

---

**KIWI POWER LTD**

---

**ACCOUNTS FOR REGISTRAR  
DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**



---

**KIWI POWER LTD**

---

**COMPANY INFORMATION**

---

<b>DIRECTORS</b>	Y Zingher I Z Abram (resigned 31 March 2016)
<b>COMPANY SECRETARY</b>	Y Zingher
<b>REGISTERED NUMBER</b>	07104653
<b>REGISTERED OFFICE</b>	35 Ballards Lane London N3 1XW
<b>INDEPENDENT AUDITORS</b>	Berg Kaprow Lewis LLP Chartered Accountants & Statutory Auditor 35 Ballards Lane London N3 1XW

---

**KIWI POWER LTD**

---

**CONTENTS**

---

	Page
<b>Director's Report</b>	<b>1 - 2</b>
<b>Independent Auditors' Report</b>	<b>3 - 4</b>
<b>Statement of Comprehensive Income</b>	<b>5</b>
<b>Statement of Financial Position</b>	<b>6</b>
<b>Statement of Changes in Equity</b>	<b>7</b>
<b>Notes to the Financial Statements</b>	<b>8 - 26</b>

---

## KIWI POWER LTD

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

---

The director presents his report and the audited financial statements for the year ended 31 December 2016.

#### PRINCIPAL ACTIVITY

The principal activity of the Company is that of a smart grid technology company and commercial Demand Response aggregator. The Company leverages a combination of proprietary hardware and software to deliver measurable value to grid operators, utilities, suppliers and large consumers of electricity via a fully automated Demand Management solution.

#### DIRECTORS

The directors who served during the year were:

Y Zingher  
I Z Abram (resigned 31 March 2016)

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Director's Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare audited financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). Under Company law the director must not approve the financial statements unless he is satisfied that they show 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 audited financial statements, the director is 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 audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 audited financial statements comply with the Companies Act 2006. He is 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.

#### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £2,740,536 (2015 - loss £2,192,439).

The director has not recommended a dividend.

#### FUTURE DEVELOPMENTS

The Company expects to continue to grow and expand in the future.

---

**KIWI POWER LTD**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**RESEARCH AND DEVELOPMENT ACTIVITIES**

KiWi Power Ltd provides an alternative to polluting and expensive peaking power and works with large consumers of electricity to determine what demand to turn down temporarily to avoid the worst peaks. Implementation of a Demand Reduction Strategy incorporates intelligent algorithms and connected hardware to minimise non-essential power usage during critical hours.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**POST BALANCE SHEET EVENTS**

Following the year-end, there was an indicative undertaking amongst the existing shareholders of KiWi Power's parent company, General Electricity Holdings Ltd, to provide up to £1,500,000 of additional funding if required.

**AUDITORS**

Under section 487 of the Companies Act 2006, Berg Kaprow Lewis LLP will be deemed to have been reappointed as auditor(s) 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



**Y Zingher**  
Director

Date: *22 September 2017*

---

## **KIWI POWER LTD**

---

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KIWI POWER LTD**

---

We have audited the financial statements of KiWi Power Ltd for the year ended 31 December 2016, set out on pages 5 to 26. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Auditors' 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 Director's Responsibilities Statement on page 1, the director is 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 Financial Reporting Council'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 Director's 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 December 2016 and of its loss 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.

---

**KIWI POWER LTD**

---

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF KIWI POWER LTD (CONTINUED)**

---

**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 Director's Report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

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

**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; or
- the director was not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.



David Landau FCA (Senior Statutory Auditor)

for and on behalf of  
**Berg Kaprow Lewis LLP**

Chartered Accountants  
Statutory Auditor

London

Date: 26 September 2017

**KIWI POWER LTD**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover	4	2,791,340	1,191,952
Cost of sales		<u>(1,879,348)</u>	<u>(757,066)</u>
<b>Gross profit</b>		<b>911,992</b>	<b>434,886</b>
Administrative expenses		<u>(4,330,491)</u>	<u>(2,967,665)</u>
Other operating income	5	<u>588,474</u>	<u>480,681</u>
<b>Operating loss</b>	6	<b>(2,830,025)</b>	<b>(2,052,098)</b>
Interest receivable and similar income	10	-	5,881
Interest payable and expenses	9	<u>(184,898)</u>	<u>(151,764)</u>
<b>Loss before tax</b>		<b>(3,014,923)</b>	<b>(2,197,981)</b>
Tax on loss	12	<u>274,387</u>	<u>5,542</u>
<b>Loss for the year</b>		<b><u>(2,740,536)</u></b>	<b><u>(2,192,439)</u></b>
 <b>Total comprehensive income for the year</b>		 <b><u>(2,740,536)</u></b>	 <b><u>(2,192,439)</u></b>

The notes on pages 8 to 26 form part of these financial statements.



---

## **KIWI POWER LTD**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

---

#### **2. ACCOUNTING POLICIES (CONTINUED)**

##### **2.8 STOCKS**

Stock is stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Stock is recognised as an expense in the period in which the related revenue is recognised. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stock is assessed for impairment. If an item of stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

##### **2.9 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **2.10 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

---

## KIWI POWER LTD

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.5 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. The intangible assets are not yet in use as at 31 December 2016, so it is not possible to estimate the useful life and therefore no amortisation has been charged.

### 2.6 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	20% straight line
Fixtures and fittings	-	25% straight line
Office equipment	-	25% straight line

### 2.7 OPERATING LEASES

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

---

## KIWI POWER LTD

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 GOING CONCERN

The financial statements have been prepared on the going concern basis which assumes that the Company will continue to trade for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements, and will be able to meet its debts as they fall due.

The Company made a loss before tax, for the year ended 31 December 2016 of £3,014,923 and as at 31 December 2016, it had net liabilities of £828,374. Included within creditors is an amount of £1,410,273 owed to group undertakings and the Company is dependent on the continued support of its parent undertaking to allow it to meet its financial obligations as they fall due and also not seeking repayment of existing loans made to the Company.

The director is confident that the support from the parent company will continue for at least the next 12 months from the date of signature of these accounts, and, in conjunction with ongoing cash generated, together with government grants in the pipeline, believe that this will be sufficient to cover all ongoing cash requirements. In addition, at the date of approval of these financial statements, the director expects revenue for next year to be significantly higher, and losses to be correspondingly lower.

Based on all of the above, the director believes that the Company has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to continue to use the going concern basis for the preparation of these financial statements.

### 2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

---

## KIWI POWER LTD

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 1. GENERAL INFORMATION

KiWi Power Limited ("the Company") is a smart grid technology company and commercial Demand Response aggregator. The Company leverages a combination of proprietary hardware and software to deliver measurable value to grid operators, utilities, suppliers and large consumers of electricity via a fully automated Demand Management solution.

The Company is a private company limited by shares and is incorporated in England and Wales.

The Registered Office address is 35 Ballards Lane, London N3 1XW.

The Principal Place of Business is Floor 3, Building 3, 1-5 London Wall Buildings, London Wall, London, EC2M 5PD.

#### 2. ACCOUNTING POLICIES

##### 2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

##### 2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of General Electricity Holdings Ltd as at 31 December 2016 and these financial statements may be obtained from the Registered Office.

**KIWI POWER LTD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2015</b>	1,050,000	(3,922,034)	(2,872,034)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(2,192,439)	(2,192,439)
<b>Total comprehensive income for the year</b>	-	(2,192,439)	(2,192,439)
Shares issued during the year	2,220,000	-	2,220,000
Credit relating to equity-settled share-based payments	-	52,599	52,599
<b>At 1 January 2016</b>	3,270,000	(6,061,874)	(2,791,874)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(2,740,536)	(2,740,536)
<b>Total comprehensive income for the year</b>	-	(2,740,536)	(2,740,536)
Shares issued during the year	4,580,000	-	4,580,000
Credit relating to equity-settled share-based payments	-	124,036	124,036
<b>Total transactions with owners recognised directly in equity</b>	4,580,000	124,036	4,704,036
<b>At 31 December 2016</b>	7,850,000	(8,678,374)	(828,374)

The notes on pages 8 to 26 form part of these financial statements.

**KIWI POWER LTD**  
**REGISTERED NUMBER: 07104653**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	13	118,210	-
Tangible assets	14	163,591	193,943
		<u>281,801</u>	<u>193,943</u>
<b>Current assets</b>			
Stocks	15	86,905	40,311
Debtors: amounts falling due after more than one year	16	1,190,000	49,000
Debtors: amounts falling due within one year	16	2,246,661	672,108
Cash at bank and in hand	17	117,919	120,104
		<u>3,641,485</u>	<u>881,523</u>
Creditors: amounts falling due within one year	18	(2,970,051)	(2,270,629)
<b>Net current assets/(liabilities)</b>		<u>671,434</u>	<u>(1,389,106)</u>
<b>Total assets less current liabilities</b>		<u>953,235</u>	<u>(1,195,163)</u>
Creditors: amounts falling due after more than one year	19	(1,771,609)	(1,586,711)
<b>Provisions for liabilities</b>			
Other provisions	21	(10,000)	(10,000)
		<u>(10,000)</u>	<u>(10,000)</u>
<b>Net liabilities</b>		<u>(828,374)</u>	<u>(2,791,874)</u>
<b>Capital and reserves</b>			
Called up share capital	22	7,850,000	3,270,000
Profit and loss account		(8,678,374)	(6,061,874)
		<u>(828,374)</u>	<u>(2,791,874)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**Y Zingher**  
 Director

Date: 22 September 2017

The notes on pages 8 to 27 form part of these financial statements.

---

## KIWI POWER LTD

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.11 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

### 2.12 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 2.13 GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

---

## **KIWI POWER LTD**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

---

## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.14 FOREIGN CURRENCY TRANSLATION**

#### **Functional and presentation currency**

The Company's functional and presentational currency is Sterling.

#### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

### **2.15 FINANCE COSTS**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.



---

## KIWI POWER LTD

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.16 SHARE-BASED PAYMENTS

The Company provides equity-settled share-based payment arrangements to certain employees. The fair value of the employee services received in exchange for the grant of the options in the ultimate parent undertaking, General Electricity Holdings Ltd, is charged to the Statement of Comprehensive Income on a straight line basis over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period.

### 2.17 PENSIONS

#### DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

### 2.18 INTEREST INCOME

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

### 2.19 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

---

## KIWI POWER LTD

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.20 TAXATION

The taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except for a change attributable to an item of income and expense recognised as other comprehensive income or to the extent that an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Current or deferred taxation assets and liabilities are not discounted.

#### *(i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### *(ii) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

*(i) Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property plant and equipment, and accounting policy note 2.6 for the useful economic lives for each class of assets.

*(ii) Stock provisioning*

The Company assembles and installs processing stations and is subject to changing cost prices. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 15 for the net carrying amount of the stock and associated provision.

*(iii) Impairment of debtors*

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors and associated impairment provision.

*(iv) Share based payments*

Certain employees have been granted share options by the ultimate parent, General Electricity Holdings Ltd, that require a fair value methodology to value the options at the date of grant as detailed in accounting policy note 2.16 and note 11.

*(v) Useful economic life of intangible assets*

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Since the assets are not yet in use as at the 31 December 2016, amortisation has not been charged.

---

**KIWI POWER LTD**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**4. TURNOVER**

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	2,747,598	1,191,952
Rest of Europe	43,742	-
	<u>2,791,340</u>	<u>1,191,952</u>

**5. OTHER OPERATING INCOME**

	2016 £	2015 £
Government grants receivable	495,474	480,681
Research and development expenditure credit	93,000	-
	<u>588,474</u>	<u>480,681</u>

**6. OPERATING LOSS**

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	65,842	52,240
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	9,000	7,000
Other operating lease rentals	120,350	105,100
Share based payment	124,036	52,599
Defined contribution pension cost	20,584	17,340
	<u>20,584</u>	<u>17,340</u>

---

**KIWI POWER LTD**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**7. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,202,303</b>	<b>1,510,017</b>
Social security costs	<b>256,829</b>	<b>174,161</b>
Cost of defined contribution scheme	<b>20,584</b>	<b>17,340</b>
	<b>2,479,716</b>	<b>1,701,518</b>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Technical / Delivery	<b>7</b>	<b>7</b>
Operations	<b>9</b>	<b>9</b>
Management	<b>9</b>	<b>5</b>
Sales & Marketing	<b>9</b>	<b>8</b>
Technology	<b>3</b>	<b>3</b>
International	<b>3</b>	<b>3</b>
Other	<b>2</b>	<b>2</b>
	<b>42</b>	<b>37</b>

**8. DIRECTORS' REMUNERATION**

The directors' emoluments were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>202,500</b>	<b>353,333</b>
	<b>202,500</b>	<b>353,333</b>

The highest paid director received remuneration of £134,580 (2015 - £194,167).

---

**KIWI POWER LTD**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**9. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other interest payable	<b>184,898</b>	<b>151,764</b>
	<b>184,898</b>	<b>151,764</b>

**10. INTEREST RECEIVABLE**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other interest receivable	-	<b>5,881</b>
	-	<b>5,881</b>

**11. SHARE-BASED PAYMENTS**

The ultimate parent, General Electricity Holdings Ltd, has granted share options to which FRS 102 Section 26 (Share-based Payments) is applicable. The charge is treated as an expense in this Company's figures as the relevant option holders are employees of this Company.

The charge for this year was £124,036 (2015: £52,599).

The Company has taken advantage of the disclosure exemptions for qualifying entities under FRS 102 in respect of share-based payments. Full details of options at the year-end can be seen in the financial statements of the ultimate parent, General Electricity Holdings Ltd.

**KIWI POWER LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**12. TAXATION**

	2016 £	2015 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	(274,387)	-
Adjustments in respect of previous periods	-	(5,542)
<b>TOTAL CURRENT TAX</b>	<u>(274,387)</u>	<u>(5,542)</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is the same as (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	<u>(3,014,923)</u>	<u>(2,197,981)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(602,985)	(439,596)
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	74,363	71,723
Capital allowances for year in excess of depreciation	98,210	(8,341)
Adjustments to tax charge in respect of prior periods	-	(5,542)
Other timing differences leading to an increase (decrease) in taxation	243,906	357,866
Adjustment in research and development tax credit leading to a decrease in the tax charge	(213,916)	-
Surrender of tax losses for research & development tax credit refund	104,079	18,348
Research & development tax credit refund	(18,600)	-
Group relief surrendered	40,556	-
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>(274,387)</u>	<u>(5,542)</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The Company has tax losses of approximately £6.5m (2015: £4.7m) available to carry forward against future taxable profits of the company.

Additionally, the Company has research and development tax credits of approximately £30,000 which are available to be offset against future corporation tax liabilities.

No deferred tax asset has been provided on the above as it is uncertain as to when there will be sufficient profits to utilise these losses.

**KIWI POWER LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**13. INTANGIBLE ASSETS**

	IT Development £
<b>COST</b>	
Additions	118,210
At 31 December 2016	<u>118,210</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>118,210</u>
At 31 December 2015	<u>-</u>

No amortisation has been charged as the IT project did not come into use until after the year end.

**14. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
<b>COST OR VALUATION</b>				
At 1 January 2016	294,596	4,721	38,922	338,239
Additions	23,179	2,941	9,370	35,490
At 31 December 2016	<u>317,775</u>	<u>7,662</u>	<u>48,292</u>	<u>373,729</u>
<b>DEPRECIATION</b>				
At 1 January 2016	117,903	3,826	22,567	144,296
Charge for the year	58,197	725	6,920	65,842
At 31 December 2016	<u>176,100</u>	<u>4,551</u>	<u>29,487</u>	<u>210,138</u>
<b>NET BOOK VALUE</b>				
At 31 December 2016	<u>141,675</u>	<u>3,111</u>	<u>18,805</u>	<u>163,591</u>
At 31 December 2015	<u>176,693</u>	<u>895</u>	<u>16,355</u>	<u>193,943</u>



---

**KIWI POWER LTD**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**15. STOCKS**

	2016 £	2015 £
Finished goods and goods for resale	86,905	40,311
	<u>86,905</u>	<u>40,311</u>

**16. DEBTORS**

	2016 £	2015 £
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Other debtors	1,190,000	49,000
	<u>1,190,000</u>	<u>49,000</u>

	2016 £	2015 £
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	358,748	115,326
Amounts owed by group undertakings	382,893	214,909
Other debtors	482,479	162,611
Prepayments and accrued income	1,022,541	179,262
	<u>2,246,661</u>	<u>672,108</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**17. CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash at bank and in hand	117,919	120,104
	<u>117,919</u>	<u>120,104</u>

---

**KIWI POWER LTD**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>223,133</b>	<b>159,976</b>
Amounts owed to group undertakings	<b>1,410,273</b>	<b>1,680,000</b>
Other taxation and social security	<b>109,390</b>	<b>122,404</b>
Other creditors	<b>7,521</b>	<b>8,021</b>
Accruals and deferred income	<b>1,219,734</b>	<b>300,228</b>
	<b>2,970,051</b>	<b>2,270,629</b>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	<b>771,609</b>	<b>586,711</b>
Share capital treated as debt	<b>1,000,000</b>	<b>1,000,000</b>
	<b>1,771,609</b>	<b>1,586,711</b>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 22.

---

**KIWI POWER LTD**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**20. FINANCIAL INSTRUMENTS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>FINANCIAL ASSETS</b>		
Financial assets that are debt instruments measured at amortised cost	<b>3,303,352</b>	<b>678,852</b>
	<u><b>3,303,352</b></u>	<u><b>678,852</b></u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	<b>(4,632,268)</b>	<b>(3,734,937)</b>
	<u><b>(4,632,268)</b></u>	<u><b>(3,734,937)</b></u>

Financial assets measured at amortised cost comprise of trade debtors, amounts due from group undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts due to group undertakings, other creditors and accruals.

**21 PROVISIONS**

	<b>Contractual provisions £</b>
At 1 January 2016	<b>10,000</b>
<b>AT 31 DECEMBER 2016</b>	<u><b>10,000</b></u>

---

## KIWI POWER LTD

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

---

#### 22. SHARE CAPITAL

	2016 £	2015 £
<b>SHARES CLASSIFIED AS EQUITY</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
7,850,000 (2015 - 3,270,000) Ordinary shares of £1 each	<u>7,850,000</u>	<u>3,270,000</u>

There is a single class of Ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

During the year, the company issued 4,580,000 Ordinary shares of £1 each for cash at par.

	2016 £	2015 £
<b>SHARES CLASSIFIED AS DEBT</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
1,000,000 Redeemable preference shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

The preference shares are classified as liabilities on the Statement of Financial Position. Interest is accrued at 10% per annum, compounded annually, from issue to maturity and at 12.5% per annum, compounded annually from maturity to the payment date.

#### 23. CONTINGENT LIABILITIES

The Company has entered into an agreement with the National Grid for the next four years. The Company has put down a deposit of £1,190,000 as at the Statement of Financial Position date to secure this contract. If the terms of the contract are not met in four years time, then some or all of the deposit may become non-refundable, subject to KiWi Power Ltd's performance under the contract.

However, the director is currently unable to place a monetary value on the potential non-refundable element, and accordingly, no provision for this has been included within the accounts.

#### 24. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £ 20,584 (2015 - £ 17,340). Contributions totalling £ 4,207 (2015 - £ 6,781) were payable to the fund at the balance sheet date.

---

**KIWI POWER LTD**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

---

**25. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	52,500	-
Later than 1 year and not later than 5 years	-	122,500
	<u>52,500</u>	<u>122,500</u>

**26. TRANSACTIONS WITH DIRECTORS**

During the year, there was a loan due from Y Zingher, included within other debtors of £239 (2015: £250).

**27. RELATED PARTY TRANSACTIONS**

Where possible the Company has taken advantage of the exemption conferred by FRS 102 section 33.1A from the requirement to disclose transactions with other wholly owned group undertakings on the grounds that consolidated financial statements are prepared by the parent undertaking and are publicly available.

**28. POST BALANCE SHEET EVENTS**

Following the year-end, there was an indicative undertaking amongst the existing shareholders of KiWi Power's parent company, General Electricity Holdings Ltd, to provide up to £1,500,000 of additional funding if required.

**29. CONTROLLING PARTY**

The Company is a wholly-owned subsidiary of General Electricity Holdings Ltd, a company registered in England and Wales.

Copies of the consolidated financial statements of General Electricity Holdings Ltd may be obtained from the Registered Office.

There is no ultimate controlling party.