

Company Registration No. 07047102 (England and Wales)

**GRID SMARTER CITIES LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**  
**PAGES FOR FILING WITH REGISTRAR**

# GRID SMARTER CITIES LIMITED

## CONTENTS

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|                                   | Page  |
|-----------------------------------|-------|
| Balance sheet                     | 1 - 2 |
| Notes to the financial statements | 3 - 9 |

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# GRID SMARTER CITIES LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2017

|  |       | 2017             |                         | 2016           |                         |
|--|-------|------------------|-------------------------|----------------|-------------------------|
|  | Notes | £                | £                       | £              | £                       |
| <b>Fixed assets</b>  |       |                  |                         |                |                         |
| Intangible assets  | 3     |                  | 497,986                 |                | 245,698                 |
| Tangible assets  | 4     |                  | 3,752                   |                | 126                     |
| Investments  | 5     |                  | 1,413,427               |                | 1,413,427               |
|  |       |                  | <u>1,915,165</u>        |                | <u>1,659,251</u>        |
| <b>Current assets</b>  |       |                  |                         |                |                         |
| Debtors  | 6     | 1,229,982        |                         | 812,802        |                         |
| Cash at bank and in hand                                       |       | 32,375           |                         | 20,406         |                         |
|  |       | <u>1,262,357</u> |                         | <u>833,208</u> |                         |
| <b>Creditors: amounts falling due within one year</b>          | 7     | (275,752)        |                         | (194,659)      |                         |
| <b>Net current assets</b>                                      |       |                  | <u>986,605</u>          |                | <u>638,549</u>          |
| <b>Total assets less current liabilities</b>                   |       |                  | <u>2,901,770</u>        |                | <u>2,297,800</u>        |
| <b>Creditors: amounts falling due after more than one year</b> | 8     |                  | (140,846)               |                | (84,205)                |
| <b>Net assets</b>  |       |                  | <u><u>2,760,924</u></u> |                | <u><u>2,213,595</u></u> |
| <b>Capital and reserves</b>                                    |       |                  |                         |                |                         |
| Called up share capital  | 9     |                  | 702                     |                | 586                     |
| Share premium account  |       |                  | 3,382,642               |                | 2,832,788               |
| Profit and loss reserves                                       |       |                  | (622,420)               |                | (619,779)               |
| <b>Total equity</b>  |       |                  | <u><u>2,760,924</u></u> |                | <u><u>2,213,595</u></u> |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

## **GRID SMARTER CITIES LIMITED**

### **BALANCE SHEET (CONTINUED)**

**AS AT 30 SEPTEMBER 2017**

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For the financial year ended 30 September 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 29 June 2018 and are signed on its behalf by:

**N A Herron**  
**Director**

**Company Registration No. 07047102**

# GRID SMARTER CITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2017

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#### 1 Accounting policies

##### Company information

Grid Smarter Cities Limited is a private company limited by shares incorporated in England and Wales. The registered office is C/O RMT Accountants & Business Advisors Ltd, Gosforth Park Avenue, Newcastle upon Tyne, NE12 8EG.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### Transition to FRS 102

These financial statements for the year ended 30 September 2017 are the first financial statements of Grid Smarter Cities Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 October 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

##### Group accounts

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

#### 1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### 1.3 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

The costs have been capitalised and not amortised as the product is not yet in commercial production. The costs are to be amortised over the products estimated useful life once it is complete.

# GRID SMARTER CITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                                |  |
|--------------------------------|--|
| Fixtures, fittings & equipment | 15% reducing balance & 10% straight line |
|--------------------------------|--|

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts 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).

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

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.

# GRID SMARTER CITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors and loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **1.9 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.10 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received, if considered material to the financial statements.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# GRID SMARTER CITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 1 Accounting policies

(Continued)

#### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 6 (2016 - 2).

### 3 Intangible fixed assets

|   | Other<br>£ |
|---|------------|
| <b>Cost</b>                             |            |
| At 1 October 2016                       | 245,698    |
| Additions                               | 252,288    |
|   | <hr/>      |
| At 30 September 2017                    | 497,986    |
|   | <hr/>      |
| <b>Amortisation and impairment</b>      |            |
| At 1 October 2016 and 30 September 2017 | -          |
|   | <hr/>      |
| <b>Carrying amount</b>                  |            |
| At 30 September 2017                    | 497,986    |
|   | <hr/>      |
| At 30 September 2016                    | 245,698    |
|   | <hr/>      |

### 4 Tangible fixed assets

|                                    | Fixtures, fittings & equipment<br>£ |
|------------------------------------|-------------------------------------|
| <b>Cost</b>                        |                                     |
| At 1 October 2016                  | 330                                 |
| Additions                          | 4,050                               |
|                                    | <hr/>                               |
| At 30 September 2017               | 4,380                               |
|                                    | <hr/>                               |
| <b>Depreciation and impairment</b> |                                     |
| At 1 October 2016                  | 204                                 |
| Depreciation charged in the year   | 424                                 |
|                                    | <hr/>                               |
| At 30 September 2017               | 628                                 |
|                                    | <hr/>                               |
| <b>Carrying amount</b>             |                                     |
| At 30 September 2017               | 3,752                               |
|                                    | <hr/>                               |
| At 30 September 2016               | 126                                 |
|                                    | <hr/>                               |

# GRID SMARTER CITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

|          |  |                   |                                     |
|----------|--|-------------------|-------------------------------------|
| <b>5</b> | <b>Fixed asset investments</b>                                 | <b>2017</b>       | <b>2016</b>                         |
|          |  | <b>£</b>          | <b>£</b>                            |
|          | Investments  | 1,413,427         | 1,413,427                           |
|          |  | <u>          </u> | <u>          </u>                   |
|          | <b>Movements in fixed asset investments</b>                    |                   |                                     |
|          |  |                   | <b>Shares in group undertakings</b> |
|          |  |                   | <b>£</b>                            |
|          | <b>Cost or valuation</b>                                       |                   |                                     |
|          | At 1 October 2016 & 30 September 2017                          |                   | 1,413,427                           |
|          |  |                   | <u>          </u>                   |
|          | <b>Carrying amount</b>   |                   |                                     |
|          | At 30 September 2017   |                   | 1,413,427                           |
|          |  |                   | <u>          </u>                   |
|          | At 30 September 2016   |                   | 1,413,427                           |
|          |  |                   | <u>          </u>                   |
| <b>6</b> | <b>Debtors</b>   | <b>2017</b>       | <b>2016</b>                         |
|          |  | <b>£</b>          | <b>£</b>                            |
|          | <b>Amounts falling due within one year:</b>                    |                   |                                     |
|          | Trade debtors  | 15,961            | -                                   |
|          | Corporation tax recoverable                                    | 27,921            | 23,996                              |
|          | Amounts owed by group undertakings                             | 738,816           | 758,186                             |
|          | Other debtors  | 447,284           | 30,620                              |
|          |  | <u>          </u> | <u>          </u>                   |
|          |  | 1,229,982         | 812,802                             |
|          |  | <u>          </u> | <u>          </u>                   |
| <b>7</b> | <b>Creditors: amounts falling due within one year</b>          | <b>2017</b>       | <b>2016</b>                         |
|          |  | <b>£</b>          | <b>£</b>                            |
|          | Trade creditors  | 186,368           | 111,605                             |
|          | Other taxation and social security                             | 58,634            | 7,437                               |
|          | Other creditors  | 30,750            | 75,617                              |
|          |  | <u>          </u> | <u>          </u>                   |
|          |  | 275,752           | 194,659                             |
|          |  | <u>          </u> | <u>          </u>                   |
| <b>8</b> | <b>Creditors: amounts falling due after more than one year</b> | <b>2017</b>       | <b>2016</b>                         |
|          |  | <b>£</b>          | <b>£</b>                            |
|          | Other creditors  | 140,846           | 84,205                              |
|          |  | <u>          </u> | <u>          </u>                   |

# GRID SMARTER CITIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

### 9 Called up share capital

|                                   | 2017<br>£  | 2016<br>£  |
|-----------------------------------|------------|------------|
| <b>Ordinary share capital</b>     |            |            |
| <b>Issued and fully paid</b>      |            |            |
| 70,186 Ordinary shares of 1p each | 702        | 586        |
|                                   | <u>702</u> | <u>586</u> |

#### Reconciliation of movements during the year:

|                            | Ordinary<br>Number |
|----------------------------|--------------------|
| At 1 October 2016          | 58,586             |
| Issue of fully paid shares | 11,600             |
|                            | <u>70,186</u>      |
| At 30 September 2017       | <u>70,186</u>      |

During the year 546 Ordinary shares of 1p were issued for consideration of £49,997.

A further 11,054 Ordinary shares of 1p were issued for consideration of £499,972.

### 10 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

|                            | 2017<br>£ | 2016<br>£     |
|----------------------------|-----------|---------------|
| Within one year            | -         | 21,674        |
| Between two and five years | -         | 2,476         |
|                            | <u>-</u>  | <u>24,150</u> |

### 11 Related party transactions

The following amounts were outstanding at the reporting end date:

|  | 2017<br>£      | 2016<br>£      |
|--|----------------|----------------|
| <b>Amounts owed by related parties</b>   |                |                |
| Entities over which the entity has control, joint control or significant influence | 173,630        | 175,275        |
|  | <u>173,630</u> | <u>175,275</u> |

## **GRID SMARTER CITIES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**11 Related party transactions**

**(Continued)**

Included in creditors falling due within one year is a balance of £28,733 (2016 - £832) owed to a director of the company.

The company has taken advantage of the exemption permitted by Section 33 Related Party Disclosures not to provide disclosures of transactions entered into with other wholly owned members of the group.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.