

Registered number: 08053350

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**GENERAL ELECTRICITY HOLDINGS LTD**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



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## GENERAL ELECTRICITY HOLDINGS LTD

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### COMPANY INFORMATION

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**DIRECTORS**

I Z Abram (resigned 20 November 2018)  
Y Zingher (resigned 20 November 2018)  
H K Van Asbroeck  
D Cohen (resigned 4 March 2019)  
I Madar (appointed 20 December 2018)  
S Stelova (appointed 20 December 2018)  
D J Bullock (appointed 14 March 2019)

**COMPANY SECRETARY**

P Barritt

**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 2018

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The directors present their report and the audited financial statements for the year ended 31 December 2018.

#### PRINCIPAL ACTIVITY

The Company is a group holding company. The principal activity of the Group is that of a smart grid technology developer, commercial demand response aggregator and platform service provider and it leverages a combination of proprietary hardware and software to deliver financial benefits to grid operators, utilities, suppliers and large consumers of electricity via fully automated demand management solutions. The Company also is a technology platform developer and provider of this platform to clients and group companies.

#### DIRECTORS

The directors who served during the year were:

I Z Abram (resigned 20 November 2018)  
Y Zingher (resigned 20 November 2018)  
H K Van Asbroeck  
D Cohen (resigned 4 March 2019)  
I Madar (appointed 20 December 2018)  
S Statelova (appointed 20 December 2018)

#### 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 Company and the Group 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 judgments 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;
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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.

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## GENERAL ELECTRICITY HOLDINGS LTD

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £2,758,500 (2017 - loss £2,423,074).

The Group retained capital and reserves at 31 December 2018 amounted to £1,115,804 deficit (2017: £3,940,229 deficit).

The directors have not recommended a dividend.

#### PRINCIPAL RISKS AND UNCERTAINTIES

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 developed the following 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 expand operations within international markets for a full range of solutions and to mitigate against UK regulatory risk

The delivery of these is underpinned by a comprehensive and detailed Business Plan and the directors are now focused on delivering sustained 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 manage their Demand Response activities.

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**GENERAL ELECTRICITY HOLDINGS LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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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.

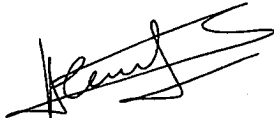
**POST BALANCE SHEET EVENTS**

Following the year-end, there was an indicative undertaking amongst the existing shareholders to provide up to £3,500,000 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.



**H K Van Asbroeck**  
Director

Date: 24/09/2019

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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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#### OPINION

We have audited the financial statements of General Electricity Holdings Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's 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.

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

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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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doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **OPINION ON OTHER MATTERS 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 the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and 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 in relation to which 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.

#### **RESPONSIBILITIES OF DIRECTORS**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.



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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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#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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GENERAL ELECTRICITY HOLDINGS LTD

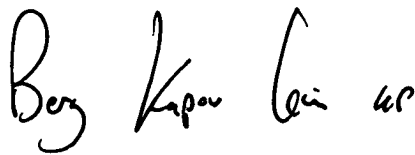
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GENERAL ELECTRICITY HOLDINGS LTD (CONTINUED)

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USE OF OUR REPORT

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.



David Landau FCA (Senior Statutory Auditor)

for and on behalf of

**Berg Kaprow Lewis LLP**

Chartered Accountants  
Statutory Auditor

London

Date: 25 September 2019

**GENERAL ELECTRICITY HOLDINGS LTD**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	6,833,783	6,751,828
Cost of sales		(4,401,065)	(4,671,003)
<b>GROSS PROFIT</b>		<b>2,432,718</b>	<b>2,080,825</b>
Administrative expenses		(5,466,862)	(4,925,546)
Other operating income	5	626,881	447,239
<b>OPERATING LOSS</b>	6	<b>(2,407,263)</b>	<b>(2,397,482)</b>
Interest receivable and similar income	9	2,394	-
Interest payable and expenses	10	(449,333)	(365,758)
<b>LOSS BEFORE TAXATION</b>		<b>(2,854,202)</b>	<b>(2,763,240)</b>
Tax on loss	11	95,702	340,166
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(2,758,500)</b>	<b>(2,423,074)</b>
Currency translation differences		(6,967)	17,550
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(6,967)</b>	<b>17,550</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(2,765,467)</b>	<b>(2,405,524)</b>

The notes on pages 17 to 42 form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Intangible assets	12	1,877,584	911,606
Tangible assets	14	159,576	302,457
Fixed Asset Investments	15	20	20
		<u>2,037,180</u>	<u>1,214,083</u>
<b>CURRENT ASSETS</b>			
Stocks	17	10,865	30,951
Debtors: amounts falling due after more than one year	18	1,240,430	1,594,593
Debtors: amounts falling due within one year	18	3,030,321	2,058,710
Cash at bank and in hand	19	2,262,049	1,543,940
		<u>6,543,665</u>	<u>5,228,194</u>
Creditors: amounts falling due within one year	20	(4,439,136)	(4,379,094)
<b>NET CURRENT ASSETS</b>		<u>2,104,529</u>	<u>849,100</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,141,709</u>	<u>2,063,183</u>
Creditors: amounts falling due after more than one year	21	(5,242,513)	(5,993,412)
<b>PROVISIONS FOR LIABILITIES</b>			
Other provisions	23	(15,000)	(10,000)
		<u>(15,000)</u>	<u>(10,000)</u>
<b>NET LIABILITIES</b>		<u><u>(1,115,804)</u></u>	<u><u>(3,940,229)</u></u>

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GENERAL ELECTRICITY HOLDINGS LTD  
REGISTERED NUMBER: 08053350

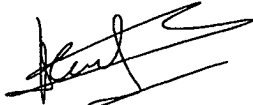
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT 31 DECEMBER 2018

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	Note	2018 £	2017 £
<b>CAPITAL AND RESERVES</b>			
Called up share capital	24	3,211,031	2,034,609
Share premium account	25	9,852,179	4,593,575
Capital contribution	25	-	1,142,461
Merger reserve	25	8	8
Profit and loss account	25	(14,179,022)	(11,710,882)
<b>TOTAL DEFICIT</b>		<b>(1,115,804)</b>	<b>(3,940,229)</b>

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



**H K Van Asbroeck**  
Director

Date: 24/05/2019

The notes on pages 17 to 42 form part of these financial statements.

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

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Intangible assets	12	1,113,569	498,295
Investments	15	11,929,206	10,843,747
		<u>13,042,775</u>	<u>11,342,042</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due after more than one year	18	3,517	798,301
Debtors: amounts falling due within one year	18	1,549,427	1,376,922
Cash at bank and in hand	19	1,657,065	1,229,552
		<u>3,210,009</u>	<u>3,404,775</u>
Creditors: amounts falling due within one year	20	(3,155,047)	(3,365,921)
<b>NET CURRENT ASSETS</b>		<u>54,962</u>	<u>38,854</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,097,737</u>	<u>11,380,896</u>
Creditors: amounts falling due after more than one year	21	(4,000,000)	(5,798,301)
<b>NET ASSETS</b>		<u><u>9,097,737</u></u>	<u><u>5,582,595</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	24	3,211,031	2,034,609
Share premium account	25	9,852,179	4,593,575
Capital contribution	25	-	1,142,461
Profit and loss account	25	(3,965,473)	(2,188,050)
		<u>9,097,737</u>	<u>5,582,595</u>

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

24 September 2019



**H K Van Asbroeck**  
Director

The notes on pages 17 to 42 form part of these financial statements.

**GENERAL ELECTRICITY HOLDINGS LTD**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up Share capital £	Share premium account £	Capital contrib- ution £	Merger reserve £	Profit and loss account £	Total equity £
At 1 January 2018	2,034,609	4,593,575	1,142,461	8	(11,710,882)	(3,940,229)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>						
Loss for the year	-	-	-	-	(2,758,500)	(2,758,500)
Currency translation differences	-	-	-	-	(6,967)	(6,967)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	-	(2,765,467)	(2,765,467)
Shares issued during the year	949,330	4,243,502	-	-	-	5,192,832
Conversion of capital contribution to share capital	227,092	1,015,102	-	-	-	1,242,194
Credit relating to equity- settled share based payments	-	-	-	-	297,327	297,327
Capital contribution	-	-	99,733	-	-	99,733
Conversion of capital contribution to share capital	-	-	(1,242,194)	-	-	(1,242,194)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	<b>1,176,422</b>	<b>5,258,604</b>	<b>(1,142,461)</b>	<b>-</b>	<b>297,327</b>	<b>5,589,892</b>
<b>AT 31 DECEMBER 2018</b>	<b>3,211,031</b>	<b>9,852,179</b>	<b>-</b>	<b>8</b>	<b>(14,179,022)</b>	<b>(1,115,804)</b>

The notes on pages 17 to 42 form part of these financial statements.

**GENERAL ELECTRICITY HOLDINGS LTD**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Capital contribution</b>	<b>Merger reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£	£	£
At 1 January 2017	1,687,954	3,245,968	-	8	(9,487,130)	(4,553,200)
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>						
Loss for the year	-	-	-	-	(2,423,074)	(2,423,074)
Currency translation differences	-	-	-	-	17,550	17,550
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	-	-	(2,405,524)	(2,405,524)
Shares issued during the year	346,655	1,347,607	-	-	-	1,694,262
Credit relating to equity- settled share based payments	-	-	-	-	181,772	181,772
Capital contribution	-	-	1,142,461	-	-	1,142,461
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	346,655	1,347,607	1,142,461	-	181,772	3,018,495
<b>AT 31 DECEMBER 2017</b>	<b>2,034,609</b>	<b>4,593,575</b>	<b>1,142,461</b>	<b>8</b>	<b>(11,710,882)</b>	<b>(3,940,229)</b>

The notes on pages 17 to 42 form part of these financial statements.



**GENERAL ELECTRICITY HOLDINGS LTD**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Share premium account £	Capital contribution £	Profit and loss account £	Total equity £
<b>At 1 January 2017</b>	<b>1,687,954</b>	<b>3,245,968</b>	<b>-</b>	<b>(826,839)</b>	<b>4,107,083</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Loss for the year	-	-	-	(1,542,983)	(1,542,983)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,542,983)</b>	<b>(1,542,983)</b>
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>					
Shares issued during the year	346,655	1,347,607	-	-	1,694,262
Credit relating to equity-settled share based payments	-	-	-	181,772	181,772
Capital contribution	-	-	1,142,461	-	1,142,461
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	<b>346,655</b>	<b>1,347,607</b>	<b>1,142,461</b>	<b>181,772</b>	<b>3,018,495</b>
<b>At 1 January 2018</b>	<b>2,034,609</b>	<b>4,593,575</b>	<b>1,142,461</b>	<b>(2,188,050)</b>	<b>5,582,595</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Loss for the year	-	-	-	(2,074,750)	(2,074,750)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,074,750)</b>	<b>(2,074,750)</b>
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>					
Shares issued during the year	949,330	4,243,502	-	-	5,192,832
Conversion of capital contribution to share capital	227,092	1,015,102	-	-	1,242,194
Credit relating to equity-settled share based payments	-	-	-	297,327	297,327
Capital contribution	-	-	99,733	-	99,733
Conversion of capital contribution to share capital	-	-	(1,242,194)	-	(1,242,194)
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	<b>1,176,422</b>	<b>5,258,604</b>	<b>(1,142,461)</b>	<b>297,327</b>	<b>5,589,892</b>
<b>AT 31 DECEMBER 2018</b>	<b>3,211,031</b>	<b>9,852,179</b>	<b>-</b>	<b>(3,965,473)</b>	<b>9,097,737</b>

The notes on pages 17 to 42 form part of these financial statements.

**GENERAL ELECTRICITY HOLDINGS LTD**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the financial year	(2,758,500)	(2,423,074)
<b>ADJUSTMENTS FOR:</b>		
Amortisation of intangible assets	57,445	-
Depreciation of tangible assets	85,205	87,734
Loss on disposal of tangible assets	69,300	-
Interest paid	449,333	365,758
Interest received	(2,394)	-
Taxation charge	(95,702)	(340,166)
Decrease in stocks	20,086	55,953
(Increase) in debtors	(617,448)	(399,653)
(Decrease)/increase in creditors	(690,857)	1,715,438
Increase in provisions	5,000	-
Corporation tax received	95,702	340,166
Foreign Exchange	(6,967)	17,550
Share option charge	297,327	181,772
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(3,092,470)</b>	<b>(398,522)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible fixed assets	(1,023,423)	(793,396)
Purchase of tangible fixed assets	(24,754)	(226,252)
Sale of tangible fixed assets	13,130	24,200
Interest received	2,394	-
Disposal of shares in subsidiary	-	80
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(1,032,653)</b>	<b>(995,368)</b>

**GENERAL ELECTRICITY HOLDINGS LTD**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of Ordinary shares	949,330	346,655
Interest paid	(449,333)	(365,758)
Share premium on issue of ordinary shares	4,243,502	1,347,607
Capital contribution	99,733	-
Capital Contribution	-	1,142,461
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>4,843,232</u>	<u>2,470,965</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>718,109</u>	<u>1,077,075</u>
Cash and cash equivalents at beginning of year	<u>1,543,940</u>	<u>466,865</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<u><u>2,262,049</u></u>	<u><u>1,543,940</u></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	<u>2,262,049</u>	<u>1,543,940</u>
	<u><u>2,262,049</u></u>	<u><u>1,543,940</u></u>

The notes on pages 17 to 42 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 2018**

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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 platform service provider both in the UK and internationally. The Group leverages a combination of proprietary hardware and software to deliver financial benefits to grid operators, utilities, suppliers and large consumers of electricity via a fully automated demand management solution. The Company also is a technology platform developer and provider of this platform to clients and group companies.

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 2018

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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 2018 of £2,765,467 and as at 31 December 2018, it had net liabilities of £1,115,804.

Following the year-end, an indicative undertaking has been given by certain existing shareholders in the ultimate parent company, General Electricity Holdings Ltd, to provide up to £3,500,000 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, believe that this will be sufficient to cover all ongoing costs. In addition, at the date of approval of these financial statements, the directors expect revenue for next year to be 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 Company has assessed that the useful life of the intangible assets is 5 years.

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## GENERAL ELECTRICITY HOLDINGS LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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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
Computer equipment	-	25% straight line

### 2.7 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.

### 2.8 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 2018

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.9 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.

### 2.10 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 2018

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.11 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less 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.

### 2.12 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



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## **GENERAL ELECTRICITY HOLDINGS LTD**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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

### **2.14 FINANCIAL INSTRUMENTS (CONTINUED)**

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.

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 when there is a reasonable level of certainty that the grant has been earned and, if not yet paid, will be received.

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## GENERAL ELECTRICITY HOLDINGS LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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## 2. ACCOUNTING POLICIES (CONTINUED)

### 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.

### 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.

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## **GENERAL ELECTRICITY HOLDINGS LTD**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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

##### **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 2018

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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.

##### *(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 accounting policy 2.9 and 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.

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**GENERAL ELECTRICITY HOLDINGS LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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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:

	2018 £	2017 £
United Kingdom	6,393,545	6,569,100
Rest of Europe	440,238	182,728
	<u>6,833,783</u>	<u>6,751,828</u>

**5. OTHER OPERATING INCOME**

	2018 £	2017 £
Other operating income	2,146	-
Grants receivable	607,150	424,332
Tax credit on research and development expenditure	17,585	22,907
	<u>626,881</u>	<u>447,239</u>

**6. OPERATING LOSS**

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation of intangible fixed assets	57,445	-
Depreciation of tangible fixed assets	85,025	87,734
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	15,000	14,500
<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	31,500	30,500
- Audit-related assurance services	3,000	12,500
- Taxation compliance services	4,000	4,000
Exchange differences	13,837	6,621
Other operating lease rentals	130,966	132,009
Share based payment	<u>297,327</u>	<u>181,772</u>

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**GENERAL ELECTRICITY HOLDINGS LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**7. EMPLOYEES**

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

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Wages and salaries	2,804,619	2,365,102	1,230,317	489,610
Social security costs	350,184	237,025	185,236	52,607
Cost of defined contribution scheme	72,419	31,711	34,673	-
	<u>3,227,222</u>	<u>2,633,838</u>	<u>1,450,226</u>	<u>542,217</u>

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

	<b>2018 No.</b>	<i>2017 No.</i>
Technical / delivery	6	6
Operations	10	9
Management	8	6
Sales & Marketing	8	7
Technology	9	7
International	2	3
Other	4	3
	<u>47</u>	<u>41</u>

**8. DIRECTORS' REMUNERATION**

	<b>2018 £</b>	<i>2017 £</i>
Directors' emoluments	179,337	150,000
	<u>179,337</u>	<u>150,000</u>

The highest paid director received remuneration of £169,931 (2017 - £150,000).

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**GENERAL ELECTRICITY HOLDINGS LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**9. INTEREST RECEIVABLE**

	<b>2018</b> £	<b>2017</b> £
Interest receivable	<b>2,289</b>	-
Other interest receivable	<b>105</b>	-
	<b>2,394</b>	-

**10. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2018</b> £	<b>2017</b> £
Other loan interest payable	<b>449,307</b>	365,758
Other interest payable	<b>26</b>	-
	<b>449,333</b>	365,758

**11. TAXATION**

	<b>2018</b> £	<b>2017</b> £
<b>CORPORATION TAX</b>		
Current tax on loss for the year	<b>(95,702)</b>	(340,166)
	<b>(95,702)</b>	(340,166)
<b>TOTAL CURRENT TAX</b>	<b>(95,702)</b>	(340,166)

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GENERAL ELECTRICITY HOLDINGS LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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11. TAXATION (CONTINUED)

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is the same as (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>(2,854,202)</u>	<u>(2,763,240)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	(542,298)	(525,016)
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	123,940	153,237
Capital allowances for year in excess of depreciation	13,337	-
Short term timing difference leading to an increase (decrease) in taxation	24,602	-
Other timing differences leading to an increase (decrease) in taxation	353,157	271,642
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(85,757)	(318,464)
Surrender of tax losses for research & development tax credit refund	15,687	112,170
Other differences leading to an increase (decrease) in the tax charge	(2,495)	-
Research & development tax credit refund	<u>4,125</u>	<u>(33,735)</u>
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>(95,702)</u>	<u>(340,166)</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The Group has tax losses of approximately £10.4m (2017: £8.1m) available to carry forward against future taxable profits of the Group.

Additionally, the Group has research and development tax credits of approximately £57,000 (2017: £36,000) 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  
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12. INTANGIBLE ASSETS

Group

IT Development  
£

**COST**

At 1 January 2018	911,606
Additions	1,023,423
At 31 December 2018	1,935,029

**AMORTISATION**

Charge for the year	57,445
At 31 December 2018	57,445

**NET BOOK VALUE**

At 31 December 2018	1,877,584
At 31 December 2017	911,606

Company

IT Development  
£

**COST**

At 1 January 2018	498,295
Additions	649,962
At 31 December 2018	1,148,257

**AMORTISATION**

Charge for the year	34,688
At 31 December 2018	34,688

**NET BOOK VALUE**

At 31 December 2018	1,113,569
At 31 December 2017	498,295

**GENERAL ELECTRICITY HOLDINGS LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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**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 £2,074,750 (2017 - loss £1,542,983).

**14. TANGIBLE FIXED ASSETS**

**Group**

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Computer equipment £	Other fixed assets £	Total £
<b>COST OR VALUATION</b>						
At 1 January 2018	356,200	93,188	80,748	-	70,193	600,329
Additions	-	6,223	2,949	15,582	-	24,754
Disposals	(23,685)	-	-	-	-	(23,685)
At 31 December 2018	332,515	99,411	83,697	15,582	70,193	601,398
<b>DEPRECIATION</b>						
At 1 January 2018	238,862	17,791	41,219	-	-	297,872
Charge for the year on owned assets	45,898	23,078	14,761	1,468	-	85,205
Disposals	(11,448)	-	-	-	-	(11,448)
Impairment charge	-	-	-	-	70,193	70,193
At 31 December 2018	273,312	40,869	55,980	1,468	70,193	441,822
<b>NET BOOK VALUE</b>						
At 31 December 2018	59,203	58,542	27,717	14,114	-	159,576
At 31 December 2017	117,338	75,397	39,529	-	70,193	302,457

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GENERAL ELECTRICITY HOLDINGS LTD

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NOTES TO THE FINANCIAL STATEMENTS  
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15. FIXED ASSET INVESTMENTS

Group

	Unlisted investments £
<b>COST OR VALUATION</b>	
At 1 January 2018	20
At 31 December 2018	20
<b>NET BOOK VALUE</b>	
At 31 December 2018	20
At 31 December 2017	20

**GENERAL ELECTRICITY HOLDINGS LTD**

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**15. FIXED ASSET INVESTMENTS (CONTINUED)**

**Company**

	Investments in subsidiary companies £	Unlisted investments £	Total £
<b>COST OR VALUATION</b>			
At 1 January 2018	11,088,280	20	11,088,300
Additions	1,097,327	-	1,097,327
Disposals	(199,428)	-	(199,428)
At 31 December 2018	<u>11,986,179</u>	<u>20</u>	<u>11,986,199</u>
<b>IMPAIRMENT</b>			
At 1 January 2018	244,553	-	244,553
Charge for the period	11,864	-	11,864
Impairment on disposals	(199,424)	-	(199,424)
At 31 December 2018	<u>56,993</u>	<u>-</u>	<u>56,993</u>
<b>NET BOOK VALUE</b>			
At 31 December 2018	<u>11,929,186</u>	<u>20</u>	<u>11,929,206</u>
At 31 December 2017	<u>10,843,727</u>	<u>20</u>	<u>10,843,747</u>

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## GENERAL ELECTRICITY HOLDINGS LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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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 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 Management Ltd	Ordinary	100 %	Management 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 %	Licensing hardware and software to international partners
KiWi Power Switzerland Ltd	Ordinary	100 %	Dormant
KiWi Power Deutschland GmbH	Ordinary	100 %	Smart grid technology and commercial response aggregator. Incorporated in Germany
KiWi Power USA Inc	Ordinary	100 %	Smart grid technology and commercial response aggregator. Incorporated in USA
Stonecross Bess Ltd	Ordinary	100 %	Dormant
KiWi Power ES C Ltd	Ordinary	100 %	Dormant
KiWi Power ES D Ltd	Ordinary	100 %	Dormant
KiWi Power ES E Ltd	Ordinary	100 %	Dormant
Kiwi Enerji Sistemleri Anonim Sirketi	Ordinary	100 %	Dormant. Incorporated in Turkey.

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## GENERAL ELECTRICITY HOLDINGS LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 16. SUBSIDIARY UNDERTAKINGS (CONTINUED)

All the subsidiary undertakings, with the exception of Kiwi Enerji Sistemleri Anonim Sirketi, are included in the consolidated financial statements.

The results of Kiwi Enerji Sistemleri Anonim Sirketi have not been consolidated on the basis that they have an immaterial impact on the Group's results.

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

The business combination with KiWi Power Israel Ltd is accounted for using the merger method of accounting. This entity has been liquidated in 2019.

During the year the Company invested an additional £800,000 in KiWi Power Ltd.

During the year, KiWi Power Singapore Pte. Ltd was struck off.

#### UNLISTED INVESTMENTS

The Company holds a 20% equity investment in NK Boulby Energy Storage Ltd which is an unlisted entity. This investment is held at historic cost.

#### 17. STOCKS

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Finished goods and goods for resale	<b>10,865</b>	<i>30,951</i>	-	-
	<b>10,865</b>	<i>30,951</i>	-	-

**GENERAL ELECTRICITY HOLDINGS LTD**

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**18. DEBTORS**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
<b>DUE AFTER MORE THAN ONE YEAR</b>				
Other debtors	1,240,430	1,594,593	3,517	798,301
	<u>1,240,430</u>	<u>1,594,593</u>	<u>3,517</u>	<u>798,301</u>
	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
<b>DUE WITHIN ONE YEAR</b>				
Trade debtors	704,253	658,282	-	-
Amounts owed by group undertakings	-	-	250,058	1,274,171
Other debtors	1,462,715	564,998	1,296,267	102,751
Prepayments and accrued income	863,353	835,430	3,102	-
	<u>3,030,321</u>	<u>2,058,710</u>	<u>1,549,427</u>	<u>1,376,922</u>

**19. CASH AND CASH EQUIVALENTS**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Cash at bank and in hand	2,262,049	1,543,940	1,657,065	1,229,552
	<u>2,262,049</u>	<u>1,543,940</u>	<u>1,657,065</u>	<u>1,229,552</u>

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

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Trade creditors	1,204,583	800,472	33,925	3,624
Amounts owed to group undertakings	-	-	2,508,456	1,921,843
Other taxation and social security	230,134	157,890	-	-
Other creditors	613,670	1,533,549	562,857	1,412,704
Accruals and deferred income	2,390,749	1,887,183	49,809	27,750
	<u>4,439,136</u>	<u>4,379,094</u>	<u>3,155,047</u>	<u>3,365,921</u>

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**GENERAL ELECTRICITY HOLDINGS LTD**

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Other creditors	195,111	993,412	-	798,301
Accruals and deferred income	1,047,402	-	-	-
Share capital treated as debt	4,000,000	5,000,000	4,000,000	5,000,000
	<u>5,242,513</u>	<u>5,993,412</u>	<u>4,000,000</u>	<u>5,798,301</u>

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

**22. FINANCIAL INSTRUMENTS**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Financial assets that are debt instruments measured at amortised cost	<u>4,029,593</u>	<u>3,621,335</u>	<u>1,549,862</u>	<u>2,175,223</u>
Financial liabilities measured at amortised cost	<u>(9,451,515)</u>	<u>(10,214,616)</u>	<u>(7,155,047)</u>	<u>(9,164,222)</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.



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**GENERAL ELECTRICITY HOLDINGS LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**23. PROVISIONS**

**Group**

	<b>Contractual provisions £</b>
At 1 January 2018	10,000
Charged to profit or loss	15,000
Utilised in year	(10,000)
<b>AT 31 DECEMBER 2018</b>	<b>15,000</b>

**24. SHARE CAPITAL**

	<b>2018 £</b>	<b>2017 £</b>
<b>SHARES CLASSIFIED AS EQUITY</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
3,211,031 (2017 - 2,034,609) Ordinary shares of £1 each	<b>3,211,031</b>	<b>2,034,609</b>

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 2018, 1,176,422 Ordinary shares of £1 each were issued for a consideration of £6,435,026, conversion of 1 million Preference shares of £1 each and the conversion of the loan previously shown as capital contribution. The total of these transactions resulted in additional share premium of £5,258,604.

	<b>2018 £</b>	<b>2017 £</b>
<b>SHARES CLASSIFIED AS DEBT</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
Nil (2017 - 1,000,000) Preference shares of £1 each	-	1,000,000
285,537 (2017 - 285,537) Preference B shares of £1 each	285,537	285,537
Premium paid on Preference B shares of -	3,714,463	3,714,463
	<b>4,000,000</b>	<b>5,000,000</b>

The preference shares are classified as liabilities on the Statement of Financial Position. Interest is charged at 12.5% per annum on the Preference Shares.

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**GENERAL ELECTRICITY HOLDINGS LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**25. RESERVES**

**Share premium account**

During the year ended 31 December 2017, 346,655 Ordinary shares of £1 each were issued for a consideration of £1,694,263, resulting in additional share premium of £1,347,607.

During the year ended 31 December 2018, 949,330 Ordinary shares of £1 each were issued for a consideration of £5,192,832, resulting in additional share premium of £4,243,502.

During the year ended 31 December 2018, 227,092 Ordinary shares of £1 each were issued for a consideration of £1,242,194 and conversion of the loan previously shown as a capital contribution, resulting in additional share premium of £1,015,102.

**Capital contribution**

The capital contribution was made up of a convertible loan agreement of £1,322,220, with a fixed rate of interest of 10% per annum. During the year ended 31 December 2018, the loan was converted into share capital.

**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  
FOR THE YEAR ENDED 31 DECEMBER 2018

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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 2018 is shown below:

	<b>Weighted average exercise price (pence) 2018</b>	<b>Number 2018</b>	<i>Weighted average exercise price (pence) 2017</i>	<i>Number 2017</i>
Outstanding at the beginning of the year	100	143,836	100	40,845
Granted during the year	100	53,830	100	121,148
Lapsed during the year	(100)	(4,614)	(100)	(18,157)
<b>OUTSTANDING AT THE END OF THE YEAR</b>		<b>193,052</b>		<b>143,836</b>

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## GENERAL ELECTRICITY HOLDINGS LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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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 2017*

Fair value at grant date	£4 per share
Share price at grant date	£4.89 per share
Exercise price	£1
Expected volatility	30%
Option life	10 years
Expected dividends	None
Risk-free interest rate	1.09% - 1.28%

##### *Options granted in year ended 31 December 2018*

Fair value at grant date	£4 per share
Share price at grant date	£4.89 per share
Exercise price	£1
Expected volatility	30%
Option life	10 years
Expected dividends	None
Risk-free interest rate	1.32%

The total charge for the year in respect of these share-based payments was £297,327 (2017: £181,772). 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. CONTINGENT LIABILITIES

The Group has entered into agreements with National Grid for the next three years. The Group has put down deposits of £1,065,855 as at the Statement of Financial Position date to secure these contracts. If the terms of the contracts are not met in time, some or all of the deposit may be nonrefundable, subject to the Group's performance under the contract.

However, since the directors reasonably believe that it is likely that the deposit will be refunded in full and is unable to place a monetary value on the potential non-refundable element, no provision for this has been included within the accounts.

#### 28. 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 £23,743 (2017 - £31,711). Contributions totalling £26,301 (2017 - £5,680) were payable to the fund at the Statement of Financial Position date.

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## GENERAL ELECTRICITY HOLDINGS LTD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 29. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2018 £</b>	<b>Group 2017 £</b>
Not later than 1 year	<b>205,398</b>	-
Later than 1 year and not later than 5 years	<b>353,994</b>	<b>500,035</b>
	<b>559,392</b>	<b>500,035</b>

#### 30. RELATED PARTY TRANSACTIONS

Where possible the Company and Group 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.

Included in long term creditors is £195,111 (2017 - £993,412) relating to cumulative accrued interest on preference shares.

Included within other creditors is £561,527 (2017 - £1,411,374) owed to shareholders.

Included within other debtors is £Nil (2017: £81,970) due from a company which the Group has an interest in.

Key management personnel were paid remuneration of £381,771 (2017 - £271,761) during the year ended 31 December 2018.

#### 31. POST BALANCE SHEET EVENTS

Following the year-end, an indicative undertaking has been given by certain existing shareholders to provide up to £3.5m of additional funding if required.

#### 32. CONTROLLING PARTY

There is no ultimate controlling party.