

InstaVolt Limited

Annual Report and Financial Statements

Year Ended

31 March 2019

Company Number 10484882

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InstaVolt Limited

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Company Information

Directors	T Payne A J Pike A P Keen C Campbell G P Ridd
Registered number	10484882
Registered office	6 Cedarwood, Crockford Lane Chineham Business Park Basingstoke Hampshire RG24 8WD

InstaVolt Limited

Strategic Report For the Year Ended 31 March 2019

Principal activities

The principal activity of the business is to develop, own, operate and maintain a nationwide network of rapid and high-power DC electric vehicle ("EV") charging stations, in order to support the United Kingdom's need for the electrification of transport.

InstaVolt achieves this by installing EV charging stations at strategically located sites. EV charging equipment is installed at no cost to the site host. Instead, InstaVolt funds the installation of the equipment and makes its return through the sale of electricity to drivers.

Business review and future developments

InstaVolt was incorporated in November 2016, and in December 2016 received a £12m equity investment from Zouk Capital LLP to build a nationwide network of EV rapid DC charging stations that offers the highest levels of customer service, reliability and innovation. During the current year, the company received a further £6m equity investment from Zouk Capital LLP to continue the expansion of its network.

The focus for the year has continued to be the growth of the company's network across the United Kingdom, and this has been very successful.

Since the commissioning of its first EV charging station in September 2017, InstaVolt has progressed with installing EV charging stations and at 31 March 2019 had installed 314 across the United Kingdom with a further 19 in construction at that date. Management have been pleased with the progress made during the year and expect to continue to build the network at a similar rate in the coming year, in line with the current business objectives.

Revenue at £194,000 and an EBITDA loss of £3,527,000 were both ahead of management's expectation for the year.

The outlook for the company is positive. In October 2018 The InstaVolt network was rated the best public rapid network in the UK in a driver survey conducted by Zap-map.com. Drivers scored reliability and ease of use particularly highly, highlighting the importance of putting the driver at the heart of everything we do. This independent third-party validation is a fantastic achievement that the InstaVolt team is very proud of.

The population of EVs in the UK continues to grow. Sales of battery electric vehicles in the UK grew 54% in the first quarter of 2019 compared to the same period in the previous year. This has been helped by growing awareness of EVs in the media and the increasing range of EVs available from manufacturers with larger batteries offering greater range, and the launch of many new models from manufacturers which offer both a driving experience similar to a conventionally fuelled vehicle and more conventional vehicle aesthetics. The first vehicles capable of high-power charging, being charge rates of 100kW and greater, are now on the roads and InstaVolt will be installing the first high-power charging stations in the UK in the Spring of 2019.

This is only the beginning of a much wider range of EVs coming to the market as most major manufacturers are making commitments to electrification. For example Volkswagen, the world's largest car manufacturer, whose e-mobility strategy includes electric variants in every model range by 2030 and whose aim is to sell 3 million EVs per annum globally by 2025. The ongoing investment by car manufacturers is enabling the cost of purchasing EVs to fall and the range between charges increase as battery technology improves.

InstaVolt Limited

Strategic Report (continued) For the Year Ended 31 March 2019

Principal risks and uncertainties

The principal risks that affect the business are reviewed and monitored by senior management. The risks the company faces are as follows:

Political:

Government policy on EVs, clean air/diesel engines and grant funding could impact the uptake of electric vehicles.

Management continually monitor government policy and retain flexibility in the business model to enable an appropriate response should there be policy changes that impact the business. The Government announced their "Road to Zero" strategy in July 2018. This, alongside the creation of the £400m Charging Infrastructure Investment Fund, further confirmed the current Government's commitment to EVs. In the event of a change of Government, both major political parties are expected to continue to support EVs and as such management deem the political risk to be low.

Competition:

InstaVolt has sought to differentiate itself from its competition by investing solely in rapid DC chargers and committing to delivering the best user experience to drivers at strategically chosen locations. It does this by offering the most transparent pricing policy and ensuring its chargers are the most reliable. The success of this objective was recognised in the Zap-map.com driver survey. The business is also extremely well capitalised to fund the roll-out of the network quickly.

Management continually assess the solutions offered by its competitors in the industry and are able to adapt the business model as appropriate. InstaVolt has established itself in the market place and has built a strong brand and reputation. Its product has been recognised as one of the best in the market in a survey of EV drivers and although the industry is growing quickly, management consider the risk from competition to be low.

Technology:

All major vehicle manufacturers are supporting the electrification of transport as the clean solution to current fossil fuels, so the risk of electric vehicle technology being redundant in the foreseeable future is negligible.

Charging capacity of EVs is expected to increase and will require faster charging hardware to be installed. InstaVolt's charging hardware will be upgraded to deliver faster charging speeds as battery technology develops, currently anticipated up to charging rates of 350kW. The first high-power charging stations capable of charging at 125kW will be installed in Spring 2019. This ensures that InstaVolt chargers remain competitive and relevant as manufacturers release vehicles that are capable of being charged more quickly. InstaVolt actively engages with vehicle manufacturers and experts in the industry to understand the EV charging development roadmap, allowing management to respond appropriately.

Staff retention:

The loss of key personnel would cause disruption to business continuity. However, the business provides competitive remuneration and succession planning takes place. Individual personal development plans exist and are considered appropriate to support the growth of the business.

Health and Safety:

The risk of work place injuries and environmental incidents exists which could result in loss of personnel, claims and reputational damage. The business operates a full Safety, Health and Environmental Management system with training, inspections and a monitoring program to mitigate the risk of a serious incident occurring.

InstaVolt Limited

Strategic Report (continued) For the Year Ended 31 March 2019

Financial:

The Board has responsibility for monitoring financial risks and its policies are implemented by the Chief Financial Officer. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company as described below:

1. Price risk

The company is exposed to changes in the market price for its materials which impacts the cost of each charging station installation. To manage this the company has developed a broad and competitive supply base including framework agreements with key suppliers to ensure price stability for the installation of its chargers.

The company is also exposed to energy price fluctuation from its energy suppliers which impacts gross margin. This risk is reduced through the use of a broker who monitors market trends and advises on opportunities to reduce portfolio costs. As the business grows, this risk will reduce further as historic data becomes available and better predictability of use enables better price negotiation with suppliers.

2. Foreign exchange risk

The company makes purchases, and receives payment in Sterling, which limits the company's exposure to exchange rate risks. Despite the company's primary hardware supplier being located in North America, all supply agreements are denominated in Sterling and contain restrictions on future price increases.

3. Credit risk

The company's principal financial asset is cash and income receivable. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. Revenues collected from drivers in respect of charging activity is held in an ESCROW account and transferred to the company on a monthly basis.

Key performance indicators

In addition to the financial information presented to the Board throughout the year, management monitors the following key performance indicators (KPIs) which is consistent with KPIs monitored since the business activated its first charger:

Number of installed units

This measure identifies the size of the InstaVolt network, as well as the speed at which the network is expanding. 314 charging stations have been installed as at 31 March 2019 (31 March 2018: 114) since the first charger being installed in September 2017.

Power delivered

An indicator of utilisation, total power delivered is a useful datapoint at both a network-wide and individual charger level. The total cumulative power delivered to drivers since the first charger was installed in September 2017 is 609MWh, sufficient to power more than 3,500,000 kilometres of pure electric driving and is the equivalent to approximately 65 tonnes of CO₂e saved.

InstaVolt Limited

Strategic Report (continued) For the Year Ended 31 March 2019

Safety

InstaVolt is proud of its health and safety record, and safety planning is central to the development of our assets. Management monitor safety incidents and near misses on a monthly scale, investigating any incidents and putting "lessons learned" into place to avoid any incident repeating. There was no Lost Time Injuries (LTI) or Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ("RIDDOR") during the year. Management are in the process of applying for ISO 9001 certification for the processes and practices that have been introduced.

Going concern

The accounts have been prepared on a going concern basis. The business has sufficient equity funding from its institutional shareholder, and can access debt funding from a reputable lender, to continue the roll-out of the InstaVolt network until such time that the business is forecast to be cash generating.

In addition to annual yearly forecasts prepared on a timely basis and reviewed against actual performance throughout the year, the Board manages the company using detailed cash flows. These forecasts have been reviewed by the Board, against the backdrop of the principal risks detailed within this report and the Board is satisfied that the company has access to sufficient financial resources to continue to build the InstaVolt network.

This report was approved by the board on 22 May 2019 and signed on its behalf.



T Payne
Director

InstaVolt Limited

Directors' Report For the Year Ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

Principal activity

The principal activity of the business is to build, own and operate a nationwide network of rapid direct current (DC) electric vehicle chargers.

Comparative figures

In the previous financial period, the Company passed a special resolution on 24 April 2017 extending its year end to 31 March 2018 making the company's first reporting period a long period of account of 16 months.

Results and dividends

The loss for the year, after taxation, amounted to £4,264,829 (2018 - loss £3,186,232).

No dividends have been proposed.

Directors

The directors who served during the year were:

T Payne
A J Pike
A P Keen
C Campbell
G P Ridd

InstaVolt Limited

Directors' Report (continued) For the Year Ended 31 March 2019

Political contributions

There have been no political donations in the year.

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 22 May 2019 and signed on its behalf.



T Payne
Director

InstaVolt Limited

Independent Auditor's report to the members of InstaVolt Limited

Opinion

We have audited the financial statements of InstaVolt Limited ("the Company") for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, 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 Company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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.

InstaVolt Limited

Independent Auditor's report to the members of InstaVolt Limited (continued)

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 auditor's 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 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.

Opinions 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 Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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, 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.

InstaVolt Limited

Independent Auditor's report to the members of InstaVolt Limited (continued)

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

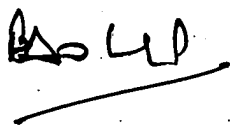
Auditor's responsibilities for the audit of the financial statements

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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 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.



Christopher Driver (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Southampton
United Kingdom

22 May 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

InstaVolt Limited

Statement of Comprehensive Income For the Year Ended 31 March 2019

	Note	2019 £	From 17 November 2016 to 31 March 2018 £
Turnover	4	193,747	9,291
Cost of sales		(721,727)	(78,516)
Gross loss		(527,980)	(69,225)
Administrative expenses		(3,355,775)	(2,868,145)
Exceptional administrative expenses		-	(86,000)
Operating loss	5	(3,883,755)	(3,023,370)
Interest receivable and similar income		6,088	2,013
Interest payable and similar expenses	9	(387,162)	(164,875)
Loss before tax		(4,264,829)	(3,186,232)
Loss for the financial year		(4,264,829)	(3,186,232)

The notes on pages 14 to 28 form part of these financial statements.

InstaVolt Limited
Registered number: 10484882

Statement of Financial Position
As at 31 March 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	11		7,602,423		2,989,317
			<u>7,602,423</u>		<u>2,989,317</u>
Current assets					
Stocks	12	92,484		442,212	
Debtors: amounts falling due within one year	13	1,410,246		5,451,462	
Cash at bank and in hand	14	2,965,614		3,050,322	
		<u>4,468,344</u>		<u>8,943,996</u>	
Creditors: amounts falling due within one year	15	(969,776)		(2,954,655)	
Net current assets			<u>3,498,568</u>		<u>5,989,341</u>
Total assets less current liabilities			<u>11,100,991</u>		<u>8,978,658</u>
Creditors: amounts falling due after more than one year	16		(5,155,357)		(3,096,311)
Net assets			<u><u>5,945,634</u></u>		<u><u>5,882,347</u></u>
Capital and reserves					
Called up share capital	18		5,249,987		3,500,015
Capital contribution reserve			7,594,671		5,403,689
Profit and loss account			(6,899,024)		(3,021,357)
Shareholders' funds			<u><u>5,945,634</u></u>		<u><u>5,882,347</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 May 2019.


T Payne
Director

InstaVolt Limited

Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
Comprehensive income for the period				
Loss for the period	-	-	(3,186,232)	(3,186,232)
Discounting of loan notes	-	5,568,564	-	5,568,564
Other comprehensive income for the period	-	5,568,564	-	5,568,564
Total comprehensive income for the period	-	5,568,564	(3,186,232)	2,382,332
Shares issued during the period	3,500,015	-	-	3,500,015
Transfer between reserves	-	(164,875)	164,875	-
Total transactions with owners	3,500,015	(164,875)	164,875	3,500,015
At 1 April 2018	3,500,015	5,403,689	(3,021,357)	5,882,347
Comprehensive income for the year				
Loss for the year	-	-	(4,264,829)	(4,264,829)
Discounting of loan notes	-	2,578,144	-	2,578,144
Other comprehensive income for the year	-	2,578,144	-	2,578,144
Total comprehensive income for the year	-	2,578,144	(4,264,829)	(1,686,685)
Shares issued during the year	1,749,972	-	-	1,749,972
Transfer between reserves	-	(387,162)	387,162	-
Total transactions with owners	1,749,972	(387,162)	387,162	1,749,972
At 31 March 2019	5,249,987	7,594,671	(6,899,024)	5,945,634

The notes on pages 14 to 28 form part of these financial statements.

InstaVolt Limited

Statement of Cash Flows For the Year Ended 31 March 2019

	2019 £	From 17 November 2016 to 31 March 2018 £
Cash flows from operating activities		
Loss for the financial year	(4,264,829)	(3,186,232)
Adjustments for:		
Depreciation of tangible assets	356,848	71,916
Loss on disposal of tangible assets	59,571	-
Interest charge	387,162	164,875
Interest received	(6,088)	(2,013)
Decrease/(increase) in stocks	349,728	(442,212)
Decrease/(increase) in debtors	41,216	(1,451,462)
(Decrease)/increase in creditors	(1,984,879)	2,954,655
Net cash generated from operating activities	(5,061,271)	(1,890,473)
Cash flows from investing activities		
Purchase of tangible fixed assets	(5,029,525)	(3,061,233)
Interest received	6,088	2,013
Net cash from investing activities	(5,023,437)	(3,059,220)
Cash flows from financing activities		
Issue of ordinary shares	-	100
Issue of preference shares	2,916,618	2,333,269
Other new loans	7,083,382	5,666,646
Net cash used in financing activities	10,000,000	8,000,015
Net (decrease)/increase in cash and cash equivalents	(84,708)	3,050,322
Cash and cash equivalents at beginning of year	3,050,322	-
Cash and cash equivalents at the end of year	2,965,614	3,050,322
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,965,614	3,050,322
	2,965,614	3,050,322

The notes on pages 14 to 28 form part of these financial statements.

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

1. General information

InstaVolt Limited is a company limited by shares (a 'limited' company) domiciled and incorporated in England. The company's registered office and principal place of business is 6 Cedarwood, Crockford Lane, Chineham Business Park, Basingstoke, Hampshire, RG24 8WD.

The principal activity of the business is to build, own and operate a nationwide network of rapid direct current (DC) electric vehicle chargers.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

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

2.3 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.

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

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:

Short-term leasehold property	- 10 years
Plant and machinery	- 5 years
Motor vehicles	- 5 years
Fixtures and fittings	- 3 years
Computer equipment	- 3 years
Charging equipment	- 10 to 30 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Assets in the course of construction represent works completed on the installation of charging units for which the installation has not been fully completed at the year end and therefore not ready for use. Once the installation process is complete the amounts will be transferred to charging equipment and depreciation will commence.

2.4 Stocks

Stocks are comprised of raw material components used in the construction of charging units. Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Stock is then transferred to assets in the course of construction once construction of the final charging unit commences.

At each reporting date, stocks are 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 profit or loss.

2.5 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.

2.6 Creditors

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

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.7 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Preference shares

Preference shares are reviewed to identify the true economic substance rather than the legal form. The preference shares carry no redemption date or obligation to pay a dividend and as such there is no contractual obligation to a cash outflow for the company and should therefore be treated as equity rather than debt as their economic substance and legal form are aligned.

2.8 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts (if applicable) that are repayable on demand and form an integral part of the Company's cash management.

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.9 Finance costs

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

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.11 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Pensions

Defined contribution pension plan

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

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

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.13 Interest income

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

2.14 Reserves

The Company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued; and
- Profit and loss represents cumulative profits or losses, net of dividends paid and other adjustments; and
- Capital contribution reserve represents the initial discount applied to the interest free loan notes.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. In preparing these financial statements, the directors have applied the following judgements:

Determine the appropriate interest rate for loan discounting (note 16)

The Company received a loan, which represents a financial liability, financed at a rate of interest that is below market rate. As this represents a financing transaction, it should be measured at the present value using a market rate for a similar debt instrument. The directors have reviewed and observed several coupon rates for loan notes across different industries as well as benchmarking against their investor's loan notes issued to other investees. When determining an appropriate interest rate to be used the directors have considered the quantum of investment, period of loan as well as the overall risk profile and, as a result, considered 11% to be an appropriate discount rate for the purpose of measuring the present value of the loan offered to the company.

Tangible fixed assets useful life (note 11)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. The useful lives are based on management's assessment of the period over which economic benefit will be derived from the asset. In re-assessing asset lives factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	From 17 November 2016 to 31 March 2018 £
Sale of electricity	193,747	9,291
	<u>193,747</u>	<u>9,291</u>

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2019 £	From 17 November 2016 to 31 March 2018 (restated) £
Depreciation of tangible fixed assets	356,848	71,916
Lease payments charged as an expense	429,077	150,109
Defined contribution pension cost	35,963	19,120
	<u>821,888</u>	<u>241,145</u>

6. Auditors' remuneration

	2019 £	From 17 November 2016 to 31 March 2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	13,000	11,800
	<u>13,000</u>	<u>11,800</u>
Taxation compliance services	2,525	2,400
All other services	4,445	12,989
	<u>6,970</u>	<u>15,389</u>

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

7. Employees

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

	2019 £	From 17 November 2016 to 31 March 2018 £
Wages and salaries	1,724,146	1,545,182
Social security costs	195,250	173,303
Costs of defined contribution pension scheme	35,963	19,120
	<u>1,955,359</u>	<u>1,737,605</u>

The average monthly number of employees, including the directors, during the year/period was 26 (2018: 18).

8. Directors' remuneration

	2019 £	From 17 November 2016 to 31 March 2018 £
Directors' emoluments	608,710	889,507
Company contributions to defined contribution pension schemes	7,472	6,654
	<u>616,182</u>	<u>896,161</u>

The highest paid director received remuneration of £303,033 (2018 - £485,931).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018 - £NIL).

The amount of the accrued bonus in respect of the directors at 31 March 2019 amounted to £111,245 (2018 - £271,083).

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

9. Interest payable and similar expenses

	2019 £	From 17 November 2016 to 31 March 2018 £
Unwinding of loan note discount	387,162	164,875
	<u>387,162</u>	<u>164,875</u>

10. Taxation

	2019 £	From 17 November 2016 to 31 March 2018 £
Current Tax		
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Accelerated capital allowances	1,276,471	472,770
Tax losses carried forward and other deductions	(1,276,471)	(472,770)
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

10. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	From 17 November 2016 to 31 March 2018 £
Loss on ordinary activities before tax	(4,264,829)	(3,186,232)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19.27%)	(810,318)	(613,987)
Effects of:		
Fixed asset differences	1,292	1,310
Expenses not deductible for tax purposes	76,150	54,821
Adjust closing deferred tax to average rate of 19.00%	77,145	65,716
Adjustments to tax charge in respect of previous periods - deferred tax	(3,315)	-
Deferred tax not recognised	659,046	492,140
Total tax charge for the year/period	-	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Deferred Tax

At 31 March 2018, there are unrecognised deferred tax balances totaling £1,151,186 (2018: £492,140). This comprises £211 (2018: £11) arising from short term timing differences and £1,150,975 (2018: £492,129) from losses and other deductions.

These assets have not been recognised in the financial statements as there is currently insufficient certainty about the availability of future taxable profits to offset these amounts.

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

11. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery and Motor vehicles £	Fixtures and fittings and Computer equipment £	Charging equipment £	Assets in the course of construction £	Total £
Cost or valuation						
At 1 April 2018	212,059	30,407	110,588	1,742,255	965,924	3,061,233
Additions	-	146	18,356	2,813,290	2,197,733	5,029,525
Disposals	-	-	-	-	(59,571)	(59,571)
Transfers between classes	-	-	-	965,924	(965,924)	-
At 31 March 2019	212,059	30,553	128,944	5,521,469	2,138,162	8,031,187
Depreciation						
At 1 April 2018	22,661	2,849	28,192	18,214	-	71,916
Charge for the year on owned assets	20,718	6,098	38,087	291,945	-	356,848
At 31 March 2019	43,379	8,947	66,279	310,159	-	428,764
Net book value						
At 31 March 2019	168,680	21,606	62,665	5,211,310	2,138,162	7,602,423
At 31 March 2018	189,398	27,558	82,396	1,724,041	965,924	2,989,317

12. Stocks

	2019 £	2018 £
Purchased goods	92,484	442,212
	<u>92,484</u>	<u>442,212</u>

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

13. Debtors

	2019 £	2018 £
Other debtors	416,725	4,849,085
Prepayments and accrued income	993,521	602,377
	<u>1,410,246</u>	<u>5,451,462</u>

In the previous period, included within other debtors was an amount of £1,166,646 in respect of preference shares issued on 21 March 2018 but not paid for until 11 April 2018. Also included within other debtors at the previous period end was an amount of £2,833,354 in respect of a loan made by Zouk Capital LLP, for which there was a contractual liability at the period end and was received on 11 April 2018.

14. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	2,965,614	3,050,322
	<u>2,965,614</u>	<u>3,050,322</u>

15. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	564,147	2,247,529
Other taxation and social security	51,598	45,842
Other creditors	1,171	136,777
Accruals and deferred income	352,860	524,507
	<u>969,776</u>	<u>2,954,655</u>

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

16. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Loan notes	5,155,357	3,096,311
	<u>5,155,357</u>	<u>3,096,311</u>

The loan notes are repayable in 2027 and are interest free. The loan note holders are entitled to require the immediate redemption of the outstanding loan at par value under certain conditions as stipulated under the Loan Note Instrument agreement.

The loan was made by Zouk Capital LLP through its fund REEIF II Luxembourg S.A.R.L and of the total loan of £12,750,028, £4,250,028 (2018: £8,500,000) was received in the year.

In accordance with the requirements of FRS102, the financial liability shall be measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. A similar market rate of interest has been determined as being 11%, as considered in note 3.

As a result, the principal loan balance of £12,750,028 (2018: £8,500,000) has been discounted by £7,594,671 (2018: £5,403,689), which results in a corresponding entry to the Capital Contribution reserve. At the year end there was an increase in the loan balance of £387,162 (2018: £164,875) to reflect the unwinding of the discount during the year.

After the initial measurement all further unwinding of the discount is charged as an interest expense to the income statement, with a corresponding annual reserve movement between the Capital Contribution reserve and the Profit and Loss reserve.

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>3,394,277</u>	<u>7,905,442</u>
Financial liabilities		
Other financial liabilities measured at fair value through profit or loss	<u>6,125,133</u>	<u>6,050,966</u>

Financial assets measured at fair value through profit or loss comprise trade debtors, other debtors, accrued income and cash.

Other financial liabilities measured at fair value through profit or loss comprise trade creditors, taxation and social security creditors, other creditors, accruals and loans.

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

18. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
85,000 (2018 - 85,000) A Ordinary shares of £0.001 each	85	85
5,249,887 (2018 - 3,499,915) Preference shares of £1.000 each	5,249,887	3,499,915
15,000 (2018 - 15,000) Ordinary shares of £0.001 each	15	15
	<u>5,249,987</u>	<u>3,500,015</u>

During the year a total of 1,749,972 Preference shares were issued as follows: 874,986 were issued on 5 October 2018 and 874,986 were issued on 14 March 2019. The nominal value of these shares is £1 per share and consideration of £1,749,972 was received for these shares.

The Preference shares do not entitle the holder to any voting rights other than to vote on a resolution to wind up the company or reduce its share capital or to vote on a resolution directly adversely varying or abrogating any of the special rights attached to the Preference shares. They do permit the holder to attend any general meetings of the company.

On liquidation of the company any assets are distributed to Preference shareholders up to the amount paid up on the shares and then any surplus is shared equally between Preference share holders and Ordinary share holders in respect of the number of fully paid shares held.

The Preference shares carry a right to a preferred dividend ("Special Dividend") entitling holders to be paid, in priority to any general dividend that may be declared from time to time in an aggregate amount of not more than an amount equal to 100% of the aggregate issue price. At the time of a Special Dividend being paid, the Preference shares will convert to deferred shares. The shares are non-redeemable.

Ordinary share holders and Ordinary A shareholders are entitled to attend and vote at all general meetings of the company and vote on any proposed written resolutions. After the preferred rights of Preference shareholders, every dividend is shared equally between Ordinary and Ordinary A shares in respect of the number of fully paid shares. Ordinary shares and Ordinary A shares are non-redeemable.

Prior period share issues:

85,000 Ordinary A shares were issued on 12 December 2016 with a nominal value of £0.001 per share and total consideration of £85 was received.

During the period 15,000 Ordinary shares were issued as follows: 10,000 were issued on 12 December 2016, 2,000 were issued on 26 July 2017 and 3,000 were issued on 30 January 2018. The nominal value of these shares is £0.001 per share and total consideration of £15 was received.

During the period a total of 3,499,915 Preference shares were issued as follows: 1,166,622 were issued on 12 December 2016, 1,166,647 were issued on 14 December 2017 and 1,166,646 were issued on 21 March 2018. The nominal value of these shares is £1 per share and consideration of £3,499,915 was received for these shares of which £1,166,646 was paid on 11 April 2018 and is included within the other debtors figure at the period end.

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £35,963 (2018: £19,120). Contributions totaling £5 (2018: £65) were payable to the fund at the reporting date and are included in creditors.

20. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancelable operating leases as follows:

	2019 £	2018 (restated) £
Land and Buildings		
Not later than 1 year	583,700	222,959
Later than 1 year and not later than 5 years	2,270,477	959,677
Later than 5 years	5,501,109	2,022,752
	<u>8,355,286</u>	<u>3,205,388</u>
	2019 £	2018 £
Other		
Not later than 1 year	31,585	31,585
Later than 1 year and not later than 5 years	24,822	53,360
	<u>56,407</u>	<u>84,945</u>

InstaVolt Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

21. Related party transactions

The directors did not receive any dividends during the period.

During the year the company paid for services from a company which shares common directorship totalling £143,857 (2018: £217,259), of which, amounts totaling £127,720 (2018: £176,231) are included in the aggregate remuneration paid to key management personnel below. Amounts totaling £12,488 (2018: £10,032) were owed to this company at the end of the period.

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2019 £	2018 £
Aggregate remuneration	677,033	988,620
	<u>677,033</u>	<u>988,620</u>

Included in the aggregate remuneration are amounts totaling £126,597 (2018: £308,492) in respect of bonuses accrued for the key management personnel.

22. Post balance sheet events

There have been no significant events affecting the company since the year end.

23. Controlling party

The Company's controlling party is REEIF II Luxembourg S.A.R.L and the ultimate controlling party by virtue of it's majority shareholder is Renewable Energy and Environmental Infrastructure Fund II (A) LP.