

**OPEN ENERGI LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 September 2016**



Company registration number 3838585

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**OPEN ENERGI LTD**  
**Year Ended 30 SEPTEMBER 2016**

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**OPEN ENERGI LIMITED**  
**COMPANY INFORMATION**  
**For the year ended 30 September 2016**

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**DIRECTORS**

S Brooke  
R Haddon

**BANKERS**

Barclays Bank  
86 Town Centre  
Hatfield  
Herts  
AL10 0JP

**SOLICITORS**

Osborne Clarke LLP  
One London Wall  
London  
EC2Y 5EB

**INDEPENDENT AUDITOR**

RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

**REGISTERED OFFICE**

Lincoln House  
300 High Holborn  
London  
United Kingdom  
WC1V 7JH

**COMPANY NUMBER**

3838585

**OPEN ENERGI LIMITED**  
**DIRECTORS' REPORT**  
**For the year ended 30 September 2016**

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The directors present their report and the audited financial statements for the year ended 30 September 2016.

**PRINCIPAL ACTIVITIES**

The principal activities of the company during the year consisted of providing a balancing service to National Grid and carrying out research and development work connected with utilisation of domestic electrical loads with a view to their employment in energy balancing.

**FINANCIAL RISK MANAGEMENT**

The directors have considered the need to disclose the financial risks material to the company. At this stage in the company's development, the directors are of the opinion that there are no material price, credit, liquidity or interest rate risks. The directors recognise, as stated in note 1a) to the financial statements, that additional funding will be required to carry out all desired future development plans. Please refer to that note for more information. The directors will continue to assess the financial risks and their management on a regular basis.

**RESULTS AND DIVIDENDS**

The loss for the year ended 30 September 2016 amounts to £8,842,728 (2015: Loss £7,355,209). The directors do not recommend payment of a dividend (2015: nil).

**DIRECTORS**

The directors who served during the financial year and up to the date of signing of the report, unless otherwise noted were:

S Brooke

D Stevenson (resigned 21 September 2016)

M King (appointed 29 June 2016; resigned 23 January 2017)

G Holmes (appointed 21 September 2016; resigned 23 January 2017)

R Haddon (appointed 16 January 2017)

**CHARITABLE AND POLITICAL DONATIONS**

Open Energi Limited made no charitable or political donations during the year (2015: nil).

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

**OPEN ENERGI LIMITED**  
**DIRECTORS' REPORT**  
**For the year ended 30 September 2016**

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**SMALL COMPANY**

This report has been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to Companies subject to the small companies' regime.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**INDEPENDENT AUDITOR**

RSM UK Audit LLP have indicated their willingness to be reappointed for another term.

By order of the Board



R Haddon  
Director

Date: 7 March 2017

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
OPEN ENERGI LIMITED  
For the year ended 30 September 2016**

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**Opinion on financial statements**

We have audited the financial statements on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small company's regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

**Respective responsibilities of directors and auditor**

As more fully explained in the Directors' Responsibilities Statement on page 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
OPEN ENERGI LIMITED  
For the year ended 30 September 2016**

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This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

ANDREW WESTBROOK (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Date: .....March 2017

**OPEN ENERGI LIMITED**  
**PROFIT & LOSS ACCOUNT**  
**For the year ended 30 September 2016**

	Note	Year ended 30 September 2016 £	Year ended 30 September 2015 £
<b>TURNOVER</b>		<b>795,068</b>	<b>595,884</b>
<b>Cost of sales</b>		<b>(641,493)</b>	<b>(412,114)</b>
<b>GROSS PROFIT</b>		<b>153,575</b>	<b>183,770</b>
Administrative expenses		<b>(7,857,992)</b>	<b>(6,373,980)</b>
<b>OPERATING LOSS</b>	<b>2</b>	<b>(7,704,417)</b>	<b>(6,190,210)</b>
Interest receivable and similar income		-	90
Interest payable and similar charges		<b>(1,938,235)</b>	<b>(1,152,943)</b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(9,642,652)</b>	<b>(7,343,063)</b>
<b>TAX CREDIT/(CHARGE) ON LOSS ON ORDINARY ACTIVITIES</b>	<b>5</b>	<b>799,924</b>	<b>(12,146)</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>12</b>	<b>(8,842,728)</b>	<b>(7,355,209)</b>

The notes on pages 8 to 13 form part of these financial statements.

All amounts relate to continuing operations. There were no recognised gains or losses other than those included in the Profit and Loss Account.




**OPEN ENERGI LIMITED**  
**BALANCE SHEET**  
For the year ended 30 September 2016

	Note	2016 £	2015 £
<b>FIXED ASSETS</b>			
Intangible fixed assets	6	283,729	274,433
Tangible fixed assets	7	<u>2,477,763</u>	<u>1,804,890</u>
		<u>2,761,492</u>	<u>2,079,323</u>
<b>CURRENT ASSETS</b>			
Stocks		474,437	629,952
Debtors	8	1,493,851	772,744
Cash at bank and in hand		<u>248,878</u>	<u>475,342</u>
		<u>2,217,166</u>	<u>1,878,038</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	<u>(1,714,649)</u>	<u>(5,024,080)</u>
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>		<u>502,517</u>	<u>(3,146,042)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,264,009</u>	<u>(1,066,719)</u>
<b>CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR</b>	10	<u>-</u>	<u>(1,000,000)</u>
<b>NET ASSETS / (LIABILITIES)</b>		<u>3,264,009</u>	<u>(2,066,719)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	74,616	45,088
Share premium account	12	31,087,623	16,943,695
Profit and loss account	12	<u>(27,898,230)</u>	<u>(19,055,502)</u>
<b>TOTAL SHAREHOLDER FUNDS / (DEFICIT)</b>		<u>3,264,009</u>	<u>(2,066,719)</u>

These financial statements have been prepared in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to the small companies' regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2015), (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

The financial statements on pages 6 to 13 were approved and authorised for issue by the Board and signed on its behalf on 7 March 2017.



R Haddon  
Director

The notes on pages 8 to 13 form part of these financial statements.

**OPEN ENERGI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 September 2016**

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**1 ACCOUNTING POLICIES**

**a) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2015), (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities) and the Companies Act 2006. The principal accounting policies which have been applied consistently in the accounting years are set out below.

The directors have chosen to change the presentation of the balance sheet in the year and have adopted Format 1 as permitted by SI 2008/409. The directors consider that Format 1 provides a more accurate representation of the funding structure of the company.

**Going concern**

At 30 September 2016, the company had cash at bank of £248,878 (2015: £475,342). The financial statements have been prepared on a going concern basis as the directors have prepared appropriate cashflow forecasts and received confirmation from Ombu Limited, its parent company, of its intention to provide continued financial support to the company for a period of not less than twelve months from the date of approval of these financial statements.

**b) Cash flow statement**

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is not required to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

**c) Intangible fixed assets and amortisation**

Patents and trademarks are stated at cost less accumulated amortisation. Amortisation is provided at 5% per annum straight line to write off the cost of the patents over their expected useful lives.

**d) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the cost of materials and costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged in the year of acquisition and in the year of disposal. During the year depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value over their expected useful lives as follows:

Fixtures and fittings & office equipment - 25% straight line

IT equipment - 33.3% straight line

Project equipment - 10% straight line

No depreciation is charged on assets under the course of construction

Assets in the course of construction relate to items of project equipment which are in the process of being installed and which are not yet in use at the balance sheet date. Once the assets are in use they will be transferred to project equipment.

**e) Stocks**

Stock is stated at the lower of cost and realisable value. In respect of work in progress, cost includes assembly and installation as at the reporting date. Net realisable value is the price at which stocks can be disposed of in the normal course of business after allowing for the costs of realisation.

**OPEN ENERGI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 September 2016**

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**1 ACCOUNTING POLICIES (CONTINUED)**

**f) Impairment of assets**

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The impairment loss is recognised in the profit and loss account.

Financial assets including debtors are also reviewed for impairment, and where the expected future cash flow to be recovered is less than the carrying value, an impairment loss is recognised in the profit and loss account. If future events indicate that the impairment loss is decreased, the reversal of the loss is recognised in the profit and loss account.

**g) Research and development**

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

**h) Sales**

Revenue from the sale of goods is measured at the fair value of the consideration receivable which equates to the invoiced amount excluding VAT. Invoices for goods and services are generally raised in the month in which title passes to the customer or services have been delivered. Revenue is recognised at the time of invoicing.

Revenue relating to capital grant income is initially recognised as deferred income and credited to the profit & loss account, over the life of the relevant asset. Revenue relating to government grants for revenue expenditure is recognised in the profit & loss account upon receipt of payment against claims submitted, when conditions for its receipt have been complied with and there is reasonable assurance that the grant will be received.

During the year, capital grants recognised in the profit & loss account amounted to £30,926 (2015: £130,457). No capital grants were claimed and recognised as deferred income in the year.

**i) Operating Leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**j) Pension costs**

The company operates a defined contribution pension scheme for staff and directors. The contributions paid by the company and the employees are invested within the pension fund in the month following the month of deduction. The amount contributed by the company is charged to profit and loss account as the contributions fall due.

**OPEN ENERGI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 September 2016

**2 OPERATING LOSS**

The operating loss is stated after charging:

	Year ended 30 September 2016 £	Year ended 30 September 2015 £
Auditor's remuneration – fees payable to the company's auditors for the audit of the company's annual financial statements	19,000	23,625
Auditors' remuneration – fees payable to the company's auditors for other services (tax compliance)	14,200	5,000
Amortisation of intangible fixed assets	17,250	24,580
Depreciation of tangible fixed assets	496,792	190,835
Operating lease rentals in respect of buildings	155,446	189,937
Impairment loss on project assets	-	15,787
Impairment loss on intangible fixed assets	-	97,404

**3 STAFF COSTS**

Staff costs (including directors) consist of:

Wages and salaries	3,402,843	2,761,981
Social security costs	402,598	354,199
Other pension costs	46,051	46,291
	<u>3,851,492</u>	<u>3,162,471</u>

The average number of employees (including directors) during the year was:

<u>48</u>	<u>41</u>
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**4 DIRECTORS' REMUNERATION**

Aggregate emoluments	240,393	268,524
Highest paid director		
- Emoluments	232,821	235,620
- Pensions	7,572	8,904

**5 TAX ON LOSS ON ORDINARY ACTIVITIES**

Tax credits receivable		
- in respect of prior years	406,466	(102,528)
- current year	393,458	90,382
	<u>799,924</u>	<u>(12,146)</u>
Tax on loss on ordinary activities		

The company has carried forward losses of £28,140,751 (2015: £22,266,935). These have not been recognised as the utilisation of these losses in the near future is uncertain.

**OPEN ENERGY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 September 2016

**6 INTANGIBLE FIXED ASSETS**

	Patents and Trademarks £
<b>Cost</b>	
At 1 October 2015	556,507
Additions	26,546
<b>At 30 September 2016</b>	<b>583,053</b>
<b>Accumulated amortisation</b>	
At 1 October 2015	(282,074)
Charge for the year	(17,250)
<b>At 30 September 2016</b>	<b>(299,324)</b>
<b>Net book value</b>	
<b>At 30 September 2016</b>	<b>283,729</b>
At 30 September 2015	274,433

**7 TANGIBLE FIXED ASSETS**

	Fixtures and Fittings £	IT and Office Equipment £	Project Equipment £	Assets in the course of construction £	Total £
<b>Cost</b>					
At 1 October 2015	193,013	409,086	1,871,162	794,525	3,267,786
Additions	1,338	51,217	1,134,622	-	1,187,177
Disposals	-	(3,395)	(14,117)	-	(17,512)
Transfers	-	-	457,709	(457,709)	-
<b>At 30 September 2016</b>	<b>194,351</b>	<b>456,908</b>	<b>3,449,376</b>	<b>336,816</b>	<b>4,437,451</b>
<b>Accumulated depreciation</b>					
At 1 October 2015	40,374	268,938	1,153,584	-	1,462,896
Charge for the year	48,464	88,490	359,838	-	496,792
<b>At 30 September 2016</b>	<b>88,838</b>	<b>357,428</b>	<b>1,513,422</b>	<b>-</b>	<b>1,959,688</b>
<b>Net book value</b>					
<b>At 30 September 2016</b>	<b>105,513</b>	<b>99,480</b>	<b>1,935,954</b>	<b>336,816</b>	<b>2,477,763</b>
At 30 September 2015	152,639	140,148	717,578	794,525	1,804,890

**8 DEBTORS**

	2016 £	2015 £
Trade debtors	34,719	29,117
Corporation tax	954,858	154,934
Other debtors	504,274	588,693
	<b>1,493,851</b>	<b>772,744</b>

**OPEN ENERGI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 September 2016

**9 CREDITORS**

**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016	2015
	£	£
Trade creditors	551,977	666,443
Amounts owed to group undertakings	-	3,526,533
Other taxation and social security	119,090	107,466
Other creditors	12,262	43,902
Accruals and deferred income	1,031,320	679,736
	<u>1,714,649</u>	<u>5,024,080</u>

Amounts owed to group undertakings were unsecured, interest free, had no fixed dates of repayment and were repayable on demand. Included within these amounts was a total of £nil (2015: £3,511,870) of accrued interest of 5% on preference shares, of which £1,348,098 (2015: £1,143,080) was charged to the profit and loss account during the year.

**10 CREDITORS**

**AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016	2015
	£	£
Loan due to Group undertaking	-	1,000,000

At 30 September 2015 the company owed £1,000,000 under a convertible loan facility to a group undertaking. This loan was converted to ordinary shares on 30 September 2016 as part of a restructure of the company's capital structure.

**11 CALLED UP SHARE CAPITAL**

**Allotted and fully paid**

	2016	2015
	£	£
746,163,216 Ordinary Shares of £0.0001 each	74,616	1,507
691,787 A Preference shares of £0.0001 each	-	69
96,508,581 B Preference shares of £0.0001 each	-	9,651
66,690,951 C Preference shares of £0.0001 each	-	6,669
271,920,970 D Preference shares of £0.0001 each	-	27,192
	<u>74,616</u>	<u>45,088</u>

On 30 September 2016, 731,092,621 ordinary shares of £0.0001 were allotted. Shares were issued as consideration for settlement of intercompany debt and as part of a restructure of the company's capital structure.

**12 STATEMENT OF MOVEMENT ON RESERVES**

	Share Premium Account £	Profit & Loss Account £
Balance as at 1st October 2015	16,943,695	(19,055,502)
Retained Loss for the financial year	-	(8,842,728)
Waiver of accrued preference dividends	5,073,456	-
Premium released on issue of bonus shares	(10,570)	-
Premium on issue of new shares	9,081,042	-
Balance as at 30th September 2016	<u>31,087,623</u>	<u>(27,898,230)</u>

**OPEN ENERGI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 September 2016

**13 OPERATING LEASE COMMITMENTS**

At 30 September 2016 the company had annual commitments under non-cancellable operating leases relating to office space expiring as follows:

	2016 £	2015 £
Within one year	189,420	9,648
Within two to five years	378,840	189,420
	<u>568,260</u>	<u>199,068</u>

**14 RELATED PARTY TRANSACTIONS**

During the year management charges were incurred for directors' services, on an arms-length basis, from Ombu Limited to the value of £24,000 (2015: £24,000).

In addition arrangement and legal fees connected with funding were incurred from Ombu Limited to the value of £75,000 (2015: £59,848).

At 30 September 2016 an amount of £4,000 (2015: £4,800) was owed to Ombu Limited in respect of management services.

During the year interest of £1,348,098 (2015: £1,143,080) was payable to Ombu OE Limited. At 30 September 2016, no interest (2015: £2,535,165) was due to Ombu OE Limited.

**15 ULTIMATE PARENT COMPANY**

As at 30 September 2016 the parent undertaking was Ombu OE Limited. Subsequent to the year end, on 22 November 2016 the parent undertaking became Ombu Limited. The ultimate parent undertaking remains Ombu Group Limited.

The ultimate controlling party is Ombu Group Limited, 1st Floor Waterloo House, Don Street, St Helier, Jersey, Channel Islands JE1 1AD, which is registered in the Jersey.

Ombu Group Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.

**16 POST BALANCE SHEET EVENTS**

Since the balance sheet date, a further £3,000,000 has been invested in the company's ordinary shares by Ombu Limited.