Report of the Directors and

Financial Statements

for the Year Ended 30 September 2015

for

Vanilla Energy Limited

Previously known as IE CHP (UK & Eire) Limited

Vanilla Energy Limited

Contents of the Financial Statements for the Year Ended 30 September 2015

Company Information
for the Year Ended 30 September 2015

DIRECTORS:	Ms M J Hope Dr L Juby J A Hughes S J Storey (resigned 2 September 2015)
REGISTERED OFFICE:	4th Floor 115 George Street Edinburgh EH2 4JN
REGISTERED NUMBER:	SC338109 (Scotland)
AUDITORS:	Campbell Dallas LLP Chartered Accountants & Statutory Auditors 4 Atholl Crescent Perth Perthshire PH1 5NG
SOLICITORS:	Pinsent Masons 1 Park Row Leeds LS1 5AB

The directors present their report with the financial statements of the company for the year ended 30 September 2015.

CHANGE OF NAME

The company passed a special resolution on 18 May 2016 changing its name from IE CHP (UK & Eire) Limited to Vanilla Energy Limited.

PRINCIPAL ACTIVITY

Vanilla Energy Limited is a joint venture company owned by Intelligent Energy Holdings plc (50%), SSE Venture Capital Limited (43%) and Scottish Enterprise Venture Fund (7%). The Company's activities are mainly in the UK and are directed towards the development of fuel cell solutions for use in CHP and distributed power generation systems for both commercial and residential applications. As these Smart Energy technologies and operating processes continue to be developed, the business will be able to capture the associated intellectual property rights. It is the Board's belief that the Company is at the forefront of technological advancement in the distributed power generation sector with unique system designs that will exhibit exceptional cost effective performance.

Subsequent to the year end, on 1 April 2016, the convertible loan notes to SSE Venture Capital Limited and Scottish Enterprise Venture Fund were fully converted into ordinary shares of £1 each. SSE Venture Capital Limited and Scottish Enterprise Venture Fund both acquired 463,000 ordinary £1shares as a result of the conversion which has changed the share ownership to Intelligent Energy Holdings plc (26.5%), SSE Venture Capital Limited (46%) and Scottish Enterprise Venture Fund (27.5%).

REVIEW OF BUSINESS

Since its incorporation in February 2008 the Company has made significant advances in its technology to develop fuel cell distributed power generation systems and the associated system control Intellectual Property.

Within the financial year, the business has focussed on the development of residential Smart Energy solutions and has developed significant Intellectual Property relating to the control of such systems.

The first deployment of this Smart Energy Systems technology incorporates Fuel Cells into existing heating systems, simply and effectively in a low cost way. During the financial year, two field trial systems have been deployed in residential properties which have provided operational analysis and results.

Smart Energy Systems are a key technology as they provide cheap, low carbon energy, whilst supporting the transition to a Smart Grid. The Company's enabling technology can be easily adapted to support the simple, low cost and optimised installation of a number of low carbon technologies within buildings, enabling Smart Grid integration.

The directors are satisfied with the results for the year to 30 September 2015. During the financial year, the business has been restructured to reduce costs, however with no new funding secured at the start of 2016, the Directors now intend to liquidate the business in 2016.

RESEARCH AND DEVELOPMENT

The Company makes significant investment into research and development activities to develop fuel cell CHP and distributed generation Smart Energy systems. Significant progress continues to be made in these areas thus reducing risks associated with these technologies as the Company accrues knowledge and operating experience.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 October 2014 to the date of this report.

Ms M J Hope
Dr L Juby
J A Hughes

Other changes in directors holding office are as follows:

S J Storey - resigned 2 September 2015

BREAK UP
The Company is currently developing technology and accordingly its expenditure is expected to continue to exceed its income for the foreseeable future whilst the Company seeks to bring one or more products to market. During the year, further convertible loan notes of £400,000, classified as equity, have been issued, based on the establishment of the technical and commercial viability of certain technologies which the directors consider to be significant in the context of bringing products to market. Also during the financial year, the directors have reduced the scale of the business and consequently the cash expenditure of it to what they consider to be the lowest possible cost base such that it can continue to pursue its commercial objectives and to trade in an orderly fashion.

As a result of this reduction in the scale of the business, a claim of £200,000 has been received by the Company during the year, in respect of a supply agreement with a third party. The directors have taken legal advice and are of the view that the claim is groundless and accordingly no provision has been recognised in respect of the claim.

The directors have prepared and reviewed detailed cash flow forecasts for the foreseeable future which they have deemed to be, for these purposes, a period of a couple of months from the date of approval of these financial statements. These forecasts take account of current activity with reasonable judgements and estimates made as to the likely quantum and timing of income and expenditure in the forecast period but have not assumed any additional funding or that any cash outflow will be required to settle the claim detailed above. Based on these forecasts the directors are no longer satisfied that the company has adequate resources to continue in operational existence for the foreseeable future and therefore, have confirmed that they intend to liquidate the business during 2016. These accounts have therefore been prepared on a break up basis.

In order for the business to continue the development of the technology and a marketable product, additional funding would be required which the directors have been unable to obtain. The directors intend to formally appoint a liquidator in 2016 to break up the business. The directors do not foresee any issues with paying off all of their creditors.

PRINCIPAL RISKS AND UNCERTAINTIES
For the period the company continues in business, the directors constantly monitor the risks and uncertainties facing the Company with particular reference to the Company's liquidity and capital requirements. This depends on numerous factors, including the success of the Company's activities, the Company's R&D activities, relationships with third-party business partners and the impact of competing technologies and market developments.

BUSINESS KPI'S

The Board has assessed that the following financial Key Performance Indicators (KPIs) are the most effective measures of progress towards achieving the Company's strategies and as such towards fulfilling the Company's objectives.

Cash and liquidity

Cash and liquidity represent the most crucial KPI for the Board as the business is still within its development phase. The cash balance at 30 September 2015 was £109,471 (2014: £49,929). Strong control over working capital has allowed the Company to meet its obligations to suppliers and for other short term liabilities.

Revenue

Turnover from continuing operations for the period is £nil (2014: £nil). The turnover represents activity from commercial contracts. The Company will derive its future revenues from business to business relationships when the research and development phase of its operations are further completed.

Headcount

Headcount in the business is three (2014: three). The research and development activity is supplemented by outsourcing to subcontractors.

Financial risk management

For the period the Company continues in business, the directors constantly monitor the financial risks and uncertainties facing the Company with particular reference to the exposure to liquidity risk and credit risk. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered.

The Company's principal financial instruments comprise convertible loan notes, cash and short term deposits. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as tax debtors and trade creditors, which arise directly from its operations.

Liquidity risk

The Company has sufficient available funds for operations and planned activities up until June 2016. The directors then intend to liquidate the Company.

Credit risk

Credit risk is limited because of the nature of the group's customers, primarily governmental bodies and large corporate entities. The Company has no past history of bad debts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. 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 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

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

ON BEHALF OF THE BOARD:

Dr L Juby - Director

21 June 2016

We have audited the financial statements of Vanilla Energy Limited for the year ended 30 September 2015 on pages eight to twenty two. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Break up basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the Report of the Directors concerning the company's intention to liquidate the company in 2016. The company incurred a net loss of £296,259 during the year ended 30 September 2015 and the directors have been unable to secure more funding for the business in 2016. These accounts have therefore been prepared on a break up basis.

Opinion on other matter prescribed by the Companies Act 2006

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

Report of the Independent Auditors to the Members of Vanilla Energy Limited

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 take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Campbell Dallas LLP

Alan Taylor (Senior Statutory Auditor)
for and on behalf of Campbell Dallas LLP
Chartered Accountants &
Statutory Auditors
4 Atholl Crescent
Perth
Perthshire
PH1 5NG

21 June 2016

Income Statement
for the Year Ended 30 September 2015

	Notes	2015 £	2014 £
CONTINUING OPERATIONS			
Revenue		-	-
Cost of sales		29,617	(46,025)
GROSS PROFIT/(LOSS)		29,617	(46,025)
Other operating income		5,471	-
Administrative expenses		(481,652)	(720,011)
OPERATING LOSS		(446,564)	(766,036)
Finance costs	3	(25)	-
Finance income	3	146	146
LOSS BEFORE INCOME TAX	4	(446,443)	(765,890)
Income tax	5	150,184	68,057
LOSS FOR THE YEAR		(296,259)	(697,833)

The notes form part of these financial statements

Vanilla Energy Limited (Registered number: SC338109)

Balance Sheet
30 September 2015

	Notes	2015 £	2014 £
ASSETS			
CURRENT ASSETS			
Trade and other receivables	6	144,868	271,365
Cash and cash equivalents	7	109,471	49,929
		254,339	321,294
TOTAL ASSETS		254,339	321,294
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	8	1,039,433	1,039,433
Share premium	9	3,973,049	3,973,049
Convertible bond reserve	9	800,000	400,000
Retained earnings	9	(5,650,486)	(5,354,227)
TOTAL EQUITY		161,996	58,255
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	92,343	263,039
TOTAL LIABILITIES		92,343	263,039
TOTAL EQUITY AND LIABILITIES		254,339	321,294

The financial statements were approved by the Board of Directors on 21 June 2016 and were signed on its behalf by:

Director

Vanilla Energy Limited

Statement of Changes in Equity
for the Year Ended 30 September 2015

	Called up share capital £	Retained earnings £	Share premium £	Convertible bond reserve £	Total equity £
Balance at 1 October 2013	1,039,433	(4,656,394)	3,973,049	-	356,088
Loss for the year	-	(697,833)	-	-	(697,833)
Issue of convertible loan notes	-	-	-	400,000	400,000
Balance at 30 September 2014	1,039,433	(5,354,227)	3,973,049	400,000	58,255
Loss for the year	-	(296,259)	-	-	(296,259)
Issue of convertible loan notes	-	-	-	400,000	400,000
Balance at 30 September 2015	1,039,433	(5,650,486)	3,973,049	800,000	161,996

The notes form part of these financial statements

Vanilla Energy Limited

Statement of Cash Flows
for the Year Ended 30 September 2015

	Notes	2015 £	2014 £
Cash flows from operating activities			
Cash generated from operations	1	(490,763)	(831,043)
Interest paid		(25)	-
Taxation received		150,184	68,057
Net cash from operating activities		(340,604)	(762,986)
Cash flows from investing activities			
Interest received		146	146
Net cash from investing activities		146	146
Cash flows from financing activities			
Issue of convertible loan notes		400,000	400,000
Net cash from financing activities		400,000	400,000
Increase/(decrease) in cash and cash equivalents		59,542	(362,840)
Cash and cash equivalents at beginning of year	2	49,929	412,769
Cash and cash equivalents at end of year	2	109,471	49,929

The notes form part of these financial statements

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2015	2014
	£	£
Loss before income tax	(446,443)	(765,890)
Depreciation charges	-	768
Finance costs	25	-
Finance income	(146)	(146)
	(446,564)	(765,268)
Decrease/(increase) in trade and other receivables	126,497	(221,363)
(Decrease)/increase in trade and other payables	(170,696)	155,588
Cash generated from operations	(490,763)	(831,043)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 September 2015

	30.9.15	1.10.14
	£	£
Cash and cash equivalents	109,471	49,929

Year ended 30 September 2014

	30.9.14	1.10.13
	£	£
Cash and cash equivalents	49,929	412,769

1. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

As explained in the Directors report, the Directors do not consider Vanilla Energy Limited to be a going concern, and have therefore prepared the financial statements on a break up basis. There has been no financial impairment of Vanilla Energy Limited's assets as a result of a break up basis of valuation.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

Plant, machinery and equipment	- 3 and 5 years
Office equipment, fixtures and fittings	-3 and 4 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the income statement in the period of derecognition.

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1. ACCOUNTING POLICIES - continued

Income taxes
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

where the temporary differences arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;

in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Employee benefit costs
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Development costs
Expenditure on internally developed intangible assets, excluding development costs, is taken to the income statement in the year in which it is incurred (research costs are expensed as incurred).

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1. **ACCOUNTING POLICIES - continued**

Trade and other receivables
Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Trade and other payables

Trade and other payables are stated at cost.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

Classification of financial instruments as debt or equity

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of financial expenses. Finance payments associated with financial instruments that are classified in equity are dividends, and are recorded directly in equity.

When shares are issued, any component that creates a financial liability of the Company is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

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1. **ACCOUNTING POLICIES - continued**

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Interest income

Interest income is recognised as it accrues using the effective interest rate basis.

Government grants

Income based government grants are recognised in the income statement in the periods in which the related costs are recognised as an expense. Government grants are recognised as a deduction from the related expense.

Equity instruments

A contract that will be settled by the entity delivering or receiving a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is an equity instrument.

Any consideration received (such as the premium received for a written option or warrant on the entity's own shares) is added directly to equity. Any consideration paid (such as the premium pair for a purchased option) is deducted directly from equity. Changes in the fair value of an equity instrument are not recognised in the financial statements.

2. **EMPLOYEES AND DIRECTORS**

	2015	2014
	£	£
Wages and salaries	98,500	200,813
Social security costs	13,319	23,619
Other pension costs	24,765	19,171
	136,584	243,603

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

	2015	2014
Corporate and commercial	3	3

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2. EMPLOYEES AND DIRECTORS - continued

In both the current and prior years directors' emoluments have been borne by fellow group companies in respect of Dr Juby from Intelligent Energy Holdings plc, Mr Hughes from Intelligent Energy Inc and Mrs Hope, Mr Storey from SSE plc. The directors' services to this Company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the Company for the year ended 30 September 2015. There were no directors' emoluments paid by the Company in the year ended 30 September 2015 or 30 September 2014.

	2015	2014
	£	£
Directors' remuneration	-	-

3. NET FINANCE INCOME

	2015	2014
	£	£
Finance income:		
Deposit account interest	146	146
Finance costs:		
Bank interest	25	-
Net finance income	121	146

4. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging/(crediting):

	2015	2014
	£	£
Cost of inventories recognised as expense	(29,617)	46,025
Other operating leases	3,080	-
Depreciation - owned assets	-	768
Auditors' remuneration	(7,470)	-

continued...

5. INCOME TAX

Analysis of tax income

(a) Tax credit in the income statement

	2015	2014
	£	£
Current tax:		
Tax credit in respect of losses surrendered under consortium relief	(150,184)	(68,057)
Total tax income in statement of profit or loss	(150,184)	(68,057)

(b) Factors affecting current tax credit

	2015	2014
	£	£
Loss before tax	(446,443)	(765,890)
Loss before tax multiplied by standard rate of corporation Tax in the UK of 20% (2014: 22%)	(89,289)	(168,496)
Tax losses carried forward	89,289	168,496
Tax credit in respect of losses surrendered under consortium relief	(150,184)	(68,057)

6. TRADE AND OTHER RECEIVABLES

	2015	2014
	£	£
Current:		
Trade debtors	61,683	271,365
Other debtors	49,888	-
VAT	33,297	-
	144,868	271,365

7. CASH AND CASH EQUIVALENTS

	2015	2014
	£	£
Bank deposit account	109,471	49,929

continued...

8. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015 £	2014 £
1,039,433	Ordinary shares	£1	1,039,433	1,039,433

The ordinary shares are made up of 519,711 ordinary A shares of £1 each and 519,722 ordinary B shares of £1 each. All A and B shares are ranked pari passu and have equal voting rights. Holders of the ordinary shares are entitled to receive dividends and other distributions and to attend and vote at any general meeting.

On 31 March 2015 the Company's shareholders passed a written resolution for the directors of the Company to be generally and unconditionally authorised to allot shares of £1.00 each in the capital of the Company up to an aggregate nominal amount of £1,744,000, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the corresponding date five years from the date of the resolution.

Subsequent to the year end, on 1 April 2016, the convertible loan notes to SSE Venture Capital Limited and Scottish Enterprise Venture Fund were fully converted into ordinary shares of £1 each. SSE Venture Capital Limited and Scottish Enterprise Venture Fund both acquired 463,000 ordinary £1 shares as a result of the conversion which has changed the share ownership to Intelligent Energy Holdings plc (26.5%), SSE Venture Capital Limited (46%) and Scottish Enterprise Venture Fund (27.5%).

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9. RESERVES

	Retained earnings £	Share premium £	Convertible bond reserve £	Totals £
At 1 October 2014	(5,354,227)	3,973,049	400,000	(981,178)
Deficit for the year	(296,259)			(296,259)
loan notes issue	-	-	400,000	400,000
At 30 September 2015	(5,650,486)	3,973,049	800,000	(877,437)

Share capital

The balance classified as share capital relates to the nominal value of shares on issue of the company's equity share capital, comprising £1.00 ordinary shares.

Share premium

The balance classified as share premium relates to the total net proceeds less nominal value of shares on issue of the Company's equity share capital.

Convertible bond reserve

During the year the Company issued unsecured convertible loan notes to SSE Venture Capital Limited and Scottish Enterprise Venture Fund which are convertible into ordinary shares of £1 each on 31 March 2016. The loan notes and associated coupon of 9% per annum convert to equity on maturity. In accordance with IAS 32 the instrument is deemed to be equity and recognised directly in reserves.

10. TRADE AND OTHER PAYABLES

	2015 £	2014 £
Current:		
Trade creditors	49,509	12,798
Amounts owed to group undertakings	31,034	80,409
Accruals and deferred income	11,800	169,832
	92,343	263,039

continued...

11. RELATED PARTY DISCLOSURES

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into during the year are as follows:

	2015	2014
	£	£
Intelligent Energy Holdings plc		
Purchases from related party	-	41,156
Amounts owed to related party	31,034	80,409

In addition to the above transactions convertible loan notes were issued by the Company to SSE Venture Capital Limited and Scottish Enterprise Venture Fund as detailed in note 9.

12. CONTINGENT LIABILITIES

In the normal course of business the Company has potential claims, disputes and litigation. As the Company has reduced the scale of its business, certain arrangements with third parties were restructured, resulting in such a claim for compensation of £200,000 being received during the year. The Company takes the view that this claim is groundless and that, whilst it is possible that this claim will result in an obligation on the Company, it is not probable; accordingly no provision has been made in these accounts.

13. EVENTS AFTER THE BALANCE SHEET DATE

Having been unable to secure new funding, the directors have made the decision to cease operations. Preparations are being made to wind up the business in 2016.

Subsequent to the year end, on 1 April 2016, the convertible loan notes to SSE Venture Capital Limited and Scottish Enterprise Venture Fund were fully converted into ordinary shares of £1 each. SSE Venture Capital Limited and Scottish Enterprise Venture Fund both acquired 463,000 ordinary £1shares as a result of the conversion which has changed the share ownership to Intelligent Energy Holdings plc (26.5%), SSE Venture Capital Limited (46%) and Scottish Enterprise Venture Fund (27.5%).

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14. ULTIMATE PARENT UNDERTAKING

The Company is a joint venture business between Intelligent Energy Holdings plc (50%), a company registered in England and Wales, SSE Venture Capital Limited (43%), a company registered in Scotland and Scottish Enterprise Venture Fund (7%).

In the directors' opinion the company is equally controlled by both Intelligent Energy Holdings plc and SSE Venture Capital Limited. The Company results are therefore included in the consolidated financial statements of both Intelligent Energy Holdings plc and SSE Venture Capital Limited. Copies of the financial statements of both companies are available from Companies House.

Subsequent to the year end, on 1 April 2016, there has been a change in share ownership to Intelligent Energy Holdings plc (26.5%), SSE Venture Capital Limited (46%) and Scottish Enterprise Venture Fund (27.5%).