes	31.3.14 £'000	31.3.13 £'000
Assets			
Non-current assets			
Investments	15	23,369	22,649
		23,369	**22,649**
Current assets			
Trade and other receivables	16	3,249	29
Stock	17	1,320	–
Cash and cash equivalents	18	17	2
		4,586	**31**
Non-current assets classified as assets held for sale	19	**4,000**	**15,712**
Total assets		**31,955**	**38,392**
Equity and liabilities			
Equity attributable to equity holders of the parent:			
Share capital	20	2,150	2,150
Share premium account		26,767	26,767
Profit and loss reserve		(3,555)	(3,845)
Total equity		**25,362**	**25,072**
Current liabilities			
Trade and other payables	21	6,355	6,532
Borrowings	22	238	6,788
		6,593	**13,320**
Total equity and liabilities		**31,955**	**38,392**

The financial statements were approved by the Board on 11 September 2014.

P C Metcalf
Director

E R Shaw
Director

Company registration number: 5496202

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2014

	12 months 31.3.14 £'000	12 months 31.3.13 £'000
Profit/(loss) for the year	**368**	**(1,876)**
Add back net finance expense	171	485
Deduct profit on sale of asset held for sale	(3,166)	(1,935)
Adjustments for:		
Depreciation and impairment	1,328	1,675
Unrealised exchange losses	133	427
Change in trade and other receivables	181	233
Change in trade and other payables	(530)	(515)
Cash used in operations	**(1,515)**	**(1,506)**
Interest paid	(133)	(3,243)
Interest received	–	34
Net cash used in operations	**(1,648)**	**(4,715)**
Cash flows from investing activities		
Purchase of plant and equipment	(2,537)	(384)
Proceeds from sale of asset held for sale	12,935	–
Costs associated with sale of assets held for sale	(1,230)	–
Deposit on asset held for sale	–	1,935
	9,168	**1,551**
Cash flow from financing activities		
Loans received	200	4,799
Loans repaid	(7,759)	(1,570)
	(7,559)	**3,229**
(Decrease)/increase in cash and cash equivalents	**(39)**	**65**
Cash and cash equivalents at start of year	100	35
Cash and cash equivalents at end of year	**61**	**100**

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

PARENT COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 March 2014

	12 months 31.3.14 £'000	12 months 31.3.13 £'000
Profit/(loss) for the year	**289**	**(215)**
Add back net finance expense	157	936
Add back impairment on loans	1,700	–
Deduct profit on sale of asset held for sale	(3,166)	(1,935)
Adjustments for:		
Change in trade and other receivables	(175)	(8)
Purchase of stock	(1,320)	–
Change in trade and other payables	(382)	(170)
Cash used in operations	**(2,897)**	**(1,392)**
Interest paid	(122)	(3,243)
Net cash used in operations	**(3,019)**	**(4,635)**
Cash flows from investing activities		
(Loan to)/repaid by subsidiary	(2,337)	4
Proceeds from sale of asset held for sale	12,935	–
Costs associated with sale of asset held for sale	(1,230)	–
Deposit on asset held for sale	–	1,935
	9,368	**1,939**
Cash flow from financing activities		
Loans received	200	4,254
Loans repaid	(6,534)	(1,570)
	(6,334)	**2,684**
Increase/(decrease) in cash and cash equivalents	**15**	**(12)**
Cash and cash equivalents at start of year	2	14
Cash and cash equivalents at end of year	**17**	**2**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2014

	Share capital £'000	Share premium account £'000	Foreign currency reserve £'000	Profit and loss reserve £'000	Total equity £'000
At 31.3.12	**2,150**	**26,767**	**(3,034)**	**(13,390)**	**12,493**
Loss for the year	–	–	–	(1,876)	**(1,876)**
Other comprehensive loss	–	–	(977)	–	**(977)**
Total comprehensive loss for the year	**–**	**–**	**(977)**	**(1,876)**	**(2,853)**
At 31.3.13	**2,150**	**26,767**	**(4,011)**	**(15,266)**	**9,640**
Profit/(loss) for the year	–	–	–	368	**368**
Other comprehensive loss	–	–	(1,714)	–	**(1,714)**
Total comprehensive loss for the year	**–**	**–**	**(1,714)**	**368**	**(1,346)**
At 31.3.14	**2,150**	**26,767**	**(5,725)**	**(14,894)**	**8,294**

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

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2014

	Share capital £'000	Share premium account £'000	Foreign currency reserve £'000	Profit and loss reserve £'000	Total equity £'000
At 31.3.12	**2,150**	**26,767**	**–**	**(3,630)**	**25,287**
Loss for the year	–	–	–	(215)	**(215)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(215)**	**(215)**
At 31.3.13	**2,150**	**26,767**	**–**	**(3,845)**	**25,072**
Profit for the year	–	–	–	290	**290**
Total comprehensive income for the year	**–**	**–**	**–**	**290**	**290**
At 31.3.14	**2,150**	**26,767**	**–**	**(3,555)**	**25,362**

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

The principal activity of IPSA Group PLC and its subsidiaries (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, and the sale of the remaining two turbines, which were sold for US$25 million.

Further details are provided in the Chairman's statement and the 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 are traded on the AIM market of the London Stock Exchange PLC in London and, since October 2006, the shares have had a dual listing on Altx (the Alternative Exchange, a division of JSE Limited, of the Johannesburg market).

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

The Company completed 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 year. The balance of £3.2 million is expected to be received at least within the next 12 months.

Following this sale, the Company repaid most of its loans and settled the majority of its creditors, with the result that at 31 March 2014 there were only two main creditors outstanding- a) an amount of £4.2 million claimed by Turbocare (the supplier of the turbines) which is subject to arbitration proceedings since a significant portion of the amount claimed by Turbocare is disputed, and b) unpaid salary of £1.2 million due to the current and former directors and on which a stand-still has been agreed pending the Company having sufficient funds to settle the overdue amounts.

The principal assets of the Company are now a) the balance of the ancillary plant equipment which was purchased when the original four turbines were acquired, and which has been valued at in excess of the £4 million carrying value and are subject to negotiations with a potential purchaser, b) £1.3 million of equipment acquired for onward sale to NewCogen, c) £3.2 million deferred consideration owing following the sale of the two turbines and d) the Company's 100 per cent investment in NewCogen.

Whilst there remains uncertainty with respect to the settlement of the debt claimed by Turbocare and also uncertainly on the timing of the receipt of the £3.2 million deferred consideration and the timing and expected sale proceeds of the ancillary plant equipment, the directors consider that the Company does have adequate resources to continue in operational existence for the foreseeable future and therefore the directors continue to adopt the going concern basis in preparing the annual report and accounts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

3.3 Basis of consolidation

The Group financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 March 2014.

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 bases for subsequent measurement in accordance with the Group accounting policies.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

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 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 year ended 31 March 2014 the Group’s revenue comprised the sale of electricity and steam from the plant in South Africa. The profit from the sale of the 2 turbines is shown separately on the Income Statement.

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.

3.8 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.

3.9 Stock

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

3.10 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

3.11 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.

3.12 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.

3.13 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.

3.14 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

3.15 Hedging instruments

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

3.16 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.

3.17 Investment in subsidiary undertakings

The Company's investments in subsidiary undertakings are stated at cost less any provision for impairment.

3.18 Amounts due from subsidiaries

Amounts due from subsidiaries are measured initially at fair value plus transaction costs and thereafter at amortised costs.

3.19 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 value of the power plant in NewCogen, where recoverable, has been assessed on a value in use basis amount based on the assumptions that a) a new contract on similar terms to the MTPPP contract is put in place and will continue for the foreseeable future and b) using a discount rate of 10.3 per cent; and

ii) on the basis as shown in note 15, management have classified the parent's receivables from its subsidiaries as equity in nature and hence all amounts receivable have been added to the net investment in that subsidiary. Management have performed an impairment review using discounted cash flow forecasts based on future plans and expectations. Management are satisfied that no impairment has arisen and will continue to review it on an annual basis; and

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

3.20 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 2014 financial statements

At the date of authorisation of these financial statements certain new standards, amendments and interpretations to existing standards have been published but are not yet effective. The Group has not early adopted any of these pronouncements. The new Standards, amendments and Interpretations that are expected to be relevant to the Group's financial statements are as follows:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial instruments: Classification and measurement	1 January, 2015
IFRS 10	Consolidated Financial Statements	1 January, 2014
IFRS 11	Joint Arrangements	1 January, 2014
IFRS 12*	Disclosure of Interests in Other Entities	1 January, 2014
IAS 28 (Revised)*	Investments in Associates and Joint Ventures	1 January, 2014
Amendments to IAS 32*	Offsetting Financial Assets and Financial Liabilities	1 January, 2014

*Not expected to have a material impact on the Group.

IFRS 9, 'Financial instruments: Classification and measurement'

In November 2009, the Board issued the first part of IFRS 9 relating to the classification and measurement of financial assets. IFRS 9 will ultimately replace IAS 39. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measures the financial assets as either at amortised cost or fair value. The new standard is mandatory for annual periods beginning on or after 1 January, 2015.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 'Consolidated and Separate Financial Statements' that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 'Consolidation — Special Purpose Entities'. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January, 2014.

The directors do not anticipate that the adoption of these standards and interpretations in future periods will have any material impact on the financial statements of the Group.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

The following table provides a segmental analysis.

Year ended 31.03.14	RSA £'000	UK £'000	Inter-group £'000	Total £'000
Revenue				
Electricity	3,023	–	–	3,023
Steam	684	–	–	684
Cost of sales	(4,664)	–	–	(4,664)
Gross loss	**(957)**	**–**	**–**	**(957)**
Administrative expenses	(509)	(879)	–	(1,388)
Operating loss	**(1,466)**	**(879)**	**–**	**(2,345)**
Profit on sale of non current asset	–	3,166	–	3,166
Other expense	(142)	(140)	–	(282)
Finance expense	(14)	(157)	–	(171)
(Loss)/profit for year	**(1,622)**	**1,990**	**–**	**368**
Total assets	6,786	31,957	(23,369)	15,374
Total liabilities	23,855	6,594	(23,369)	7,080

Year ended 31.03.13	RSA £'000	UK £'000	Inter-group £'000	Total £'000
Revenue	4,327	–	–	4,327
Cost of sales	(5,322)	–	75	(5,247)
Gross loss	**(995)**	**–**	**75**	**(920)**
Administrative expenses	(738)	(224)	(75)	(1,037)
Operating loss	**(1,733)**	**(224)**	**–**	**(1,957)**
Other (expense)/income	(379)	945	–	566
Net finance expense	(49)	(936)	500	(485)
Loss for year	**(2,161)**	**(215)**	**500**	**(1,876)**
Total assets	9,027	38,392	(22,649)	24,770
Total liabilities	24,459	13,320	(22,649)	15,130

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.

i) Sensitivity to exchange rates

The Group's electricity generating assets, which also provide steam to industrial customers, are located in South Africa and therefore the sterling value of the revenues and costs from this activity are affected by movements in the value of sterling versus the ZAR.

In addition to the effects arising from changes in the value of sterling relative to the ZAR, the Company's results are exposed to changes in the value of sterling versus the € in respect of the liability arising on the Turbines purchased from an Italian manufacturer since the liability is denominated in €.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

The exchange rates applicable to the results for the current year and prior year were as follows:

Currency Risk:	Year to 31.03.14	Year to 31.03.13
Closing rate		
€ to £	1.21	1.19
Average rate		
€ to £	1.18	1.236

If exchange rates had been 10 per cent higher or lower, the effect on the Group's results and net equity would have been:

A 10% change in the value of Sterling on result for the year		
€	£0.4m	£0.4m
A 10% change in the value of Sterling on net equity		
€	£0.4m	£0.4m

Translation Risk:	Year to 31.03.14	Year to 31.03.13
Closing rate		
ZAR to £	17.58	14.00
Average rate		
ZAR to £	16.08	13.42

If exchange rates had been 10 per cent higher or lower, the effect on the Group's results and net equity would have been:

A 10% change in the value of Sterling on result for the year		
ZAR	£0.1m	£0.1m
A 10% change in the value of Sterling on net equity		
ZAR	£0.7m	£0.8m

ii) Sensitivity to price changes in electricity and steam sold and gas purchased

The results of the Group are affected by the price that electricity and steam is sold at and by the price paid for the gas which is used by the turbines.

If the price of electricity and steam sold during the year had been 10 per cent higher or lower, the result for the year would have been £371,000 (year to 31.3.2013: £433,000) higher or lower.

If the price paid for gas used during the year had been 10 per cent higher or lower, the result for the year would have been £308,000 (year to 31.3.2013: £318,000) lower or higher.

iii) Sensitivity to interest rates

During the year, the Group had a number of short term interest bearing loans. A 10 per cent change in the interest rate applied to these loans would have changed the interest expense for the year by £17,000 (31.3.2013: £49,000).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

6 COST OF SALES

	Year ended 31.03.14 £'000	Year ended 31.03.13 £'000
Gas	3,081	3,176
Depreciation	576	675
Impairment charge	753	1,000
Other	254	396
	4,664	**5,247**

7 ADMINISTRATIVE EXPENSES

	Year ended 31.03.14 £'000	Year ended 31.03.13 £'000
Payroll and social security	759	680
Other administrative expenses	589	316
Audit fees	41	41
	1,389	**1,037**

Audit fees comprise £31,000 (year to 31.3.2013: £31,000) paid to the Company's auditor and £10,000 (year to 31.3.2013: £10,000) paid to the auditor in respect of the audit of subsidiary companies.

8 PROFIT ON SALE OF NON-CURRENT ASSET

	Year ended 31.03.14 £'000	Year ended 31.03.13 £'000
Sale proceeds	16,129	–
Costs	(12,963)	–
Profit on sale	**3,166**	**–**

In 2007, the Company acquired four gas turbines. Following refurbishment of the turbines, the Company intended to sell the turbines to its subsidiary in South Africa which was tendering for a major power project. Due to weakening economic conditions, the project was delayed and it was decided that it was in the best interests of shareholders to sell the turbines to a third party. During 2012, two of the turbines were sold. The remaining two turbines were sold during the current year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

9 OTHER INCOME

	Year ended 31.03.14 £'000	Year ended 31.03.13 £'000
Storage and insurance charges[1]	(358)	(410)
Costs re loan for turbines	–	(500)
Deposit received on turbine	–	1,935
Profit on sale of shares[2]	44	–
Foreign currency exchange gains/(losses)	32	(459)
	(282)	**566**

[1] These costs relate to storage and insurance of the remaining balance of plant and the two Turbines prior to their sale.

[2] A part of the sale consideration for the turbines was received in Rurelec PLC shares. These shares were sold during the year at a profit of £44,000.

10 NET FINANCE EXPENSE

	Year ended 31.03.14 £'000	Year ended 31.03.13 £'000
Interest received on bank deposits	**–**	**34**
Interest expense:		
Bank interest	–	212
Loan note interest[1]	5	52
Other loans interest[2]	131	218
Other interest[3]	35	37
	171	**519**
Net finance expense	**171**	**485**

[1] Loan note interest comprises interest on the £650,000 loan note (see also note 22).

[2] Other loans interest comprises interest on other loans (see also note 22).

[3] Other interest represents an accrual for interest payable on the overdue sum due to Turbocare.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

11 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:

	Year ended 31.03.14 £'000	Year ended 31.03.13 £'000
Profit/(loss) for the year before tax	368	(1,876)
Expected tax charge/(credit) based on standard rate of	85	(450)
UK corporation tax (23%) (2013 – 24%)		
Tax losses utilised	85	–
Addition to tax losses carried forward	**–**	**(450)**

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 £3.4 million (31.3.2013: £3.6 million) in respect of the Group and £0.8 million (31.3.2013: £1.0 million) in respect of the Company.

12 PROFIT ATTRIBUTABLE TO THE PARENT COMPANY

The profit attributable to the Parent Company, IPSA Group PLC, was £0.3 million (year to 31.3.2013: £0.2 million 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.

13 PROFIT/(LOSS) PER SHARE

The profit per share (year ended 31.3.2013 – loss) is calculated by dividing the result for the year attributable to shareholders by the weighted average number of shares in issue during the year.

	Year ended 31.03.14	Year ended 31.03.13
Profit/(loss) attributable to equity holders of the Company	£0.4m	£(1.9m)
Average number of shares in issue	107.5m	107.5m
Basic, diluted and headline profit/(loss) per share	0.34p	(1.74p)

There is no difference between the basic and diluted earnings per share as the 6.8 million warrants outstanding during the year were exercisable at a price either at or above the share price of the Company and therefore had no dilution effect.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

14 PLANT AND EQUIPMENT

	31.03.14 £'000	31.03.13 £'000
Cost		
At beginning of year	**12,890**	**14,309**
Addition in year	2,536	384
Exchange adjustment	(2,831)	(1,803)
At end of year	**12,595**	**12,890**
Depreciation		
At beginning of year	**4,514**	**3,239**
Charge for the year	575	675
Impairment charge	753	1,000
Exchange adjustment	(985)	(400)
At end of year	**4,857**	**4,514**
Net book value at start of year	**8,376**	**11,070**
Net book value at end of year	**7,738**	**8,376**

Property, plant and equipment has been valued at cost. It represents the 18 MW plant in NewCogen.

The plant has been subject to an impairment review and the directors consider that an impairment of £0.75 million has arisen. The recoverable amount of this asset is established by assessing the value in use of the plant and discounting the estimated future cash flows using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

The main assumptions used in estimating the future cash flows include i) an asset life of 25 years, ii) continuing demand during that period for the electricity and steam generated by the plant, iii) escalation in the prices that electricity and steam will command based management's estimates and experience and iv) management's estimates of the price and availability of gas to supply the plant. The estimated future cash flows have been discounted at a rate of 10.8 per cent (based on the ZAR long term borrowing rate).

Impairment – NewCoGen

The Directors recognise that the determination of an appropriate discount rate is judgemental and is the key assumption in the value in use calculation and therefore sensitivities were performed which address how increases in the discount rate might affect the value in use.

- Cash flows for 25 years were extrapolated using electricity escalator rates at an average of 7 per cent based on management's view on likely electric power escalator rates.
- Cash flows were discounted using the CGU's pre-tax discount rate of 10.8 per cent.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

Impairment Sensitivity Table

	Growth Rate		
	7.00%	6.50%	6.00%
	Additional Impairment	Additional Impairment	Additional Impairment
Discount Rate	£'m	£'m	£'m
10.8%	–	0.1	0.3
11.3%	0.5	0.6	0.8
12.0%	1.1	1.2	1.3
12.5%	1.5	1.6	1.7

15 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	31.03.14 £'000	30.03.13 £'000
Investment in Blazeway Engineering Ltd[1]	500	500
Loans to Blazeway Engineering Ltd[2]	14,924	2,339
Loans to Newcastle Cogeneration (Pty.) Ltd[2]	7,945	19,810
	23,369	**22,649**

[1] Investment in Blazeway Engineering Ltd

The Company owns 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 valued at cost. Blazeway Engineering Ltd owns 100 per cent. of Newcastle Cogeneration (Pty.) Ltd (a company incorporated in the RSA).

[2] Loans to Blazeway Engineering Ltd and Newcastle Cogeneration (Pty.) Ltd

The Company has funded the construction of the plant in South Africa and the initial start-up losses with a combination of share capital (£2.8 million) and loans (£22.2 million). The loans were previously repayable on demand but in view of the start-up losses incurred, the Company regards the loan as quasi-equity and is no longer charging interest on the loans. As a result, the loans are classified as part of the Company's net investment in South Africa. During the year, ZAR200 million/£14.3 million of loans from the Company to NewCogen were assigned to Blazeway Engineering Ltd.

The investments in and loans to subsidiary undertakings have been subjected to an impairment review. Under IFRS accounting standards (IAS 36) it is estimated that an impairment of £1.7 million has occurred and has accordingly been deducted from the Loans to Blazeway Engineering Ltd.

Impairment – Investment in Blazeway Engineering Limited

The Directors recognise that the determination of an appropriate discount rate is judgemental and is the key assumption in the valuation of its investments and therefore sensitivities were performed which address how increases in the discount rate might affect the value.

- Cash flows for 25 years were extrapolated based on the near term opportunities available to the company as an established independent power producer in RSA in a market where shortages of electric generation capacity exist to increase capacity at the site.
- Cash flows were discounted using a pre-tax discount rate of 13.4 per cent, which includes an appropriate adder to reflect the development status of the new capacity.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

Impairment – Investment Sensitivity Table

Discount rate	Additional Impairment £'m
13.40%	–
13.90%	1.4
14.40%	2.7

16 TRADE AND OTHER RECEIVABLES DUE IN LESS THAN ONE YEAR

	31.03.14 £'000	31.03.13 £'000
a) Group		
Trade receivables	309	417
Deferred consideration[1]	3,194	–
Vat receivable	29	51
Other receivables and prepayments	43	114
	3,575	**582**
b) Company		
Trade receivable	3	–
Deferred consideration[1]	3,194	–
Vat receivable	19	21
Other receivables and prepayments	33	8
	3,249	**29**

[1] The deferred consideration relates to the sale of the two turbines.

All 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.

17 STOCK

	31.03.14 £'000	31.03.13 £'000
a) Group	**–**	–
b) Company	**1,320**	–

Stock held by the Company comprises two Jenbacher electricity generating turbines and equipment spares. These assets will be sold to NewCogen during the current year and are therefore being carried in Fixed Assets in the consolidated statement of financial position.

18 CASH AND CASH EQUIVALENTS

	31.03.14 £'000	31.03.13 £'000
a) Group		
Cash at bank and in hand	**61**	**100**
b) Company		
Cash at bank and in hand	**17**	**2**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

19 ASSETS HELD FOR SALE

	31.03.14 £'000	31.03.13 £'000
Spares and ancillary equipment	**4,000**	**15,712**

These assets (31 March 2013 – two turbines, 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 £4 million represents the directors' valuation of the assets.

20 SHARE CAPITAL

	31.03.14 £'000	31.03.13 £'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 (2013 – none).

21 TRADE AND OTHER PAYABLES

	31.03.14 £'000	31.03.13 £'000
a) Group		
Trade payables[1]	5,539	5,651
Other payables[2]	1,302	1,685
	6,841	**7,336**
b) Company		
Trade payables[1]	5,155	4,949
Other payables[2]	1,201	1,583
	6,356	**6,532**

Trade payables include:

[1] An amount of €5.3 million/£4.4 million (31.3.2013: €4.9 million/£4.2 million) claimed by Turbocare in respect of the refurbishment work (which was completed in 2008 on the turbines originally acquired for the COEGA project) plus storage charges and interest (calculated at 1 month EURIBOR plus 1 per cent per annum on the amount outstanding). Included within the €5.3 million is an amount of €2.3 million of VAT which the directors do not regard as being due. The Company is in discussions with Turbocare with the objective of reaching a negotiated settlement of the amounts claimed.

[2] Other payables includes an accrual for directors' remuneration and salaries of £1.15 million (31.3.2013: £1.26 million) accrued but unpaid in respect of remuneration due to the directors and one employee – see also note 27.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

22 BORROWINGS

	31.03.14 £'000	31.03.13 £'000
a) Group		
Loan note[1]	–	650
Overdue interest on loan note[1]	–	136
Other loans including accrued interest[2]	238	7,008
	238	**7,794**
b) Company		
Loan note[2]	–	650
Overdue interest on loan note[2]	–	136
Other loans including accrued interest[3]	238	6,002
	238	**6,788**

[1] The loan note and the overdue interest was repaid during the year.

[2] All of the other loans and accrued interest which were outstanding at 31 March 2013 were, with the exception of £33,000, repaid during the year. A new loan of £0.2 million, to support expansion of the plant in NewCogen, was drawn down during the year. Interest on this new loan is at 5.7 per cent per annum. The loan is repayable within 12 months.

All borrowings are denominated in sterling.

23 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 has 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 are based in South Africa and as a result the Group has exposure to currency exchange rate fluctuations in the ZAR relative to sterling.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

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. The Company's primary credit risk relates 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:

31.03.2014	Group Loans and receivables £'000	Group Amortised cost £'000	Company Loans and receivables £'000	Company Amortised cost £'000
Trade and other receivables < 1 year	3,546	–	3,230	–
Cash and cash equivalents	61	–	17	–
Trade and other payables	–	(6,841)	–	(6,356)
Borrowings	–	(238)	–	(238)
	3,607	**(7,079)**	**3,247**	**(6,594)**

31.03.2013	£'000	£'000	£'000	£'000
Trade and other receivables < 1 year	417	–	–	–
Cash and cash equivalents	100	–	2	–
Trade and other payables	–	(7,336)	–	(6,532)
Borrowings	–	(7,794)	–	(6,788)
	517	**(15,130)**	**2**	**(13,320)**

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.

24 CAPITAL COMMITMENTS

There were no outstanding capital commitments at the year end.

25 CONTINGENT LIABILITIES

During the prior year, the Company entered into a contract for the sale of two turbines. The prospective purchaser paid a non-refundable deposit of US$3.1 million (£1.9 million). Under the terms of the contract, the deposit was forfeited as the purchaser failed to complete the contract. The Company has been advised that the purchaser intends to initiate proceedings to recover the deposit. No provision has been made in these financial statements as the directors have been advised by their solicitors that the recovery claim has no validity.

26 RELATED PARTY TRANSACTIONS

Material transactions with related parties during the year were as follows:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

i) Charge to the Company of £60,000 by Independent Power Corporation PLC ("IPC") under a "Shared Services Agreement" for the provision of offices and other administrative services. P Earl, E Shaw and P Metcalf are directors of IPC. A sum of £36,000 was owing to IPC at the year-end (31.3.2013: £136,000).

ii) Repayment during the year of a short term loan from IPC amounting to £1.2 million.

iii) A charge for Group salaries (short term employee benefits) payable to key management totalling £264,000 during the year (12 months to 31.3.2013: £77,000).

iv) Sale of two turbines to Rurelec PLC for £16.1 million. £12.9 million of the sale price was received during the year. The balance of £3.2 million is due within 12 months. No interest is payable of the balance outstanding. P Earl and E Shaw are directors and shareholders in Rurelec PLC.

v) Purchase of two Jenbacher gas engines from IPC for £1.2 million of which £200k is deferred.

Transactions between the Company, NewCogen and Blazeway Engineering Ltd:

i) Assignment to Blazeway Engineering Ltd of ZAR 200 million/£14.3 million of loan originally advanced by the Company to NewCogen.

ii) New loans to NewCogen amounting to £2.3 million

iii) No interest is currently being charged on the loans to NewCogen or Blazeway. It is intended that interest charges will commence when the plant is operating profitably.

27 DIRECTORS' AND EMPLOYEE COSTS

	Year ended 31.03.14 £'000	Year ended 31.03.13 £'000
Aggregate remuneration of all employees and directors, including national insurance	**759**	**680**

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

	Salary incl. NI 2014 £'000	Fees 2014 £'000	Total 2014 £'000
R Linnell	–	45	**45**
N Bryson	–	25	**25**
M Cox	8	–	**8**
P Earl		4	**4**
M Eyre	14	–	**14**
P Metcalf	65	–	**65**
R Sampson	–	6	**6**
E Shaw	59	–	**59**
	146	**80**	**226**

The directors have agreed a standstill on the amounts accrued and unpaid until such time as the Company has sufficient cash to pay the amounts accrued. At 31 March 2014, the amounts accrued but unpaid totalled £1.14 million (31.3.2013: £1.0 million).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

In the year to 31 March 2013, no remuneration was paid to the directors. Amounts accrued and waived were as set out below:

	Salary incl. NI 2013 £'000	Salary incl. NI waived £'000	Fees 2013 £'000	Fees waived £'000	Total 2013 £'000
R Linnell	–	–	45	(26)	19
N Bryson	–	–	25	(24)	1
M Cox	33	(30)	–	–	3
P Earl	–	–	25	(37)	(12)
M Eyre	59	(51)	–	–	8
P Metcalf	64	(24)	–	–	40
R Sampson	–	–	25	(23)	2
E Shaw	59	(51)	–	–	8
	215	**(156)**	**120**	**(110)**	**69**

The amounts waived in 2013 amounted to 20 per cent of the outstanding accrued salary and fee entitlements as at 31 March 2013.

The Group considers the directors to be the key management personnel.

The average number of employees in the Group, including directors, was 26 (31.3.2013: 25).