

Company Registration No. 05783558

GREEN ENERGY OPTIONS LTD

Annual Report and Financial Statements

31 March 2019

22/01/2020



GREEN ENERGY OPTIONS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

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GREEN ENERGY OPTIONS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Caiger-Smith
P Hebden
S Anderson
A White
N Jenkins

SECRETARY

P Hebden

REGISTERED OFFICE

3 St Mary's Court
Main Street
Hardwick
Cambridgeshire
CB23 7QS

BANKERS

Barclays Bank PLC
Mortlock House
Station Road
Histon
Cambridge

SOLICITORS

Charles Russell Speechlys
5 Fleet Place
London, United Kingdom

AUDITOR

Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

GREEN ENERGY OPTIONS LTD

STRATEGIC REPORT

PRINCIPAL ACTIVITY

Our company's purpose is to help create a sustainable future by enabling households to manage their energy consumption and carbon footprint. This it does by designing and manufacturing Internet of Things (IoT) systems for monitoring and controlling energy generation, consumption and storage in residential buildings. These range from displays and consoles that connect to smart meters, through app-based control of heating and water flow and up to fully automated control of energy storage systems with batteries. The collection and analysis of energy data is core to all of these systems which are designed to optimise usage efficiency and convenience.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

UK Smart Meter Programme

The UK Smart Meter roll-out continues to be an important component of the business revenue stream and it has recently transitioned from the early 'Foundation phase' to the 'Enduring phase' of the roll-out plan. This means that specifications are now stable and installation rates are increasing. Around 20% of homes have received a compliant smart meter installation to date. Our business benefits from the pace of roll-out and encouragingly, there is an increasing willingness in the market to adopt more sophisticated versions of our products, particularly ones which are cloud connected and operate with apps.

Smart Home Systems

Our connected home applications include control over electric appliances and heating sources with very advanced features which support the 'Flexible Grids' of the future. AI is now incorporated into most of our systems and data science is growing in importance as a source of added value and differentiation.

The UK government and European Union are both very actively supporting a transition to a low carbon electricity system where demand flexibility is not only encouraged, but in some instances mandated. We also welcome and applaud the UK government's commitment to a zero-carbon economy by 2050. This, combined with the rapid electrification of transport and the introduction of demand side management, mean that the legislative agenda is supportive to the vision that our company holds.

During 2019 the company has also launched a ground-breaking water management product called Waterlock which allows remote control of water supplies to homes in the event of a water escape. This is being well received in the insurance sector as a solution to the high cost of water damage and won an award for 'Best Use of Technology' at the Broker's Innovation Awards recently.

Future Developments

A significant investment has been and continues to be made in staff, new product development and marketing. Several new products and systems have been released over the last year. Our belief is that these need to work seamlessly together and also with other vendors' products and with that objective, a smart and adaptable app that incorporates new products automatically is being created.

Our Hybrid Home™ which incorporates control over generation, storage and appliances (including EV) is in trial in multiple locations and has a very promising market emerging for it. The electrification of many homes over the coming years will necessitate advanced control features, especially as oil and gas heating are phased out.

Our product roadmap is well developed and ambitious. We believe the company is at the forefront of the flexible home of the future with its Hybrid Home™ concept. The business models surrounding the use of storage and flexibility are moving into a new phase with increasingly promising revenue streams. These are enabled by smart meters which importantly support time of use tariffs – a technology area where our business is particularly strong.

With larger amounts of data now being collected by our installed base, the evolution of data science applied to energy is growing rapidly. We have invested strongly in a data science team to generate insight from the data streams and are anticipating good recurring revenue growth from installed systems that generate the data and rely on the control features our apps provide.

GREEN ENERGY OPTIONS LTD

STRATEGIC REPORT (CONTINUED)

KEY PERFORMANCE INDICATORS

During this year sales remained relatively steady during the transition from Foundation to Mass roll-out whilst the industry resolved technical teething issues. Volumes are expected to grow significantly as the technology matures for smart metering and, by association, for our products which are attached to smart meters via a Home Area Network.

We continue to invest heavily in R&D with multiple new products due to launch in the coming year. The business has remained profitable even with these high levels of investment.

PRINCIPAL RISKS AND FINANCIAL RISK MANAGEMENT

Smart Metering Technical Issues

The smart metering programme has suffered from industry wide technical issues which are well known and have held up the launch of the programme. Now that the mass roll-out has commenced and the SMETS2 standard is stable, the risk of further delays is reduced. The government remains consistent in its belief that the cost benefit of smart meters is positive and is allowing more time for the programme to complete.

Smaller Energy Suppliers

Multiple energy suppliers now operate in the retail market and several of these are small and less financially stable than the big firms and thus present a potential credit risk. This is being managed by working in partnership with Meter Asset Providers which finance the assets and are protected from default by transferring asset ownership to replacement suppliers in the event of a business failure.

Brexit

Brexit continues to be a major source of uncertainty. However, the business is not greatly exposed to trade within the EU and the major risk is disruption at ports during the early part of a disorderly exit. Stocks have been adjusted to buffer the potential impact of this. A second challenge may arise if there is a further significant adjustment in the dollar exchange rate, though this has been largely mitigated in the short to medium term by currency hedging.

Other Risks

The Board continually review the business exposure to price, credit, liquidity and other financial risks and are satisfied that these are adequately addressed.

Approved by the Board of Directors and signed on behalf of the Board

P Caiger-Smith

Director

Date 6 February 2020

GREEN ENERGY OPTIONS LTD

DIRECTORS' REPORT

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

FUTURE DEVELOPMENTS

Details of future developments can be found in the Strategic Report on Page 2 and form part of this report by cross reference.

GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to achieve its financial objectives over the foreseeable future and therefore continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies within note 1 of the financial statements on page 13.

DIVIDENDS

The directors have not proposed a dividend for the year ended 31 March 2019 (2018: £nil).

EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events since the balance sheet date.

FINANCIAL RISK MANAGEMENT

Details of financial risk management can be found in the strategic report on page 3 and form part of this report by cross reference.

RESEARCH AND DEVELOPMENT

During the financial year, the Company continued to develop its products in order to keep up with the changing technology of the energy sector.

DIRECTORS

The directors, who served throughout the year and to the date of this report, unless otherwise stated, were as follows:

P Caiger-Smith	
P Hebden	
S Anderson	
A White	
E Oxburgh	(resigned 11 January 2019)
N Jenkins	

GREEN ENERGY OPTIONS LTD

DIRECTORS REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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), including FRS 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent and;
- 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.

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



P Caiger-Smith

Director

Date 6 February 2020

GREEN ENERGY OPTIONS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREEN ENERGY OPTIONS LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Green Energy Options Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 23.

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).

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

GREEN ENERGY OPTIONS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREEN ENERGY OPTIONS LTD (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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 for the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report or the Directors' Report.

GREEN ENERGY OPTIONS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREEN ENERGY OPTIONS LTD (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
Date

6 February 2020

GREEN ENERGY OPTIONS LTD

PROFIT AND LOSS ACCOUNT Year ended 31 March 2019

	Note	2019 £	2018 £
TURNOVER	3	27,360,321	29,405,653
Cost of sales		(19,689,695)	(20,801,207)
Gross profit		7,670,626	8,604,446
Administrative expenses		(7,135,938)	(6,794,205)
Other operating income		60,035	-
OPERATING PROFIT	4	594,723	1,810,241
Finance (expense)/income, net	5	(80,541)	(132,301)
PROFIT BEFORE TAXATION		514,182	1,677,940
Tax on profit	8	47,007	(308,030)
PROFIT FOR THE FINANCIAL YEAR		<u>561,189</u>	<u>1,369,910</u>

All activities derive from continuing operations.

There are no comprehensive income or expenses other than the profit for the financial year and the preceding financial year. Accordingly, no statement of comprehensive income is given.

GREEN ENERGY OPTIONS LTD

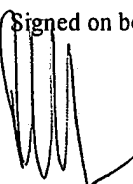
BALANCE SHEET

31 March 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	9	505,226	465,833
Investments	10	22,000	22,000
		<u>527,226</u>	<u>487,833</u>
CURRENT ASSETS			
Stocks	11	1,600,881	1,141,552
Debtors	12	6,584,692	4,994,326
Cash at bank and in hand		6,357,878	5,226,928
		<u>14,543,451</u>	<u>11,362,806</u>
CREDITORS: amounts falling due within one year	14	<u>(6,156,341)</u>	<u>(3,418,146)</u>
NET CURRENT ASSETS		<u>8,387,110</u>	<u>7,944,660</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,914,336</u>	<u>8,432,493</u>
CREDITORS: amounts falling due after more than one year	15	-	(76,988)
PROVISIONS FOR LIABILITIES	17	<u>(90,176)</u>	<u>(92,534)</u>
NET ASSETS		<u>8,824,160</u>	<u>8,262,971</u>
CAPITAL AND RESERVES			
Called up share capital	18	14,387	14,387
Share premium account	18	13,614,022	13,614,022
Profit and loss account	18	<u>(4,804,249)</u>	<u>(5,365,438)</u>
SHAREHOLDERS' FUNDS		<u>8,824,160</u>	<u>8,262,971</u>

The financial statements of Green Energy Options Ltd, registered number 05783558, were approved by the Board of Directors and authorised for issue on *6 February 2020*

Signed on behalf of the Board of Directors



P Hebden

Director

GREEN ENERGY OPTIONS LTD

STATEMENT OF CHANGES IN EQUITY 31 March 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 April 2017	14,387	13,614,022	(6,735,348)	6,893,061
Profit for the financial year	-	-	1,369,910	1,369,910
At 31 March 2018	14,387	13,614,022	(5,365,438)	8,262,971
Profit for the financial year	-	-	561,189	561,189
At 31 March 2019	14,387	13,614,022	(4,804,249)	8,824,160

GREEN ENERGY OPTIONS LTD**CASH FLOW STATEMENT****Year ended 31 March 2019**

	Note	2019 £	2018 £
Net cash flows from operating activities	19	<u>1,860,298</u>	<u>2,026,111</u>
Cash flows from investing activities			
Purchase of equipment		(295,508)	(361,213)
Proceeds from sale of equipment		<u>-</u>	<u>1,082</u>
Net cash flows from investing activities		<u>(295,508)</u>	<u>(360,131)</u>
Cash flows from financing activities			
Interest costs		(80,541)	(132,301)
Repayments of borrowings		<u>(353,299)</u>	<u>(301,713)</u>
Net cash flows from financing activities		<u>(433,840)</u>	<u>(434,014)</u>
Net increase in cash and cash equivalents		1,130,950	1,231,966
Cash and cash equivalents at beginning of year		<u>5,226,928</u>	<u>3,994,962</u>
Cash and cash equivalents at end of year		<u><u>6,357,878</u></u>	<u><u>5,226,928</u></u>

GREEN ENERGY OPTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Green Energy Options Ltd is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Green Energy Options Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Going concern

The directors have considered the financing requirements of the company for a period of at least 12 months from the date of approval of these financial statements. Forecasts are based on expected future trading performance and working capital requirements with particular attention being paid to forecast revenue levels, forecast operating expenses and the forecast cash flows.

Based on this assessment the directors have an expectation that the company has sufficient cash to enable it to continue trading under normal circumstances for at least that period. Accordingly, the financial statements have been prepared on the going concern basis.

Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the sale of services pertains to data analytics and connection fees and is recognised in proportion to the delivery of the services.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided from the date the asset is brought into use, at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	5 years straight line
Plant and machinery	5 years straight line
Tooling	3 years straight line, or life of project
Computer equipment	3 years straight line

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and financial liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

GREEN ENERGY OPTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) *Financial assets and financial liabilities (continued)*

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) *Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Net realisable value is based on estimated selling price, less further costs expected to be incurred to sale. Provision is made for obsolete, slow-moving or defective items where appropriate.

Research and development

Research and development expenditure is written off as incurred.

Pension costs

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as other accruals or prepayments in the balance sheet.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred. Government grant income comprises revenue recognised by the company in respect of grants received from the Department for Business, Energy & Industrial Strategy (BEIS) to partially fund feasibility studies and industrial research within the parameters of relevant BEIS competitions.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the duration of the lease even if payments are not made on such basis.

Share-based payment

The Company issues equity-settled share options to certain employees within the Company. Equity-settled share-based payment transactions are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes pricing model which is considered by management to be the most appropriate method of valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

A liability equal to the portion of the services received is recognised at and remeasured based on the current fair value determined at each balance sheet date for cash-settled share appreciation rights, with any changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

Foreign currency

Foreign currency transactions are recorded using the exchange rates prevailing at the dates of the transactions in question. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Exemption from preparation of consolidated accounts

The directors have taken the exemption available under Companies Act 2006 s405 (2) not to prepare consolidated accounts on the grounds of immateriality. The investment is accounted for at cost less impairment.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for the expected cost of warranty obligations based upon historical data under local sale of goods legislation are recognised at the time of sale of the relevant products.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

GREEN ENERGY OPTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

1. ACCOUNTING POLICIES (continued)

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date. Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not believe that there are any critical accounting judgements or items with estimation uncertainty that would have a significant effect on the amounts recognised in the financial statements.

GREEN ENERGY OPTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

3. TURNOVER

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Product sales revenue	27,131,703	29,169,701
Rendering of services	228,618	235,952
	<u>27,360,321</u>	<u>29,405,653</u>

An analysis of the company's turnover by geographical markets is set out below:

	2019 £	2018 £
United Kingdom	27,065,748	28,732,293
Other European countries	294,573	670,629
Rest of world	-	2,731
	<u>27,360,321</u>	<u>29,405,653</u>

4. OPERATING PROFIT

	2019 £	2018 £
Operating profit is after charging (crediting):		
Depreciation of tangible fixed assets	256,115	188,825
Cost of stock recognised as an expense	18,384,299	19,885,181
Government grants	(60,035)	-
Operating lease rentals:		
Land and buildings	<u>108,023</u>	<u>109,001</u>

Government grant income comprises revenue recognised by the company in respect of grants received from the Department for Business, Energy & Industrial Strategy (BEIS) to partially fund feasibility studies and industrial research within the parameters of relevant BEIS competitions.

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	30,250	28,800
Total audit fees	<u>30,250</u>	<u>28,800</u>
Taxation compliance services	4,500	4,000
Other services	670	650
Total non-audit fees	<u>5,170</u>	<u>4,650</u>

GREEN ENERGY OPTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

5. FINANCE (EXPENSE)/INCOME, NET

	2019 £	2018 £
Interest receivable and similar income		
Other interest	33,163	18,925
	<u>33,163</u>	<u>18,925</u>
Interest payable and similar charges		
Loan interest	(26,749)	(43,650)
Other interest	(86,955)	(107,576)
	<u>(113,704)</u>	<u>(151,226)</u>
Finance (expense)/income, net		
Interest receivable and similar income	33,163	18,925
Less: interest payable and similar charges	(113,704)	(151,226)
	<u>(80,541)</u>	<u>(132,301)</u>

6. STAFF COSTS

The average monthly number of employees (including executive directors) was:	2019 No	2018 No
Research and development	34	34
Manufacturing	5	9
Sales and marketing	16	7
Administration	22	12
	<u>77</u>	<u>62</u>
	£	£
The aggregate remuneration of employees (including executive directors) comprised:		
Wages and salaries	3,911,802	3,340,286
Social security costs	428,053	363,769
Other pension costs	141,205	64,782
	<u>4,481,060</u>	<u>3,768,837</u>

GREEN ENERGY OPTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

7. DIRECTORS' REMUNERATION

The remuneration of the directors was as follows:

	2019 £	2018 £
Emoluments	409,998	370,682
Company contributions to money purchase pension scheme	13,544	13,528
Sums paid to third parties in respect of directors services	22,500	7,500
	<u>446,042</u>	<u>391,710</u>

Two directors are a member of the money purchase scheme (2018: two)

8. TAX ON PROFIT

	2019 £	2018 £
Current tax		
Adjustment in respect of prior years	(9,491)	825
Total current tax	<u>(9,491)</u>	<u>825</u>
Deferred tax		
Origination and reversal of timing differences	114,625	164,274
Effect of changes in tax rates	(11,402)	128,926
Adjustment in respect of previous periods	(140,739)	14,005
Total deferred tax	<u>(37,516)</u>	<u>307,205</u>
Total tax on profit	<u>(47,007)</u>	<u>308,030</u>

GREEN ENERGY OPTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

8. TAX ON PROFIT (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK Corporation tax to the loss before tax is as follows:

	2019 £	2018 £
Profit before tax	514,182	1,677,940
Tax on profit at standard UK corporation tax rate of 19% (2018: 19%)	97,695	318,809
Effects of:		
Expenses not deductible for tax purposes	16,931	211,673
Income not taxable	-	(366,206)
Adjustment in respect of previous periods	(150,230)	14,828
Tax rate changes	(11,403)	128,926
Total tax charge (credit) for year	(47,007)	308,030

Factors that may affect future tax charges

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 19%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

9. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Tooling £	Plant and machinery £	Computer equipment £	Total £
Cost					
At 1 April 2018	52,745	778,540	80,917	215,353	1,127,555
Additions	29,140	105,140	14,981	146,247	295,508
At 31 March 2019	81,885	883,680	95,898	361,600	1,423,063
Depreciation					
At 1 April 2018	19,107	487,552	31,121	123,942	661,722
Charge for the year	14,006	154,474	18,398	69,237	256,115
At 31 March 2019	33,113	642,026	49,519	193,179	917,837
Net book value					
At 31 March 2019	48,772	241,654	46,379	168,421	505,226
At 31 March 2018	33,638	290,988	49,796	91,411	465,833

GREEN ENERGY OPTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

10. FIXED ASSET INVESTMENTS

	Subsidiary undertaking £
Cost and net book value	
At 1 April 2018 and at 31 March 2019	22,000

The company's investment in its subsidiary company represents 100% of the ordinary shares of Green Energy Options GmbH, incorporated in Germany, which provides promotional services.

The registered office of Green Energy Options GmbH is c/o Steuerberater, Magnus Büth, Esmarchstraße 23, 10407 Berlin.

11. STOCKS

	2019 £	2018 £
Raw materials	267,171	272,375
Finished goods	1,333,710	869,177
	<u>1,600,881</u>	<u>1,141,552</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	4,367,053	3,028,818
Amounts owed by subsidiary undertakings	332	13,486
Corporation tax receivable	2,947	27,009
Other debtors	158,399	119,263
Deferred tax asset (note 13)	1,138,982	1,101,466
Prepayments and accrued income	916,979	704,284
	<u>6,584,692</u>	<u>4,994,326</u>

The amounts owed by subsidiary undertakings are unsecured, interest free, and will be settled in cash. No guarantees have been received. No provisions have been made for doubtful debts in respect of the amounts owed by subsidiary undertakings.

13. DEFERRED TAX ASSET

	£
At 1 April 2018	1,101,466
Debited to the profit and loss account (current year)	(103,223)
Adjustment for prior year	140,739
	<u>1,138,982</u>
At 31 March 2019	<u>1,138,982</u>

GREEN ENERGY OPTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

13. DEFERRED TAX ASSET (continued)

Deferred tax is provided as follows:

	2019 £	2018 £
Accelerated capital allowances	(40,991)	(24,728)
Tax losses available	1,154,723	1,101,785
Research and development expenditure credit	2,899	5,604
Other timing differences	22,351	18,805
	<u>1,138,982</u>	<u>1,101,466</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Bank loans	93,458	369,769
Trade creditors	4,789,963	1,347,515
Other taxes and social security	506,212	613,917
Other creditors	138,334	89,959
Accruals and deferred income	628,374	996,986
	<u>6,156,341</u>	<u>3,418,146</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Bank loans	-	76,988

Included within the above are amounts falling due as follows:

	2019 £	2018 £
Between one and two years	-	76,988

The aggregate amount of creditors for which security has been given amounts to £1,962,640 (2018: £1,093,220).

16. SHARE BASED PAYMENTS

Equity-settled share-option scheme

The company set up a share-option scheme on 24 June 2009. As at 31 March 2019, 46 (2018: 40) employees have participated in the scheme and there are 214,000 (2018: 212,500) outstanding share options granted.

The options can only be exercised when the vesting conditions are met, being on the transfer of 51% of the company assets or change in ownership. If any individual leaves the company they may be entitled to retain 50% of the options that have vested provided they worked for the company for 3 years. The options have not been valued in the financial statements as the vesting conditions have not been met.

GREEN ENERGY OPTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

17. PROVISIONS FOR LIABILITIES

	Warranty £
At 1 April 2018	92,534
Decrease in provision	(4,815)
Unwinding of provision	2,457
	<hr/>
At 31 March 2019	90,176
	<hr/>

18. CALLED UP SHARE CAPITAL AND RESERVES

	2019 £	2018 £
Called up, allotted and fully paid		
1,438,658 ordinary A shares of 1p each	14,387	14,387
	<hr/>	<hr/>

The company's other reserves comprise:

The share premium reserve contains the premium arising on issue of ordinary shares net of issue expenses.

The profit and loss reserve represents cumulative profits or losses.

19. CASH FLOW STATEMENT

Reconciliation of operating profit to cash generated by operations:

	2019 £	2018 £
Operating profit	594,723	1,810,241
Adjustment for:		
Depreciation	256,115	188,825
Loss on sale of tangible fixed assets	-	2,099
Tax received	33,554	114,174
	<hr/>	<hr/>
Operating cash flow before movement in working capital	884,392	2,115,339
(Increase) decrease in stocks	(459,329)	597,268
(Increase) decrease in debtors	(1,576,912)	602,919
Increase (decrease) in creditors	3,014,505	(1,303,262)
(Decrease) increase in provisions	(2,358)	13,847
	<hr/>	<hr/>
Net cash flows from operating activities	1,860,298	2,026,111
	<hr/>	<hr/>

GREEN ENERGY OPTIONS LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019

20. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2019	2018
	£	£
Within one year	130,000	130,000
Between one and five years	140,329	270,329

21. PENSIONS

The Company operates a personal pension plan for the benefit of eligible employees. This is a non-contributory scheme where assets are held separately from those of the Company in independently managed funds.

The total pension cost for the Company during the year was £141,205 (2018: £64,782), of which £41,300 (2018: £17,882) was outstanding at the period end.

22. RELATED PARTY TRANSACTIONS

The company purchased accounting services to the value of £20,000 (2018 - £nil) on an arm's length basis, from P D Business Services Limited, a firm in which P Hebden is a director. At 31 March 2019 the company owed £24,000 (2018 - £nil) to P D Business Services Limited.

The company purchased consultancy services to the value of £7,500 (2018 - £7,500) on an arm's length basis, from B W Energy Limited, a firm in which A. White is a director. At 31 March 2019 the company owed £3,960 (2018 - £4,651) to B W Energy Limited.

The company purchased management fees to the value of £21,861 (2018: £11,442) on an arm's length basis, from Beama Limited, a firm in which P Caiger-Smith is a director. At 31 March 2019 the company owed £nil (2018: £nil) to Beama Limited.

The company purchased management fees to the value of £33,750 (2018: £nil) on an arm's length basis, from Zigzag SR Ltd, a firm in which S Anderson is a director. At 31 March 2019 the company owed £13,500 (2018: £nil) to Zigzag SR Ltd.

The Company has not disclosed details of the transactions with Green Energy Options GmbH under FRS 102 section 33.1A as Green Energy Options GmbH is a 100% subsidiary of Green Energy Options Limited.

23. CONTROLLING PARTY

The directors of the company are of the opinion there is no single controlling or ultimate controlling party.