

Registered number: 08053350

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**GENERAL ELECTRICITY HOLDINGS LTD**

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

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**GENERAL ELECTRICITY HOLDINGS LTD**

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**COMPANY INFORMATION**

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**DIRECTORS**

I Z Abram  
Y Zingher  
H K Van Asbroeck  
D Cohen

**COMPANY SECRETARY**

Y Zingher

**REGISTERED NUMBER**

08053350

**REGISTERED OFFICE**

35 Ballards Lane  
London  
N3 1XW

**INDEPENDENT AUDITORS**

Berg Kaprow Lewis LLP  
Chartered Accountants & Statutory Auditor  
35 Ballards Lane  
London  
N3 1XW

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**GENERAL ELECTRICITY HOLDINGS LTD**

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## GENERAL ELECTRICITY HOLDINGS LTD

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

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

#### PRINCIPAL ACTIVITY

The Company is a group holding company. The principal activity of the Group is that of a smart grid technology company, commercial demand response aggregator and battery storage operator and it leverages a combination of proprietary hardware and software to deliver measurable value to grid operators, utilities, suppliers and large consumers of electricity via fully automated demand management solutions.

#### DIRECTORS

The directors who served during the year were:

I Z Abram  
Y Zingher  
H K Van Asbroeck  
D Cohen

#### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the consolidated audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the Group and parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). Under Company law the directors must not approve the financial statements unless they are satisfied that they a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the audited financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group 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 £2,790,101 (2015 - loss £2,453,189).

The Group retained capital and reserves at 31 December 2016 amounted to £4,553,200 deficit (2015: £2,639,892 deficit).

The directors have not recommended a dividend.

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## GENERAL ELECTRICITY HOLDINGS LTD

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

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#### PRINCIPAL RISKS AND UNCERTAINTIES

Risk management enables the Group to manage its threats and opportunities. The directors, officers and senior management are committed to embedding risk management in all operational practices so that they can identify and mitigate all risks associated with the group's activities.

The approach to risk management and the processes implemented for identification, assessment, review and reporting of risks is set out in the Company's risk management policies and procedures document.

Internal control risks are minimised by robust governance procedures for authorisation of all transactions and projects as well as best practice procedures to ensure the health and safety of the group's workforce, people that the Group supports and visitors to the Group's premises.

A corporate risk register is maintained which identifies the key risks and their associated probability of occurrence and likely level of impact against which key mitigating actions are identified and implemented. The corporate risk register is reviewed regularly by the officers of the Group and is directed to address key areas of risk identified.

The directors and officers are of the opinion that reasonable steps have been taken to ensure that the major risks to which the Group is exposed are identified and reviewed and that there are systems in place to mitigate them, whilst recognising that such processes are designed to manage rather than eliminate all major risks and that they can provide only reasonable but not absolute reassurance.

#### FINANCIAL KEY PERFORMANCE INDICATORS

The officers and senior management team of the business regularly track the on-going financial performance of the business through a series of key performance indicators covering the principal areas of the Group's activities, including sales, delivery and operations.

#### FUTURE DEVELOPMENTS

The directors and officers of the Company have the following key strategic plans in order to achieve their objectives for the business:

- To be recognised as the UK expert and leader in the field of Demand Response management and battery storage operations, setting the standard across the industry
- To commercialise a range of non-Demand Response offerings for end-users
- To access new and emerging international markets for a full range of solutions.

The delivery of these is underpinned by a comprehensive and detailed Business Plan and the directors are now focused on the next stage of growth for the business, leading the way in managing electricity demand through the application of technology and in so doing, providing customers and partners with the best platform through which to sustainably manage their electricity consumption.

#### RESEARCH AND DEVELOPMENT ACTIVITIES

The Group 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.

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**GENERAL ELECTRICITY HOLDINGS LTD**

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

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**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 and the Group'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 and the Group's auditors are aware of that information.

**POST BALANCE SHEET EVENTS**

Following the year-end, there was an indicative undertaking amongst the existing shareholders to provide up to £1,500,000 of additional funding if required.

**AUDITORS**

Under section 487(2) of the Companies Act 2006, Berg Kaprow Lewis LLP will be deemed to have been reappointed as auditors 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.



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**Y Zingher**  
Director

Date: *22 September 2017*

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## GENERAL ELECTRICITY HOLDINGS LTD

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GENERAL ELECTRICITY HOLDINGS LTD

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We have audited the financial statements of General Electricity Holdings Ltd for the year ended 31 December 2016, set out on pages 6 to 36. The financial reporting framework that has been applied in their preparation is applicable law 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 Directors' Responsibilities Statement on page 1, 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 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 Group's and the parent 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 Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2016 and of the Group's profit or 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.

#### 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 Directors' 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.

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**GENERAL ELECTRICITY HOLDINGS LTD**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GENERAL ELECTRICITY HOLDINGS LTD (CONTINUED)**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



David Landau FCA (Senior Statutory Auditor)

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

Chartered Accountants  
Statutory Auditor

London

Date: 26 September 2017



**GENERAL ELECTRICITY HOLDINGS LTD**

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

	Note	2016 £	2015 £
Turnover	4	3,023,851	1,205,861
Cost of sales		(1,879,348)	(757,066)
<b>GROSS PROFIT</b>		<b>1,144,503</b>	<b>448,795</b>
Administrative expenses		(4,584,816)	(3,099,684)
Other operating income	5	588,474	480,681
<b>OPERATING LOSS</b>	6	<b>(2,851,839)</b>	<b>(2,170,208)</b>
Interest receivable and similar income	9	-	313
Interest payable and expenses	10	(212,649)	(288,836)
<b>LOSS BEFORE TAXATION</b>		<b>(3,064,488)</b>	<b>(2,458,731)</b>
Tax on loss	11	274,387	5,542
<b>LOSS FOR THE YEAR</b>		<b>(2,790,101)</b>	<b>(2,453,189)</b>
Currency translation differences		(1,138)	(3,064)
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(1,138)</b>	<b>(3,064)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(2,791,239)</b>	<b>(2,456,253)</b>

The notes on pages 14 to 36 form part of these financial statements.

**GENERAL ELECTRICITY HOLDINGS LTD**  
**REGISTERED NUMBER: 08053350**

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

	Note	2016 £	2015 £
<b>FIXED ASSETS</b>			
Intangible assets	12	118,210	-
Tangible assets	14	188,138	218,490
		<u>306,348</u>	<u>218,490</u>
<b>CURRENT ASSETS</b>			
Stocks	17	86,905	40,310
Debtors: amounts falling due after more than one year	18	1,190,000	49,000
Debtors: amounts falling due within one year	18	2,063,752	478,773
Cash at bank and in hand	19	466,865	2,832,722
		<u>3,807,522</u>	<u>3,400,805</u>
Creditors: amounts falling due within one year	20	(2,885,394)	(662,476)
<b>NET CURRENT ASSETS</b>		<u>922,128</u>	<u>2,738,329</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,228,476</u>	<u>2,956,819</u>
Creditors: amounts falling due after more than one year	21	(5,771,676)	(5,586,711)
<b>PROVISIONS FOR LIABILITIES</b>			
Other provisions	23	(10,000)	(10,000)
		<u>(10,000)</u>	<u>(10,000)</u>
<b>NET LIABILITIES</b>		<u><u>(4,553,200)</u></u>	<u><u>(2,639,892)</u></u>

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GENERAL ELECTRICITY HOLDINGS LTD  
REGISTERED NUMBER: 08053350

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2016

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	Note	2016 £	2015 £
<b>CAPITAL AND RESERVES</b>			
Called up share capital	24	1,687,954	1,534,222
Share premium account	25	3,245,968	2,645,805
Merger reserve	25	8	8
Profit and loss account	25	(9,487,130)	(6,819,927)
<b>TOTAL DEFICIT</b>		<b>(4,553,200)</b>	<b>(2,639,892)</b>

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 14 to 36 form part of these financial statements.

**GENERAL ELECTRICITY HOLDINGS LTD**  
**REGISTERED NUMBER: 08053350**

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

	Note	2016 £	2015 £
<b>FIXED ASSETS</b>			
Investments	15	9,061,755	4,322,700
		<u>9,061,755</u>	<u>4,322,700</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due after more than one year	18	576,656	391,600
Debtors: amounts falling due within one year	18	1,262,594	1,689,995
Cash at bank and in hand	19	290,470	2,682,791
		<u>2,129,720</u>	<u>4,764,386</u>
Creditors: amounts falling due within one year	20	(1,507,827)	(235,087)
<b>NET CURRENT ASSETS</b>		<u>621,893</u>	<u>4,529,299</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,683,648</u>	<u>8,851,999</u>
Creditors: amounts falling due after more than one year	21	(5,576,565)	(5,391,600)
<b>NET ASSETS</b>		<u><u>4,107,083</u></u>	<u><u>3,460,399</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	24	1,687,954	1,534,222
Share premium account	25	3,245,968	2,645,805
Profit and loss account	25	(826,839)	(719,628)
		<u><u>4,107,083</u></u>	<u><u>3,460,399</u></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 14 to 36 form part of these financial statements.

**GENERAL ELECTRICITY HOLDINGS LTD**

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

	Called up share capital £	Share premium account £	Merger reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2015 - as restated</b>	<b>1,428,572</b>	<b>1,271,429</b>	<b>7</b>	<b>(4,416,272)</b>	<b>(1,716,264)</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Loss for the year	-	-	-	(2,453,189)	(2,453,189)
Currency translation differences	-	-	1	(3,065)	(3,064)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(2,456,254)</b>	<b>(2,456,253)</b>
Shares issued during the year	105,650	1,374,376	-	-	1,480,026
Credit relating to equity-settled share based payments	-	-	-	52,599	52,599
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	<b>105,650</b>	<b>1,374,376</b>	<b>-</b>	<b>52,599</b>	<b>1,532,625</b>
<b>At 1 January 2016</b>	<b>1,534,222</b>	<b>2,645,805</b>	<b>8</b>	<b>(6,819,927)</b>	<b>(2,639,892)</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Loss for the year	-	-	-	(2,790,101)	(2,790,101)
Currency translation differences	-	-	-	(1,138)	(1,138)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,791,239)</b>	<b>(2,791,239)</b>
Shares issued during the year	153,732	600,163	-	-	753,895
Credit relating to equity-settled share based payments	-	-	-	124,036	124,036
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	<b>153,732</b>	<b>600,163</b>	<b>-</b>	<b>124,036</b>	<b>877,931</b>
<b>AT 31 DECEMBER 2016</b>	<b>1,687,954</b>	<b>3,245,968</b>	<b>8</b>	<b>(9,487,130)</b>	<b>(4,553,200)</b>

**GENERAL ELECTRICITY HOLDINGS LTD**

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Balance at 1 January 2015	1,428,572	1,271,429	(222,122)	2,477,879
Loss for the year	-	-	(550,105)	(550,105)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	(550,105)	(550,105)
Shares issued during the year	105,650	1,374,376	-	1,480,026
Credit relating to equity-settled share-based payments	-	-	52,599	52,599
<b>Total transactions with owners recognised directly in equity</b>	105,650	1,374,376	52,599	1,532,625
At 1 January 2016	1,534,222	2,645,805	(719,628)	3,460,399
Loss for the year	-	-	(231,247)	(231,247)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	(231,247)	(231,247)
Shares issued during the year	153,732	600,163	-	753,895
Credit relating to equity settled share based payments	-	-	124,036	124,036
<b>Total transactions with owners recognised directly in equity</b>	153,732	600,163	124,036	877,931
<b>Balance at 31 December 2016</b>	<b>1,687,954</b>	<b>3,245,968</b>	<b>(826,839)</b>	<b>4,107,083</b>

The notes on pages 14 to 36 form part of these financial statements.

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**GENERAL ELECTRICITY HOLDINGS LTD**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	2016 £	2015 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the financial year	(2,790,101)	(2,453,189)
<b>ADJUSTMENTS FOR:</b>		
Depreciation of tangible assets	65,842	52,212
Interest paid	212,649	288,836
Interest received	-	(313)
Taxation charge	(274,387)	(5,542)
(Increase) in stocks	(46,595)	(35,277)
(Increase)/decrease in debtors	(2,725,979)	705,072
Increase in creditors	2,407,881	69,031
Increase in provisions	-	10,000
Corporation tax received	274,387	7,542
Share option charge	124,036	52,599
Foreign exchange	(1,138)	(7,064)
Write off of investment	499	-
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(2,752,906)</b>	<b>(1,316,093)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible fixed assets	(118,210)	-
Purchase of tangible fixed assets	(35,490)	(107,390)
Purchase of share in associates	(499)	-
Interest received	-	313
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(154,199)</b>	<b>(107,077)</b>

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**GENERAL ELECTRICITY HOLDINGS LTD**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	2016 £	2015 £
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of Ordinary shares	153,734	105,650
Shares treated as debt - issued	-	4,000,000
Interest paid	(212,649)	(288,836)
Share premium on issue of Ordinary shares	600,163	1,374,376
Increase other long term creditors	-	151,764
Decrease in convertible loan	-	(1,412,936)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>541,248</u>	<u>3,930,018</u>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(2,365,857)</u>	<u>2,506,848</u>
Cash and cash equivalents at beginning of year	<u>2,832,722</u>	<u>325,874</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<u><u>466,865</u></u>	<u><u>2,832,722</u></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	<u>466,865</u>	<u>2,832,722</u>
	<u><u>466,865</u></u>	<u><u>2,832,722</u></u>

The notes on pages 14 to 36 form part of these financial statements.



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## GENERAL ELECTRICITY HOLDINGS LTD

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

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#### 1. GENERAL INFORMATION

General Electricity Holdings Ltd (the "Company") and its subsidiaries (together "the Group") operate as a commercial Demand Response aggregator and battery storage operator both in the UK and internationally. The Group 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 company has adopted FRS 102 in these financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Group and Company 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.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual Statement of Comprehensive Income.

##### 2.2 BASIS OF CONSOLIDATION

The Group consolidated financial statements, include the financial statements of the Company and all of its subsidiary undertakings. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

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## GENERAL ELECTRICITY HOLDINGS LTD

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

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 GOING CONCERN

The financial statements have been prepared on the going concern basis which assumes that the Group 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 Group made a loss for the year ended 31 December 2016 of £2,791,239 and as at 31 December 2016, it had net liabilities of £4,553,200.

Following, the year-end, there was an indicative undertaking amongst the existing shareholders to provide up to £1,500,000 of additional funding if required. The directors are therefore confident that this support will continue for at least 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 costs. In addition, at the date of approval of these financial statements, the directors expects revenue for next year to be significantly higher.

Based on all of the above, the directors believe that the Group 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 Group 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 Group 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.

### 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.

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## GENERAL ELECTRICITY HOLDINGS LTD

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

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 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.

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

Batteries are not being depreciated as they have not yet been brought into use.

### 2.7 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

### 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 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 Consolidated Statement of Comprehensive Income.

### 2.9 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 Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

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## GENERAL ELECTRICITY HOLDINGS LTD

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

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.10 SHARE-BASED PAYMENTS

The Group 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 is charged to the Consolidated 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 or factors which are within the control of one or other of the parties (such as the Group 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 Consolidated Statement of Comprehensive Income over the remaining vesting period.

### 2.11 TAXATION

The taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

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 in the countries where the Group operates and generates income.

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. 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.

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## GENERAL ELECTRICITY HOLDINGS LTD

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

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.12 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.

### 2.13 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.

### 2.14 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, 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 debtors or creditors, 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.

Investments in non-convertible preference shares and in non-puttable Ordinary shares and preference shares are measured:

- i) at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- ii) at cost less impairment for all other investments.

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 Consolidated 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 of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

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## GENERAL ELECTRICITY HOLDINGS LTD

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

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.14 FINANCIAL INSTRUMENTS (CONTINUED)

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.

### 2.15 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.

### 2.16 GRANTS

Grants are accounted for under the accruals model as permitted by FRS 102.

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

### 2.17 FOREIGN CURRENCY TRANSLATION

#### Functional and presentation currency

The Group'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 Consolidated 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 Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

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## GENERAL ELECTRICITY HOLDINGS LTD

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

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#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.18 INTEREST PAID

Finance costs are charged to the Consolidated 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.

##### 2.19 PENSIONS

###### DEFINED CONTRIBUTION PENSION PLAN

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

The contributions are recognised as an expense in the Consolidated 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 Group in independently administered funds.

##### 2.20 INTEREST INCOME

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

##### 2.21 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group 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 Consolidated Statement of Comprehensive Income in the year that the Group 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.

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## GENERAL ELECTRICITY HOLDINGS LTD

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

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#### 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 Statement of Financial Position 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 reassessed 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 Group 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 stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 17 for the net carrying amount of the stock and associated provision.

##### *(iii) Impairment of debtors*

The Group 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 18 for the net carrying amount of the debtors.

##### *(iv) Share based payments*

Certain employees have been granted share options by the Group that require a fair value methodology to value the options at the date of grant as detailed in note 26.

##### *(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 reassessed annually. Since the assets are not yet in use as at the 31 December 2016, amortisation has not been charged.



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**GENERAL ELECTRICITY HOLDINGS LTD**

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

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**4. TURNOVER**

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

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	2,980,109	1,191,952
Rest of the world	43,742	13,909
	<u>3,023,851</u>	<u>1,205,861</u>

**5. OTHER OPERATING INCOME**

	2016 £	2015 £
Grants receivable	495,474	480,681
Tax credit on research and development expenditure	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	52,212
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	13,500	9,750
<b>FEES PAYABLE TO THE GROUP'S AUDITORS AND ITS ASSOCIATES FOR OTHER SERVICES TO THE GROUP:</b>		
- The audit of the Group's subsidiaries pursuant to legislation	13,500	7,750
- Audit-related assurance services	1,750	2,000
- Taxation compliance services	3,000	2,500
- Other services	-	3,510
Exchange differences	1,138	4,034
Operating lease charges	120,350	105,100
Defined contribution pension cost	20,584	21,766
	<u>205,844</u>	<u>198,562</u>

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**GENERAL ELECTRICITY HOLDINGS LTD**

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

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**7. EMPLOYEES**

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

	2016 £	2015 £
Wages and salaries	2,403,649	1,623,724
Social security costs	256,829	174,161
Cost of defined contribution scheme	20,584	21,766
	<u>2,681,062</u>	<u>1,819,651</u>

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

	2016 No.	2015 No.
Technical / Delivery	7	7
Operations	10	9
Management	9	5
Sales & Marketing	9	8
Technology	3	3
International	5	9
Other	2	2
	<u>45</u>	<u>43</u>

**8. DIRECTORS' REMUNERATION**

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

**9. INTEREST RECEIVABLE**

	2016 £	2015 £
Interest receivable	-	313
	<u>-</u>	<u>313</u>

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**GENERAL ELECTRICITY HOLDINGS LTD**

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

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**10. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other loan interest payable	<b>212,649</b>	<b>288,836</b>
	<b>212,649</b>	<b>288,836</b>

**11. TAXATION**

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

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**GENERAL ELECTRICITY HOLDINGS LTD**

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

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**11. TAXATION (CONTINUED)**

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

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

	2016 £	2015 £
Profit on ordinary activities before tax	<u>(3,064,488)</u>	<u>(2,458,731)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(612,898)	(491,746)
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	65,358	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 an increase (decrease) in the tax charge	(213,916)	-
Unrelieved tax losses carried forward	18,918	52,150
Surrender of tax losses for research & development tax credit refund	104,079	18,348
Group relief surrendered	40,556	-
Research & development tax credit refund	<u>(18,600)</u>	<u>-</u>
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u><u>(274,387)</u></u>	<u><u>(5,542)</u></u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

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

Additionally, the Group 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.

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GENERAL ELECTRICITY HOLDINGS LTD

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

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12. INTANGIBLE ASSETS

Group and Company

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

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

13. PARENT COMPANY RESULTS FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £231,248 (2015 - loss £550,105).

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**GENERAL ELECTRICITY HOLDINGS LTD**

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

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**14. TANGIBLE FIXED ASSETS**

**Group**

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Batteries £	Total £
<b>COST OR VALUATION</b>					
At 1 January 2016	294,596	4,721	39,269	24,200	362,786
Additions	23,179	2,941	9,370	-	35,490
At 31 December 2016	317,775	7,662	48,639	24,200	398,276
<b>DEPRECIATION</b>					
At 1 January 2016	117,903	3,826	22,567	-	144,296
Charge for the period on owned assets	58,197	725	6,920	-	65,842
At 31 December 2016	176,100	4,551	29,487	-	210,138
<b>NET BOOK VALUE</b>					
At 31 December 2016	141,675	3,111	19,152	24,200	188,138
At 31 December 2015	176,693	895	16,702	24,200	218,490

**Company**

The Company had no tangible fixed assets as at 31 December 2016 (2015: £NIL).

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**GENERAL ELECTRICITY HOLDINGS LTD**

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

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**15. FIXED ASSET INVESTMENTS**

**Group**

	Investments in associates £
<b>COST OR VALUATION</b>	
Additions	499
Amounts written off	(499)
At 31 December 2016	<u>-</u>
At 31 December 2015	<u>-</u>

**Company**

	Investments in subsidiary companies £	Investments in associates £	Total £
<b>COST OR VALUATION</b>			
At 1 January 2016	4,533,990	-	4,533,990
Additions	4,772,619	499	4,773,118
Disposals	(301)	-	(301)
Amounts written off	-	(499)	(499)
At 31 December 2016	<u>9,306,308</u>	<u>-</u>	<u>9,306,308</u>
<b>IMPAIRMENT</b>			
At 1 January 2016	211,290	-	211,290
Charge for the period	45,127	-	45,127
Reversal of impairment losses	(11,864)	-	(11,864)
At 31 December 2016	<u>244,553</u>	<u>-</u>	<u>244,553</u>
<b>NET BOOK VALUE</b>			
At 31 December 2016	<u>9,061,755</u>	<u>-</u>	<u>9,061,755</u>
At 31 December 2015	<u>4,322,700</u>	<u>-</u>	<u>4,322,700</u>

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## GENERAL ELECTRICITY HOLDINGS LTD

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

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#### 16. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
KiWi Power Ltd	Ordinary	100 %	Smart grid technology and commercial response aggregator
KiWi Power Benelux Holdings Ltd	Ordinary	100 %	Dormant
KiWi Power Ireland Ltd	Ordinary	100 %	Smart grid technology and commercial response aggregator. Incorporated in Ireland
KiWi Power Singapore Pte. Ltd	Ordinary	100 %	Smart grid technology company and commercial response aggregator. Incorporated in Singapore
KiWi Power Battery Ltd	Ordinary	100 %	Installation and operation of a commercial battery storage project
KiWi Power Israel Ltd	Ordinary	100 %	Smart grid technology and commercial response aggregator. Incorporated in Israel
KiWi Power Baltics Ltd *	Ordinary	100 %	Dormant
KiWi Power Battery Park Stormy Ltd *	Ordinary	100 %	Dormant
KiWi Power International Ltd*	Ordinary	100 %	Dormant
KiWi Power Switzerland Ltd*	Ordinary	100 %	Dormant
KiWi Power Deutschland GmbH*	Ordinary	100 %	Incorporated in Germany
KiWi Power USA Inc*	Ordinary	100 %	Smart grid technology and commercial response aggregator. Incorporated in USA
Sandon Bess Ltd*	Ordinary	100 %	Dormant
Stonecross Bess Ltd*	Ordinary	100 %	Dormant

All the subsidiary undertakings are included in the consolidated financial statements, are directly owned by the Company and were incorporated in England and Wales, unless stated otherwise in the "Principal activity" column.

The companies marked with \* were set up during the year. 100% of the shares were issued to the Company and the business combinations were accounts for using the acquisition method of accounting. The business combination with KiWi Power Israel Ltd is accounted for using the merger method of accounting.

During the year the Company invested an additional £4,580,000 in KiWi Power Ltd.

KiWi Power Benelux Holding Ltd, Battery Unity Ltd, KiWi Power France Ltd and KiWi Power Germany Ltd were 100% owned subsidiaries which were struck off on 27 December 2016.



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**GENERAL ELECTRICITY HOLDINGS LTD**

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

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**PARTICIPATING INTERESTS**

The Company holds a 49.9% equity investment in Gore Street KiWi Power Energy Storage Ltd, an unlisted entity. The investment is accounted for using the equity method. The carrying value of this associate investment has been impaired to £nil.

**17. STOCKS**

	<b>Group 2016 £</b>	<i>Group 2015 £</i>	<b>Company 2016 £</b>	<i>Company 2015 £</i>
Finished goods and goods for resale	<b>86,905</b>	<i>40,310</i>	-	-
	<b>86,905</b>	<i>40,310</i>	-	-

**18. DEBTORS**

	<b>Group 2016 £</b>	<i>Group 2015 £</i>	<b>Company 2016 £</b>	<i>Company 2015 £</i>
<b>DUE AFTER MORE THAN ONE YEAR</b>				
Other debtors	<b>1,190,000</b>	<i>49,000</i>	<b>576,656</b>	<i>391,600</i>
	<b>1,190,000</b>	<i>49,000</i>	<b>576,656</b>	<i>391,600</i>
<b>DUE WITHIN ONE YEAR</b>				
Trade debtors	<b>429,661</b>	<i>117,621</i>	-	-
Amounts owed by group undertakings	-	-	<b>1,247,679</b>	<i>1,680,000</i>
Other debtors	<b>611,550</b>	<i>179,162</i>	<b>14,915</b>	<i>8,406</i>
Prepayments and accrued income	<b>1,022,541</b>	<i>181,990</i>	-	<i>1,589</i>
	<b>2,063,752</b>	<i>478,773</i>	<b>1,262,594</b>	<i>1,689,995</i>

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

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**GENERAL ELECTRICITY HOLDINGS LTD**

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

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**19. CASH AND CASH EQUIVALENTS**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Cash at bank and in hand	<b>466,865</b>	<b>2,832,722</b>	<b>290,470</b>	<b>2,682,791</b>
	<b>466,865</b>	<b>2,832,722</b>	<b>290,470</b>	<b>2,682,791</b>

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

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Trade creditors	<b>226,848</b>	<b>163,143</b>	-	-
Amounts owed to group undertakings	-	-	<b>219,110</b>	<b>190,661</b>
Other taxation and social security	<b>109,390</b>	<b>122,404</b>	-	-
Other creditors	<b>1,307,051</b>	<b>21,892</b>	<b>1,278,493</b>	-
Accruals and deferred income	<b>1,242,105</b>	<b>355,037</b>	<b>10,224</b>	<b>44,426</b>
	<b>2,885,394</b>	<b>662,476</b>	<b>1,507,827</b>	<b>235,087</b>

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

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Other creditors	<b>771,676</b>	<b>586,711</b>	<b>576,565</b>	<b>391,600</b>
Share capital treated as debt	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>
	<b>5,771,676</b>	<b>5,586,711</b>	<b>5,576,565</b>	<b>5,391,600</b>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 24.

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**GENERAL ELECTRICITY HOLDINGS LTD**

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

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**22. FINANCIAL INSTRUMENTS**

	<b>Group 2016 £</b>	<i>Group 2015 £</i>	<b>Company 2016 £</b>	<i>Company 2015 £</i>
Financial assets that are debt instruments measured at amortised cost	<u><b>3,120,444</b></u>	<u><i>482,788</i></u>	<u><b>1,839,250</b></u>	<u><i>2,471,606</i></u>
Financial liabilities measured at amortised cost	<u><b>(8,547,680)</b></u>	<u><i>(6,126,783)</i></u>	<u><b>(7,084,392)</b></u>	<u><i>(5,626,687)</i></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, accruals, other loans and preference shares treated as debt.

**23. PROVISIONS**

**Group**

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

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## GENERAL ELECTRICITY HOLDINGS LTD

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

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#### 24. SHARE CAPITAL

	2016 £	2015 £
<b>SHARES CLASSIFIED AS EQUITY</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
1,687,954 (2015 - 1,534,222) Ordinary shares of £1 each	<u>1,687,954</u>	<u>1,534,222</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 ended 31 December 2016, 153,732 Ordinary shares of £1 each were issued for a consideration of £753,895, resulting in additional share premium of £600,163.

	2016 £	2015 £
<b>SHARES CLASSIFIED AS DEBT</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
1,000,000 Preference shares of £1 each	1,000,000	1,000,000
285,537 Preference B shares of £1 each	285,537	285,537
Premium paid on Preference B shares	3,714,463	3,714,463
	<u>5,000,000</u>	<u>5,000,000</u>

The preference shares are classified as liabilities on the Statement of Financial Position. During the prior year, 285,537 £1 Preference B shares were issued for a total consideration of £4,000,000. Interest is charged at between 10-12.5% per annum on the Preference Shares.

#### 25. RESERVES

##### Share premium account

During the year ended 31 December 2014, 228,571 ordinary £1 shares were allotted for a consideration of £1,500,000 resulting in share premium reserve of £1,271,429.

During the year ended 31 December 2015, 105,650 Ordinary shares of £1 each were issued for a consideration of £1,480,026. This was paid by converting the existing convertible loan and accrued interest into Ordinary share capital of £105,650 and share premium of £1,374,376.

During the year ended 31 December 2016, 153,732 Ordinary shares of £1 each were issued for a consideration of £753,895, resulting in additional share premium of £600,163.

##### Merger Reserve

The merger reserve arose from the group reorganisation with KiWi Power Israel Ltd.

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GENERAL ELECTRICITY HOLDINGS LTD

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NOTES TO THE FINANCIAL STATEMENTS  
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**26. SHARE BASED PAYMENTS**

The Group operated a share-based payment scheme for its key employees.

Certain employees are granted share options in the Company. The options are granted with a fixed exercise price, are exercisable after the date of grant and expire ten years after the date of grant.

A reconciliation of share option movements over the year to 31 December 2016 is shown below:

	<b>Weighted average exercise price (pence) 2016</b>	<b>Number 2016</b>	<i>Weighted average exercise price (pence) 2015</i>	<i>Number 2015</i>
Outstanding at the beginning of the year	100	23,968		-
Granted during the year	100	26,850	100	23,968
Lapsed during the year	100	(9,973)		-
<b>OUTSTANDING AT THE END OF THE YEAR</b>		<b>40,845</b>		<b>23,968</b>

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## GENERAL ELECTRICITY HOLDINGS LTD

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

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#### 26. SHARE BASED PAYMENTS (CONTINUED)

The Group is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year was determined using a simplified Black-Scholes model, with the following parameters:

*Options granted in year ended 31 December 2015*

Fair value at grant date	£5.75 per share
Share price at grant date	£6.56 per share
Exercise price	£1
Expected volatility	30%
Option life	10 years
Expected dividends	None
Risk-free interest rate	2%

*Options granted in year ended 31 December 2016*

Fair value at grant date	£13.15 per share
Share price at grant date	£14.01 per share
Exercise price	£1
Expected volatility	30%
Option life	10 years
Expected dividends	None
Risk-free interest rate	1.48%

The total charge for the year in respect of these share-based payments was £124,036 (2015: £52,599). The charge is treated as an expense in the Group figures and as a capital contribution added to the cost of investments in the Company.

#### 27. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £20,584 (2015 - £21,766). Contributions totalling £4,207 (2015 - £6,781) were payable to the fund at the balance sheet date.

#### 28. COMMITMENTS UNDER OPERATING LEASES

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

	<b>Group 2016 £</b>	<b>Group 2015 £</b>
Later than 1 year and not later than 5 years	<b>52,500</b>	<b>122,500</b>
	<b>52,500</b>	<b>122,500</b>

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**GENERAL ELECTRICITY HOLDINGS LTD**

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

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**29. TRANSACTIONS WITH DIRECTORS**

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

**30. RELATED PARTY TRANSACTIONS**

Included in long term creditors is £771,676 (2015 - £586,711) relating to cumulative accrued interest on preference shares.

Included within other creditors is £1,277,594 (2015 - £Nil) owed to shareholder Myddel Holdings Ltd.

Key management personnel were paid remuneration of £330,360 (2015 - £486,006) during the year ended 31 December 2016.

**31. POST BALANCE SHEET EVENTS**

Following the year-end, there was an indicative undertaking amongst the existing shareholders to provide up to £1,500,000 of additional funding if required.

**32. CONTROLLING PARTY**

There is no ultimate controlling party.