

Company Registration No. 05783558

GREEN ENERGY OPTIONS LIMITED

Report and Financial Statements

31 March 2016

22/12/2016



GREEN ENERGY OPTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

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GREEN ENERGY OPTIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Anderson
P Caiger-Smith
P Hebden
A White
E Oxburgh
N Jenkins

SECRETARY

P Hebden

REGISTERED OFFICE

3 St Mary's Court
Main Street
Hardwick
Cambridgeshire
CB23 7QS

BANKERS

Barclays Bank PLC
Mortlock House
Station Road
Histon
Cambridge

SOLICITORS

Charles Russell LLP
5 Fleet Place
London, United Kingdom

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

GREEN ENERGY OPTIONS LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITY

The principal activity of the company is to develop products which improve the energy efficiency of customers.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The UK Smart Meter Programme

The UK Smart Metering Programme is a key engine of growth. The main smart meter rollout is expected to start in 2017 following a delay to the programme. However, our products are being installed in volume during the Foundation Phase of the programme and this will now continue for longer as a result. Revenue increase has been strong despite the delays and the effect on the business has been limited to pushing some additional growth into next year.

Solar and smart heating

A reduction in final quarter revenues from solar monitoring products was due to the recent government decision to significantly reduce the level of Feed-in-Tariff for domestic solar installations. In contrast, our smart thermostat sales have progressed strongly and we are conducting some interesting demand management trials in Scandinavia.

Data Services

Our data services are making steady progress. We have developed a second-generation cloud platform and this has improved our ability to support our Internet of Things (IoT) propositions and provides the type of services our customers are looking for. Consequently, we are engaged in a number of projects in the UK and on the continent which provide household data to our channel partners.

Summary

Overall we have built a leadership position in our chosen market – smart energy – underpinned by a healthy order book.

KEY PERFORMANCE INDICATORS (“KPIs”)

This year saw our business attain sustained profitability. This was underpinned by exceptionally strong growth – 87% compound Annual Growth over three years.

Our financial performance closely matched our forecasts with sales, margins and overheads all close to expectations. The order pipeline is strong with a very healthy forward order book at the end of the year.

PRINCIPAL RISKS AND UNCERTAINTIES

Smart metering programme delays

Further delays to the UK smart meter programme pose a risk, however, it is gaining momentum and although we expect there to be a few more technical delays we do predict that the main roll-out will commence in 2017 with the main volumes coming through at the end of that year. This current year will see major procurement activities in readiness for the full roll-out. An additional uncertainty is whether the Energy Retailers will take a minimum cost or a best value decision in their procurement of In Home Displays (IHDs) to accompany their smart meter installations. We predict that many Energy Retailers will recognise the value of IHDs to their brand and will position themselves to differentiate such that our proposition to add value with IoT connected IHD devices will become the norm, providing excellent opportunities, particularly through use of our data services.

Brexit

We viewed Brexit as a risk as we did not believe a ‘Remain’ vote was certain. There is clearly considerable uncertainty following the Referendum outcome and this will remain for a considerable time. The main short term impact has been the drop in the value of Sterling which has the effect of pushing up input costs. Our currency hedging strategy has been effective to date.

FUTURE DEVELOPMENTS

Digital energy services

We are seeing a step-change in interest in data access marking a definitive step towards digital energy services. Whilst there have been energy web portals around for several years these have been driven by historic data taken from meter readings. The current interest is about getting live data over the internet to the cloud. Greater data granularity and timeliness are key drivers facilitated in the UK by the Home Area Network fitted to our smart meters and in the BENELUX region by the P1 data port fitted to their smart meters.

GREEN ENERGY OPTIONS LIMITED

STRATEGIC REPORT

FUTURE DEVELOPMENTS (continued)

Digital energy services (continued)

Looking towards the future, this capability paves the way towards residential demand management. Domestic electricity demand is around 1/3 of overall demand – but is over 50% of peak demand – and this figure is set to grow significantly with the advent of electric vehicles and electric heating. Electric vehicles, on average, double the electricity demand from a home: heat pumps can as much as treble the demand. It will therefore be of paramount importance in the future that these electrical loads are actively managed and the demand profiles of homes are flattened to reduce peak demand and lower the amount of investment required to reinforce local distribution networks.

It is for this reason that we see the UK, Ireland and BENELUX country smart meter programmes as smart home enablers. Whilst many other countries have approached smart metering mainly as a meter replacement programme and the UK is criticised for being overly expensive, it is this extra functionality that these countries have chosen to include that will drive medium and long term benefits – and make other countries wish they had done the same. The Company is well positioned to exploit these opportunities today especially as we develop our new products, particularly the Hybrid Home.

The Hybrid Home

There is little doubt in our minds that energy storage is the next major step in our market. It is a game changer for all homes, not just those that have solar panels. There is growing interest in PV related battery storage to increase the amount of self-generated electricity used in the home, however, this significantly adds to the cost of the installation. PV businesses are targeting the one million UK homes that already have solar fitted by appealing to their carbon consciences but we don't see this as being a break-through strategy.

To get the biggest value from storage energy in the home needs to be centrally managed in the same way that is done in a hybrid car. The missing element is a central integrated energy management system (iEMS) in the home that is the equivalent of a car's engine management system. This integrates smart meters, energy storage, solar generation, electric vehicle charging, heating and appliance controls to maximise efficiency, savings and living comfort: the whole is greater than the sum of the parts. This is one of our main R&D projects and the timing is such that we should be able to bring this to market during the peak of the smart meter roll-out using it to propel this, our next business proposition – and demonstrate the true value of the UK's approach to smart metering.

Approved by the Board of Directors
and signed on behalf of the Board



P Caiger-Smith
Director

22 DECEMBER 2016

GREEN ENERGY OPTIONS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2016.

GOING CONCERN

The directors have a reasonable expectation that the company and the Company have adequate resources to continue in operational existence for the foreseeable future despite uncertainties in the industry. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements on page 12.

DIVIDENDS

The directors have not proposed a dividend for the year ended 31 March 2016 (2015: £nil).

RESEARCH AND DEVELOPMENT

During the financial year, the Company continued to develop its products in order to keep up with the changing technology of the smart metering sector.

DIRECTORS

The directors, who served throughout the year and to the date of this report were as follows:

S Anderson
P Caiger-Smith
P Hebden
A White
E Oxburgh
N Jenkins

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

GREEN ENERGY OPTIONS LIMITED

DIRECTORS' REPORT

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



P Caiger-Smith
Director

22 DECEMBER 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREEN ENERGY OPTIONS LIMITED

We have audited the financial statements of Green Energy Options Limited for the year ended 31 March 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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, based on the work undertaken in the course of the audit:

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

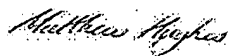
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREEN ENERGY OPTIONS LIMITED (continued)

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



Matthew Hughes (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom

22 DECEMBER 2016

GREEN ENERGY OPTIONS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 2016

	Note	2016 £	2015 £
TURNOVER	3	14,754,326	8,500,284
Cost of sales*		(10,283,836)	(5,535,864)
Gross profit		4,470,490	2,964,420
Administrative expenses*		(4,021,468)	(3,180,455)
Other operating income		127,809	1,443
OPERATING PROFIT (LOSS)	4	576,831	(214,592)
Finance (expenses) income (net)*	5	(91,186)	(36,292)
PROFIT (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		485,645	(250,884)
Tax on profit (loss) on ordinary activities	8	100,852	201,465
PROFIT (LOSS) FOR THE FINANCIAL YEAR		<u>586,497</u>	<u>(49,419)</u>

All activities derive from continuing operations.

There are no comprehensive income or expenses other than the profit for the financial year and the preceding financial year. Accordingly, no statement of comprehensive income is given.

* The 2015 cost of sales, administrative expenses and finance (expense) income (net) have been reclassified in 2016. Details of the reclassification are described in note 24.

GREEN ENERGY OPTIONS LIMITED

BALANCE SHEET

31 March 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	9	196,257	186,555
Investments	10	22,000	22,000
		<u>218,257</u>	<u>208,555</u>
CURRENT ASSETS			
Stocks	11	1,469,551	648,202
Debtors	12	3,540,054	2,263,739
Cash at bank and in hand		3,453,113	1,892,555
		<u>8,462,718</u>	<u>4,804,496</u>
CREDITORS: amounts falling due within one year	13	(4,050,525)	(1,736,695)
NET CURRENT ASSETS		<u>4,412,193</u>	<u>3,067,801</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,630,450</u>	<u>3,276,356</u>
CREDITORS: amounts falling due after more than one year	14	(741,554)	-
PROVISIONS FOR LIABILITIES	16	(48,747)	(22,703)
NET ASSETS		<u>3,840,149</u>	<u>3,253,653</u>
CAPITAL AND RESERVES			
Called up share capital	18	14,387	14,387
Share premium account	18	13,614,022	13,614,022
Profit and loss account	18	(9,788,260)	(10,374,756)
SHAREHOLDERS' FUNDS		<u>3,840,149</u>	<u>3,253,653</u>

The financial statements of Green Energy Options Limited, registered number 05783558, were approved by the Board of Directors and authorised for issue on 22nd December 2016

Signed on behalf of the Board of Directors



P Hebden

Director

GREEN ENERGY OPTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY 31 March 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 31 March 2014	14,387	13,614,022	(10,292,523)	3,335,886
Change on transition to FRS 102 (see note 25)	-	-	(32,814)	(32,814)
At 1 April 2014 as restated	14,387	13,614,022	(10,325,337)	3,303,072
Loss for the financial year	-	-	(49,419)	(49,419)
At 31 March 2015	14,387	13,614,022	(10,374,756)	3,253,653
Profit for the financial year	-	-	586,497	586,497
At 31 March 2016	14,387	13,614,022	(9,788,260)	3,840,149

GREEN ENERGY OPTIONS LIMITED

CASH FLOW STATEMENT

31 March 2016

		2016	2015
	Note	£	£
Net cash flows from operating activities	19	938,112	(1,072,391)
Cash flows from investing activities			
Purchase of equipment		(133,435)	(89,253)
Interest received		-	1,131
Receipt of government grant		1,500	27,381
Net cash flows from investing activities		(131,935)	(60,741)
Cash flows from financing activities			
Interest paid		(65,916)	(36,075)
Repayments of borrowings		(279,703)	(171,053)
New bank loans raised		1,100,000	-
Net cash flows from financing activities		754,381	(207,128)
Net increase/(decrease) in cash and cash equivalents		1,560,558	(1,340,260)
Cash and cash equivalents at beginning of year		1,892,555	3,232,815
Cash and cash equivalents at end of year		3,453,113	1,892,555

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Green Energy Options Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Green Energy Options Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Going concern

The directors have considered the financing requirements of the company for a period of at least 12 months from the date of approval of these financial statements. Forecasts are based on expected future trading performance and working capital requirements with particular attention being paid to the uncertainties around forecast revenue levels, forecast operating expenses and the forecast cash flows. These are all key to the ongoing ability of the company to continue trading under normal circumstances. In addition to this consideration, the company has a strong cash balance and order book for its products and services into 2017 and 2018.

Based on this assessment the directors have a reasonable expectation that the company has sufficient cash to enable it to continue trading under normal circumstances for at least that period despite current macroeconomic uncertainty. Accordingly, the financial statements have been prepared on the going concern basis.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. All turnover is attributable to the UK.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided from the date the asset is brought into use, at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	5 years straight line
Tooling	3 years straight line, or life of project
Computer equipment	3 years straight line

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and financial liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Financial assets and financial liabilities (continued)

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Net realisable value is based on estimated selling price, less further costs expected to be incurred to sale. Provision is made for obsolete, slow-moving or defective items where appropriate.

Research and development

Research and development expenditure is written off as incurred.

Pension costs

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as other accruals or prepayments in the balance sheet.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the duration of the lease.

Share-based payment

The company has issued share options to certain directors and employees. Equity-settled share based payments are measured at the best estimate of the expenditure required to settle the liability at the balance sheet date. The liability is re-measured at each balance sheet date and at the date of settlement.

A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments.

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currency

Foreign currency transactions are using the exchange rates prevailing at the dates of the transactions in question. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Exemption from preparation of consolidated accounts

The directors have taken the exemption available under Companies Act 2006 s405 (2) not to prepare consolidated accounts on the grounds of immateriality.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not believe that there are any critical accounting judgements or items with estimation uncertainty that would have a significant effect on the amounts recognised in the financial statements.

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3. TURNOVER

All turnover was derived and located in the United Kingdom.

	2016 £	2015 £
Product sales revenue	14,578,696	8,360,474
Consultancy revenue	95,380	133,004
Data service revenue	38,137	2,811
Customer support revenue	42,113	3,995
	<u>14,754,326</u>	<u>8,500,283</u>

4. OPERATING PROFIT (LOSS)

	2016 £	2015 £
Operating profit (loss) is after charging:		
Depreciation of tangible fixed assets	118,545	123,093
Cost of stock recognised as an expense	9,709,836	5,027,864
Government grants	127,809	1,443
Research and development expenditure written off	937,368	932,101
Operating lease rentals:		
Land and buildings	<u>81,188</u>	<u>81,881</u>

	2016 £	2015 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<u>23,625</u>	<u>14,000</u>
Total audit fees	<u>23,625</u>	<u>14,000</u>
Audit-related assurance services	6,400	3,200
Taxation compliance services	4,000	3,500
Other services	<u>550</u>	<u>550</u>
Total non-audit fees	<u>10,950</u>	<u>7,250</u>

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2016

5. FINANCE (EXPENSE)/INCOME, NET

	2016 £	2015 £
Interest receivable and similar income		
Other interest	19	1,131
	<u>19</u>	<u>1,131</u>
Interest payable and similar charges		
Loan interest	(36,251)	(14,770)
Other interest	(54,954)	(22,653)
	<u>(91,205)</u>	<u>(37,423)</u>
Finance (expense)/income, net		
Interest receivable and similar income	19	1,131
Less: interest payable and similar charges	(91,205)	(37,423)
	<u>(91,186)</u>	<u>(36,292)</u>

6. STAFF COSTS

The average monthly number of employees (including executive directors) was:	2016 No	2015 No
Research and development	18	16
Manufacturing	4	3
Sales and marketing	8	5
Administration	10	10
	<u>40</u>	<u>34</u>
	£	£
The aggregate remuneration of employees (including executive directors) comprised:		
Wages and salaries	2,008,577	1,675,195
Social security costs	216,328	168,023
Other pension costs	28,249	16,513
	<u>2,253,154</u>	<u>1,859,731</u>

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

7. DIRECTORS' REMUNERATION

The remuneration of the directors was as follows:

	2016 £	2015 £
Emoluments	239,791	216,000
Company contributions to money purchase pension scheme	11,513	-
Sums paid to third parties in respect of directors services	62,000	59,100
	<u>313,304</u>	<u>275,100</u>

One director is a member of the money purchase scheme (2015: nil)

The above amounts for remuneration include the following in respect of the highest paid director:

	2016 £	2015 £
Emoluments	<u>118,625</u>	<u>103,000</u>

8. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

	2016 £	2015 £
Current tax		
Research and development tax credit	<u>100,852</u>	<u>(201,465)</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK Corporation tax to the loss before tax is as follows:

	2016 £	2015 £
Profit (loss) on ordinary activities before tax	<u>485,645</u>	<u>(250,884)</u>
Tax on profit (loss) at standard UK corporation tax rate of 20% (2014: 21%)	97,129	(52,686)
Effects of:		
Expenses not deductible for tax purposes	185,802	203,281
Income not taxable	(421,316)	(440,418)
Effects of other reliefs	(96,880)	(203,852)
Losses	<u>134,413</u>	<u>292,215</u>
Total tax credit for period	<u>100,852</u>	<u>(201,460)</u>

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

8. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES (continued)

Factors that may affect future tax charges

No deferred tax asset has been recognised in respect of losses and other timing differences of £7,543,232 (2015 - £7,543,232) as there is uncertainty over sufficient taxable profits in the foreseeable future.

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 18% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 18%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

A reduction to the UK corporation tax rate was announced in the 2016 Budget to further reduce the tax rate to 17% (to be effective from 1 April 2020). Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods subject to this reduced rate. This rate change is to be included in the Finance Bill 2016 but this has not been substantively enacted at the balance sheet date.

9. TANGIBLE FIXED ASSETS

Company	Tooling £	Plant and machinery £	Computer equipment £	Total £
Cost				
At 1 April 2015	363,914	56,926	147,590	568,430
Additions	77,357	3,956	47,364	128,677
Disposals	(9,874)	(33,730)	(3,649)	(47,253)
At 31 March 2016	431,397	27,152	191,305	649,854
Depreciation				
At 1 April 2015	214,738	47,063	120,074	381,875
Charge for the year	83,916	4,145	30,484	118,545
Disposals	(9,874)	(33,730)	(3,219)	(46,823)
At 31 March 2016	288,780	17,478	147,339	453,597
Net book value				
At 31 March 2016	142,617	9,674	43,966	196,257
At 31 March 2015	149,176	9,863	27,516	186,555

10. FIXED ASSET INVESTMENTS

	Subsidiary undertaking £
Cost and net book value	
At 1 April 2015 and at 31 March 2016	22,000

The company's investment in its subsidiary company represents 100% of the ordinary shares of Green Energy Options GmbH, incorporated in Germany, which provides promotional services.

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2016

11. STOCKS

	2016 £	2015 £
Raw materials	132,085	193,386
Finished goods	1,337,466	454,816
	<u>1,469,551</u>	<u>648,202</u>

12. DEBTORS

	2016 £	2015 £
Trade debtors	1,813,328	1,563,476
Amounts owed by subsidiary undertakings	1,429	1,474
Corporation tax receivable	96,880	202,908
Other debtors	1,162,686	96,155
Prepayments and accrued income	465,731	399,726
	<u>3,540,054</u>	<u>2,263,739</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank loans	266,977	85,526
Trade creditors	1,600,563	950,848
Other taxes and social security	330,372	158,905
Other creditors	150,910	273,248
Accruals and deferred income	1,701,703	268,168
	<u>4,050,525</u>	<u>1,736,695</u>

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	2015 £
Bank loans	741,554	-
Included within the above are amounts falling due as follows:		
	2016 £	2015 £
Between one and two years	329,766	-
Between two and five years	411,788	-
	741,554	-

The aggregate amount of creditors for which security has been given amounts to £1,008,531 (2015: £85,526).

15. SHARE BASED PAYMENTS

Equity-settled share-option scheme

The company set up a share-option scheme on 24 June 2009. As at 31 March 2016, 39 (2015: 38) employees have participated in the scheme and there are 204,250 (2015: 186,900) outstanding share options granted.

The options can only be exercised when the vesting conditions are met. If any individual leaves the company they may be entitled to retain 50% of the options that have vested provided they worked for the company for 3 years. During the year to 31 March 2016, 1 participating member of staff resigned from the company and 1,000 options lapsed during the year.

16. PROVISIONS FOR LIABILITIES

	Warranty £
At 1 April 2015	22,703
Increase in provision	57,127
Unwinding of provision	(31,083)
At 31 March 2016	48,747

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2016

17. FINANCIAL INSTRUMENTS

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	2016 £	2015 £
Financial assets		
Measured at undiscounted amount receivable		
• Trade and other debtors (see note 12)	2,976,014	1,659,631
Financial liabilities at fair value		
Measured at amortised cost		
• Loans repayable (see notes 13 & 14)	1,008,531	85,526
Measured at undiscounted amount payable		
• Trade and other accounts payable (see note 13)	1,751,473	1,224,096
	<u>2,760,004</u>	<u>1,309,622</u>

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2016 £	2015 £
Interest income and expense		
Total interest income for financial assets at amortised cost (see note 5)	19	1,131
Total interest expense for financial liabilities at amortised cost (see note 5)	(91,205)	(36,292)

18. CALLED UP SHARE CAPITAL AND RESERVES

	2016 £	2015 £
Called up, allotted and fully paid		
1,438,658 ordinary A shares of 1p each	14,387	14,387

The company's other reserves comprise:

The share premium reserve contains the premium arising on issue of ordinary shares net of issue expenses.

The profit and loss reserve represents cumulative profits or losses.

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

19. CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations:

	2016 £	2015 £
Operating profit	576,831	(214,592)
Adjustment for:		
Depreciation and amortisation	118,545	123,093
Operating cash flow before movement in working capital	695,376	(91,499)
(Increase) in stocks	(821,349)	(63,001)
(Increase) in debtors	(1,382,345)	(1,434,708)
Increase in creditors	2,420,386	506,014
Increase in provisions	26,044	10,803
Net cash flows from operating activities	938,112	(1,072,391)

20. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2016 £	2015 £
Within one year	119,671	141,052
Between one and five years	270,329	60,451

21. PENSIONS

The Company operates a personal pension plan for the benefit of eligible employees. This is a non-contributory scheme where assets are held separately from those of the Company in independently managed funds.

The total pension cost for the Company during the year was £28,249 (2015: £16,513), all which was paid during the year.

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

22. RELATED PARTY TRANSACTIONS

The Company is exempt from disclosing details of these transactions under FRS 102 Section 33 "Related Party Disclosures" as Green Energy Options GmbH is a 100% subsidiary of Green Energy Options Limited.

The company purchased accounting services to the value of £54,500 (2015 - £51,600) on an arm's length basis, from P D Business Services Limited, a firm in which P Hebden is a director. At 31 March 2016 the company owed £5,989 (2015 - £6,368) to P D Business Services Limited.

The company purchased consultancy services to the value of £7,500 (2015 - £7,500) on an arm's length basis, from B W Energy Limited, a firm in which A White is a director. At 31 March 2016 the company owed £nil (2015 - £3,750) to B W Energy Limited.

The company purchased recruitment services to the value of £nil (2015 - £6,221) on an arm's length basis, from Four Financial Recruitment Limited, a firm in which P Hebden is a director and company secretary. At 31 March 2016 the company owed £nil (2015: £6,221) to Four Financial Recruitment Limited.

The company purchased management fees to the value of £10,542 (2015: £9,416) on an arm's length basis, from Beama Limited, a firm in which P Caiger-Smith is a director. At 31 March 2016 the company owed £nil (2015: £nil) to Beama Limited.

23. CONTROLLING PARTY

The directors of the company are of the opinion there is no single controlling or ultimate controlling party.

24. RECLASSIFICATION

The 2015 costs associated to the generation of revenue of £508,000 has been reclassified in 2016 from administrative expenses to cost of sales.

The 2015 interest in relation to the letters of credit of £22,653 has been reclassified in 2016 from administrative expenses to finance (expenses) income (net).

This presentation more fairly presents the results of the Company's principal activities. The reclassifications have no impact on profit for the year, net assets, retained earnings, cash flow or tax for the years ended 31 March 2015 and 2016.

25. EXPLANATION OF TRANSITION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP (FRSSE) were for the period ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, the employee benefits policies have changed to comply with that standard. FRSSE did not require the accrual of short term employee benefits. FRS 102 Section 28 requires such costs to be accrued in the statement of financial position.

GREEN ENERGY OPTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

25. EXPLANATION OF TRANSITION TO FRS 102 (continued)

	1 April 2014 £'000	31 March 2015 £'000
Equity reported under previous UK GAAP (FRSSE)	3,335,886	3,289,964
Adjustment to equity on transition to FRS 102		
Recognition of short term employee benefits	(32,814)	(36,311)
Equity reported under FRS 102	3,303,072	3,253,653
		31 March 2015 £'000
Loss for the financial year under previous UK GAAP (FRSSE)		45,922
Increase in short term employee benefits accrual		3,497
Profit for the financial year under FRS 102		49,419

FRS 102 Section 28 requires the Company to recognise a liability in relation to short term employee benefits on the balance sheet and a corresponding adjustment in profit and loss.