

**PLUTUS POWERGEN PLC**

**Company Registration No. 05859612**



**Annual Report and Consolidated  
Financial Statements as at 30 April 2020**

## Contents

### *Page*

|         |   |
|---------|---|
| 1       | Company Information   |
| 2-4     | Chairman's Statement  |
| 5-6     | Chief Executive's Review                                      |
| 7-9     | Financial Review Report and Principle Risks and Uncertainties |
| 10      | Directors   |
| 11 - 18 | Chairman's Corporate Governance Statement                     |
| 19 - 20 | Directors' Remuneration Report                                |
| 21 - 22 | Directors' Report   |
| 23      | Statement of Directors' Responsibility                        |
| 24 - 28 | Report of the Independent Auditor                             |
| 29      | Group Statement of Comprehensive Income                       |
| 30      | Group and Company Statements of Financial Position            |
| 31      | Group Statement of Changes in Equity                          |
| 32      | Company Statement of Changes in Equity                        |
| 33      | Group and Company Statement of Cash Flows                     |
| 34      | Notes to the Financial Statements                             |

## Company Information

### COMPANY REGISTRATION NUMBER

05859612 (England and Wales)

### DIRECTORS

Charles Tatnall  
James Longley  
Tim Cottier

### REGISTERED OFFICE

27/28 Eastcastle Street  
London W1W 8DH

### COMPANY SECRETARY

James Longley

### NOMINATED ADVISER AND JOINT BROKER

Allenby Capital Limited  
5 St. Helen's Place  
London  
EC3A 6AB

### JOINT BROKER

Turner Pope Investments Limited  
8 Frederick's Place  
London  
EC2R 8AB

### JOINT BROKER

Pello Capital Limited  
7<sup>th</sup> Floor  
10 Lower Thames Street  
London  
EC3R 6AF

### REGISTRARS

Share Registrars Limited  
The Courtyard  
17 West Street  
Farnham  
GU9 7DR

### BANKERS

NatWest Bank PLC 1  
Princes Street  
London  
EC2R 8BP

### SOLICITORS

DMH Stallard LLP  
6 New Street Square  
London EC4A 3BF

### INDEPENDENT AUDITOR

PKF Littlejohn LLP  
15 Westferry Circus  
London  
E14 4HD

**Plutus PowerGen PLC (“PPG”) is, following its demerger of Plutus Energy Limited on 10 December 2020, capital reorganisation, placing to raise £600,000, and debt capitalisation, an AIM Rule 15 Cash Shell and as such is required to make an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14**

## **Chairman’s Statement**

Year to 30 April 2020

There is no doubt that the past year has been a challenging and tumultuous year for the Group, an annus horribilis in most respects. Before I go into detail with regard to some of these events, I wish to explain how the loss of value to shareholders occurred. Plutus had previously been awarded management contracts to operate nine flexible energy generation (“FlexGen”) sites which are co-owned with Rockpool Investments LLP (“Rockpool”). In the period under review we held 44.5% shareholdings, via Plutus PowerGen plc (“PPG”, the “Group” or the “Company”) and Plutus Energy, in each of these sites which rank behind the EIS investors in terms of getting their capital returned and *pari passu* thereafter. Plutus has had no influence over the running of the nine co-owned entities which each have a single director. Plutus does not have board representation on any of these companies which are independent of Plutus. We merely have a shareholding and had a management contract in each company and no influence beyond that or on any events affecting the industry in which we operated.

We have also been informed by Rockpool that these shareholdings are worthless, and we have therefore written them off in these accounts, a sum of only £152. In addition, Rockpool have informed us that we are unlikely to receive the accrued management fees that are due. These accrued fees remain in Plutus Energy Limited which has been spun out of Plutus PowerGen, further details of which are set out below. As the management fees rank ahead of the equity held by Rockpool and Plutus, but behind the debt owed to Rockpool by the co-owned companies, we can only conclude that the equity has limited value to Plutus and the Rockpool EIS investors, being some £35million of losses to Rockpool EIS investors. The companies also have loans owing to Rockpool. It is our belief that there is a reasonable chance that these loans will be repaid as there is a potential substantial value in the Capacity Mechanism (“CM”) contracts awarded to certain of the co-owned sites, together with the residual value assets on each site.

The material events which adversely hit the operations of the company commenced, in reality, on 27 August 2019 when the Group received notice from the non-executive directors of Rockpool that the Group's management contracts in connection with the existing six Rockpool EIS funded FlexGen sites were to be terminated. The notice gave Plutus a six-month notice period.

Further, on 18 October 2019, Mr Paul Lazarevic (the Company's former Operations Director) stated that he considered that he had ceased to be a director of Plutus with immediate effect. Mr Lazarevic notified the Board that he had informed Rockpool Investments, the directors of the Group's co-investee companies and the main suppliers/contractors of the Group (including the Company's nominated adviser) that he had ceased to be a director of the Company. Mr Lazarevic's director's service contract and consultancy agreement required that he give the Parent Company six months prior written notice of termination. The Parent Company had received no such notice. Shareholders should note that since the recent spin off of Plutus Energy, completed in December 2020, the rights to claim against Mr. Lazarevic have been assigned to Plutus Energy Limited and no longer form part of PPG.

Following the departure of Paul Lazarevic, the Group was potentially in breach of their management contracts with Rockpool due to the Group not having the necessary competent personnel to carry out the obligations stipulated in these management contracts. Under the management contracts the Group had a 60-day period to remedy this breach. Following a subsequent meeting between the Group, Rockpool, the directors of Plutus's co-investee companies in the FlexGen sites and third parties put forward by the Group to run the FlexGen sites, the Group was informed that the third parties had withdrawn their offer to run the sites for the period through to the end of the notice period, being on 19 February 2020, as the contracts potentially offered would be too short.

In addition, the Group announced, on 19 October 2019, that Attune Energy's management contract with Plutus had been terminated by Attune Energy on a three-month notice period and with effect from 21 January 2020. The Group was therefore unable to manage this standby diesel generation site due to not having the requisite in-house operational

expertise and having been unable to secure appropriate sub-contractors to manage the site.

As a result of the above developments the Group had, with immediate effect, ceased to receive management fees from its six FlexGen sites and its management contract with Attune Energy. The Group had 60 days from 21 October 2019 to remedy the breaches following which the management fees would be re-instated until the end of the notice periods which the company was unable to do. Such fees accrue to Plutus Energy Limited, now demerged from Plutus PowerGen plc.

### **REQUISITION OF GENERAL MEETING**

To further compound matters, when management were strategising a future for the Group, this was further compromised on 20 November 2019, by a requisition by JIM Nominees Limited ("JIM") requiring the directors to call a general meeting of the Parent Company's shareholders in accordance with the Companies Act. JIM was a member of the Parent Company and a holder of in excess of 5% of the Parent Company's current issued share capital. The requisition proposed that shareholders be asked to consider ordinary resolutions to remove all the current directors from the Board and to appoint Nicholas Lee, David Horner and Dr Nigel Burton to the board of the Parent Company.

The general meeting was held on 10 January 2020 and all the resolutions failed and accordingly all the current directors remained in place.

### **LOANS FROM CERTAIN DIRECTORS**

On 21 January 2020, the Group entered into an agreement with Charles Tatnall and James Longley, Chairman and Interim CEO of the Parent Company respectively, for an unsecured loan facility (the "Loan") of up to £150,000 (the "Loan Agreement") to alleviate the working capital position of the Group. The Loan was used to meet the Group's short-term working capital needs at the time. A total of £75,000 was drawn down by the company under this facility.

The Loan was to carry interest on the principal amount outstanding from time to time at the rate of 10 per cent. per annum but was waived by the Directors.

### **DEMERGER, PLACING, DEBT CAPITALISATION AND CAPITAL REORGANISATION**

The Group therefore found itself in a position where it was unable to realise its shareholdings in its co-investee companies nor generate any revenue from them. It effectively had no operating assets nor income. The directors therefore had to decide what was the best way forward for the shareholders to enable them to maximise value from the then situation.

On 9 October 2020, the directors therefore decided to convene a general meeting of the Group to consider certain proposals including the proposed demerger of Plutus Energy Limited, a capital reorganisation, proposed debt capitalisation and a conditional placing to raise gross proceeds of £600,000 at 0.02 pence per share which was approved by the Parent Company's shareholders at a general meeting held on 3 November 2020 and subsequent confirmation of a Reduction of Capital by the High Court of Justice of England and Wales. The transaction completed on 10 December 2020 at which point Plutus Powergen plc became classified as an AIM Rule 15 cash shell.

The demerged entity, Plutus Energy Limited, holds the Group's shares in Attune Energy Limited and a receivable totalling £656,856 in unpaid management fees owed to the Group together with the litigation rights with the Company's ex Chief Operation Officer, Mr Lazarevic. Rockpool did not provide the necessary consents to enable Plutus to demerge their interests in the remaining FlexGen sites and these remain held by Plutus, albeit they are effectively worthless for the reasons detailed above. The Company intends to demerge these interests from Plutus in due course once consent is received from Rockpool.

The objective of the demerger was to create value for existing shareholders through developing its existing energy assets in a private vehicle and provide a continued investment in an AIM Rule 15 Cash Shell seeking to deploy the Company's cash resources following completion of the Proposals towards the acquisition of an operating business (or operating assets) with such an acquisition constituting a reverse takeover under Rule 14 of the AIM Rules.

The Company raised £600,000 (before commissions and expenses) through the proposed issue of the 3,000,000,000 Placing Shares at the Placing Price. The Placing was arranged by Turner Pope as the Company's joint broker. Pello Capital acted as sub-placing agent to Turner Pope and have subsequently been appointed as joint broker to the Company. The net proceeds of the Placing, estimated to be £490,000, have been used by the Company to enable the settlement of trade and other creditors, including fees owed to directors, totalling approximately £275,000 and continue to be used

by the Company for general working capital purposes whilst it seeks a suitable reverse takeover candidate.

Certain of the Directors, trade creditors and advisers agreed to capitalise certain amounts that were either owed or contractually due to be settled in the next 12 months totalling £266,094. The debts were satisfied through the issue by the Company of 1,390,470,000 new Ordinary Shares at the Placing Price. These included myself and James Longley capitalising debts totalling £61,500 each including the £75,000 loan detailed earlier in this statement.

## **STRATEGY AND FINANCING**

Following its demerger of Plutus Energy Limited on 10 December 2020, capital reorganisation, placing to raise £600,000, and debt capitalisation, the Company is an AIM Rule 15 Cash Shell and as such is required to make an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14 and is actively pursuing opportunities to fulfil this requirement.

On 28 January 2021 the Company announced that it had entered into convertible subscription agreements to raise £200,000, before expenses, through the issue of unsecured convertible loan notes (the "Convertible Loans"). The Company is raising the funds to assist the Company in covering the additional costs of any potential future reverse takeover transaction and for general working capital purposes.

The Convertible Loans were placed with clients of Pello Capital Limited, the Company's joint broker and placing agent for the purposes of the issue of the Convertible Loans.

The key terms of the Convertible Loans are as follows:

- 12-month term
- 8% annual interest rate, payable in cash in arrears on 31 January, 30 April, 31 July and 31 October, with the first instalment due to be paid on 30 April 2021
- principal and accrued but unpaid interest will be convertible at a 25 per cent. discount to the price of new ordinary shares that are issued pursuant to a placing conducted simultaneous with the re-admission of the ordinary shares of the Company to trading on AIM becoming effective following an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules ("Re-Admission")
- convertible at the date of Re-Admission
- unsecured

The Company expects to receive the funds from the issue of the Convertible Loans by the beginning of February 2021.

## **DIVIDEND**

We do not propose to pay a dividend for the foreseeable future.

## **INTERIM ACCOUNTS**

The Company also announces that it expects to publish its half yearly report for the six months ended 30 October 2020 by 28 February 2021. The publication date utilises the permitted extension of up to one month to complete and announce half yearly reports, as per the guidance issued by AIM Regulation in the "Inside AIM" publication dated 9 June 2020.

## **OUTLOOK**

I would like to thank my co-directors for their valued efforts, as well as our partners, consultants and advisers who have provided their expert support during this difficult year. We look forward to sourcing and completing a successful acquisition or acquisitions which will constitute a reverse takeover under AIM Rule 14 and enable the directors to maximise value for the Company's shareholders.

Charles Tatnall  
Executive Chairman

29 January 2021

# Strategic Report

## Interim Chief Executive's Review

### OPERATIONS

The year ended 30 April 2020 has again been a challenging one with many changes to the operations and status of the Group as detailed in the Chairman's Report.

We had reported last year that post year end the Group had received notice, on 27 August 2019, from the non-executive directors of Rockpool that its management of the existing Rockpool EIS funded sites were to be terminated, on a six-month notice period, without explanation. On 18 October 2019, Paul Lazarevic unexpectedly left the Group. The directors believe that this was in breach of contract and litigation is proceeding against Mr Lazarevic, the rights to which have been transferred to Plutus Energy Limited as part of the re-organisation detailed below and are no longer held within PPG. We subsequently lost all the management contracts for the co-owned investee companies despite our efforts to sub-contract the operations of the Company to third party contractors. The resignation of Mr Lazarevic therefore caused the Group to be left with no revenue streams from late October 2019. Rockpool initiated a sales process of the operating sites, advised by Jones Lang LaSalle, but were unable to attract any suitable offers for the sites. Regardless of the foregoing, we have written off the carrying value of the sites in these accounts being £152 as the directors believe that, in the current circumstances, there is no value to our 44.5% carried interests in these sites. This write off is based largely on information given to us by Rockpool that there is likely to be little or no value in the equity of all nine co-owned investee companies (of which eight remain held in Plutus Powergen Plc with the interest in Attune Energy being held in Plutus Energy Limited, a private company). We therefore no longer have an operating business.

### RE-ORGANISATION

All our efforts have, therefore been spent on re-positioning the Group for the future, to enable us to enhance shareholder value via the spin off, placing, and becoming an AIM Rule 15 Cash Shell. The Company is required to make an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14. The company is actively seeking an acquisition which fulfil the requirements of being an AIM Rule 15 cash shell and such acquisition would constitute a reverse takeover of the Company. Following its reclassification as an AIM Rule 15 cash shell on 10 December 2020, the Company is required to make an acquisition which constitutes a reverse takeover under the AIM Rules by 10 June 2021, failing which the Company's ordinary shares would be suspended from trading on AIM pursuant to AIM Rule 40. The Company's admission to trading on AIM would then be cancelled six months from the date of suspension, should the reason for the suspension not have been rectified.

This process took some considerable time and effort and culminated in the demerger of Plutus Energy Limited, a capital re-organisation, a placing to raise £600,000 (before expenses) and a proposed debt capitalisation, all of which completed in the second week of December 2020. In order to effect the Demerger of Plutus Energy, there was a bonus issue paid out of the Share Premium Account of Plutus on the basis of one Plutus B Ordinary Share for every one Ordinary Share held by a Shareholder on the register of members on the Demerger Record Date. The Bonus Issue was effected so that the Plutus Energy Shares may be transferred to Shareholders as a repayment of capital. The Plutus B Ordinary Shares were then cancelled pursuant to the Reduction of Capital by reducing the Parent Company's share capital in accordance with the provisions of the Act. This involved the cancellation of the Parent Company's Share Premium Account and the capital thereon repaid to Shareholders by the transfer of the Plutus Energy Shares.

The share capital of the company was further re-organised to facilitate the placing raising £600,000 (before expenses). This was required since the Placing Price was less than the nominal value of 0.1 pence per existing ordinary share. The Companies Act (as amended) prohibits the Parent Company from issuing ordinary shares at a price below the nominal value. Accordingly, the Parent Company sought shareholder approval to carry out the Capital Reorganisation whereby each existing ordinary share was subdivided into one New Ordinary Share and nine Deferred Shares. The Deferred Shares have no rights, and the Company has not issued any certificates or credited CREST accounts in respect of them and the deferred shares have not been admitted to trading on AIM.

Following completion of the reorganisation the company has adequate cash resources and working capital for 12 months. However, the Company continues to consider its short-term funding options to assist in covering the additional costs of any potential future reverse takeover transaction and for the benefit of all shareholders in PPG and accordingly announced on 28 January 2020 that the Company had entered into convertible subscription agreements to raise £200,000, before expenses, through the issue of unsecured convertible loan notes. The Company is raising the funds to assist the Company in covering the additional costs of any potential future reverse takeover transaction and for general working capital purposes.

All shareholders immediately prior to the placing and debt capitalisation have a pro rata shareholding in Plutus Energy Limited which is now a private company. By undertaking the foregoing processes, the shareholders at that time have the benefit of a shareholding in both the listed company and the private company and this gives the optimum chance of enhancing shareholder value via these two routes.

James Longley  
Interim Chief Executive Officer

29 January 2021



## Financial Review

The Group's total revenue for financial year end 30 April 2020 amounted to £567,744 (2019: £1,275,000) with a profit before tax of £320,841 (2019: loss before tax of £1,650,701). The profit before tax figure includes a gain of approximately £570,000 (2019: charge £124,408) in connection with share-based payments due to the cancellation of the share option schemes. As at 30 April 2020 the Group's consolidated cash and cash equivalents stood at £2,413 (2019: £45,177). The Group's cash balance at the date of this report is £82,305, before the receipt of funds from the convertible loan note announced on 28 January 2021.

The substantial reduction in revenue in the year ended 30 April 2020 reflects the loss of the management contracts above in the period under review and the Group ceasing to receive management fees from its FlexGen sites and Attune Energy management contract with effect from October 2019.

Plutus Energy Limited, which is now spun off into a private entity, is currently owed £656,856 in accrued and deferred fees from the co-investee companies. In the last financial year, the directors performed an annual review on the goodwill created from the acquisition of Plutus Energy Limited by PPG in 2014 and decided to write off all of the £1,085,000 created via its acquisition as none of the directors of Plutus Energy Limited were still in place from the original acquisition and the company no longer had an operational business, in the year ended 30 April 2019 (2020: Nil).

During the year under review, revenue reduced to £567,744 (2019: £1,275,000) because of the cancellation of the management contracts with the co-investee companies. Administrative expenses have reduced to £814,959 (2019: £2,793,293). The prior year included the £1,085,000 write off of goodwill. Nevertheless, overheads have been reduced considerably in line with the reduced operations and change of status of the company during the year to a cash shell. Taxation is £0 in 2020 (2019: £0) and consequently the basic and diluted profit per share from continuing operations was 0.04p (2019: loss 0.22p). The company currently has 5,263,004,994 ordinary shares in issue. All share options have been cancelled for the directors and the Rockpool warrants expire in May this year. In connection with the placing referred to above 600,000,000 broker warrants were issued to Turner Pope, joint broker to the Company of which 300,000,000 were transferred to Pello Capital following completion of the Placing.

### Key performance indicators

The key performance indicators are set out below:

|                           | 2020     | 2019       | Change % |
|---------------------------|----------|------------|----------|
| Turnover                  | £567,744 | £1,275,000 | -82%     |
| Cash and cash equivalents | £2,413   | £45,177    | -95%     |
| Closing share price       | 0.026p   | 1.26p      | -98%     |
| Earnings per share        | 0.04p    | (0.22)p    | n/a%     |

### Principal risks and uncertainties

The Board regularly reviews the risks facing the Company and seeks to exploit, avoid or mitigate those risks as appropriate.

### Financial risk management objectives and policies

Financial risk management objectives and policies of the Group are set out in note 26 to the financial statements.

Being a small Group with only three directors and employees, the directors believe that the COVID-19 pandemic is likely to have little effect on the Group internally as the Group follows all the government guidelines in that respect.

However, there is no guarantee that the effects of the pandemic do not, for example, have an effect on our ambitions with regard to being an AIM Rule 15 Cash Shell and executing on a potential reverse takeover transaction or transactions.

### **Promotion of the company for the benefit of the members as a whole**

The Director's believe they have acted in the way most likely to promote the success of the Group for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Group,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Group's employees,
- Foster the Group's relationships with suppliers, customers and others, and
- Consider the impact of the Group's operations on the community and the environment.

The Parent Company is quoted on AIM and its members will be fully aware, through detailed announcements, shareholder meetings and financial communications, of the Board's broad and specific intentions and the rationale for its decisions.

When selecting investments, issues such as the impact on the community and the environment have actively been taken into consideration.

The Group pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders funds.

### **Going concern**

The Directors consider the Group has sufficient resources to continue to actively seek an acquisition or acquisitions which will constitute a reverse takeover under AIM Rule 14.

At the current time the Parent Company has adequate cash resources and working capital for 12 months. However, the Company is considering short term funding options to assist in covering the additional costs of any potential future reverse takeover transaction.

The Parent Company was reclassified as an AIM Rule 15 Cash Shell on 10 December 2020. Following its reclassification as an AIM Rule 15 cash shell, the Company is required to make an acquisition which constitutes a reverse takeover under the AIM Rules by 10 June 2021, failing which the Company's ordinary shares would be suspended from trading on AIM pursuant to AIM Rule 40. The Company's admission to trading on AIM would then be cancelled six months from the date of suspension, should the reason for the suspension not have been rectified.

As stated above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation or existence for the foreseeable future thus we continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in Note 4 of the financial statements.

The Parent Company's employees carry out their duties remotely, via the network infrastructure in place. As a result, there was no disruption to the operational activities of the Company during the COVID-19 social distancing and working from home restrictions. All key business functions continue to operate at normal capacity.

## Principal Risks and Uncertainties

We have identified the principal risks to the Group achieving its objectives, and risk management is regularly on the agenda of the Board, Audit Committee and other senior management meetings.

### Risk

The Group is an AIM Rule 15 Cash Shell and as such is actively seeking an acquisition or acquisitions which will constitute a reverse takeover under AIM Rule 14. Funds are no longer being raised for flexible energy generation, meaning that if a target is not secured the group has no viable source of revenue generation.

### Potential Impact

Our business model now depends on our ability to find a suitable acquisition target under AIM Rule 14 and/or the company raising sufficient finance for such a transaction. If no target is found the group's shares are suspended and after a further 6 months of unsuccessful targeting the Groups shares are delisted.

### Mitigation

The directors are actively in discussions with a number of potential Reverse Take-over targets and providers of finance.

James Longley  
Director

29 January 2021

## Directors

### CHARLES TATNALL

#### **Executive Chairman**

Charles Tatnall is primarily involved in advising and raising funds for small and medium sized enterprises. Until 2005 he was consultant to Bolton Group, identifying potential investment and acquisition opportunities in a broad range of industry sectors. Previously he held a number of positions with public companies in North America and Canada, where he was responsible for corporate governance and finance. Charles was a co-founder and principal of BioProgress Technology, quoted on the NASD-regulated OTC market, and later migrated to AIM. Charles is also CEO of fully listed Papillon Holdings PLC and is a director of Stranger Holdings PLC and Fandango Holdings PLC, both with standard listings on the LSE.

### JAMES LONGLEY

#### **Interim CEO, Chief Financial Officer and Company Secretary**

James Longley is a chartered accountant whose career has focused on venture capital, private equity and building growth companies. His earlier career was with Arthur Andersen, Creditanstalt- Bankverein Merchant Banking and Touche Ross Corporate Finance. In 1990 he co-led the £10.5m management buy-in of The Wilcox Group, a leading UK trailer manufacturer. He was also co-founder, Director and CFO of BioProgress Technology International, a drug delivery systems developer, formerly a NASD regulated company, achieving a market capitalisation of upwards of £250 million, which subsequently listed on AIM. He was also a co-founder, Director and CFO of PhotoBox Limited, Europe's leading photo finishers. It acquired Moonpig in 2011 for £120 million and which is currently seeking a listing with a market capitalisation in excess of £1 billion and PhotoBox Group was sold in early 2016 in a £400 million deal. James has invested in and advised many other growth companies during his career. He is also Chairman of Papillon Holdings PLC and is also a Director of standard listed Stranger Holdings PLC.

### TIM COTTIER

#### **Non-Executive Director and Independent Director**

Tim Cottier FCA is a Chartered Accountant who has spent many years in the corporate finance, real estate and green energy sectors. He qualified with Thornton Baker (now Grant Thornton) in London and spent several years with Price Waterhouse in the UK and in the Bahamas. He is CEO of Kinloch Corporate Finance who are a corporate advisory company based in London and Leeds which specialises in capital raising, private equity, venture capital and M&A activities within the SME sector dealing with transaction sizes from £1m to £50m. He is involved with a number of sustainable energy projects as advisor and in particular waste to energy sector. He established Kinloch Corporate Finance after exiting from a leading accountancy practice in Leeds where he headed up the corporate finance division. Tim has also been involved in a number of commercial property development schemes both as principal and adviser, finding sites for commercial schemes. He was a partner in Marlin Properties until 2002 and is an investor in several property projects in North Yorkshire. He is a Director of fully listed Fandango Holdings PLC.

## CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT

### Overview

As Chairman of the Board of Directors of PPG (**Plutus, We, or the Company/Group** as the context requires), it is my responsibility to ensure that Plutus has both sound corporate governance and an effective Board. Plutus is an AIM listed Rule 15 Cash Shell and as such is required to make an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14

Plutus' Board has adopted the principles of the Quoted Companies Alliance Corporate Governance Code (**QCA Code**) in accordance with the London Stock Exchange's recent changes to the AIM Rules, requiring all AIM quoted companies to adopt and comply or explain non-compliance with a recognised corporate governance code. The QCA Code identifies ten principles to be followed in order for companies to deliver growth in long term shareholder value, encompassing an efficient, effective and dynamic management framework accompanied by communication to promote confidence and trust. This report follows the structure of these guidelines and explains how we have applied the guidance as well as disclosing any areas of non-compliance. We will provide annual updates on our compliance with the QCA Code. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Company, and will disclose any areas of non-compliance in the text below.

The sections below set out the ways in which the Group applies the ten principles of the QCA Code in support of the Group's medium to long-term success.

### QCA Principles

#### 1. **Establish a strategy and business model which promotes long-term value for shareholders**

The Board has concluded that the highest medium and long-term value can be delivered to its shareholders, following its demerger of Plutus Energy Limited, capital reorganisation, placing to raise £600,000, and debt capitalisation, is as an AIM Rule 15 Cash Shell and as such is required to make an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14.

#### 2. **Seek to understand and meet shareholder needs and expectations**

The Board recognises the importance of communication with its stakeholders and is committed to establishing constructive relationships with investors and potential investors in order to assist it in developing an understanding of the views of its shareholders. Plutus also maintains a dialogue with shareholders through formal meetings such as the AGM, which provides an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend in order to express their views on the Company's business activities and performance. Members who have queries regarding the Company's AGM can contact the Registrars Shareholder helpline is 01252 821 390 or +44 1252 821 390 if calling from outside the UK.

The Board welcomes feedback from key stakeholders and will take action where appropriate. Charles Tatnall is the shareholder liaison and meets with shareholders regularly. Analysts provide the Board with updates on the Company's business and how strategy is being implemented, as well as to hear views and expectations from shareholders. The views of the shareholders expressed during these meetings are reported to the Board, ensuring that all members of the Board are fully aware of the thoughts and opinions of shareholders. Information on the Investor Relations section of the Company's website is kept updated and contains details of relevant developments, Annual and Interim Results, Regulatory News Service announcements, presentations and other key information.

## CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (CONTINUED)

### **3. Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Board recognises that the long-term success of the Company is reliant upon the efforts of employees, regulators and many other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships. The Company prepares and updates its strategic plan regularly together with a detailed rolling budget and financial projections which consider a wide range of key resources including staffing, consultants and utility providers.

All employees within the Company are valued members of the team, and the Board seeks to implement provisions to retain and incentivise all its employees. The Company offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation. The Company currently has three employees, who are also directors, so are in constant contact and seek to provide continual opportunities in which issues can be raised allowing for the provision of feedback. This feedback process helps to ensure that new issues and opportunities that arise may be used to further the success of the Company. Share options and other equity incentives are offered to employees.

The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

### **4. Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board recognises the need for an effective and well-defined risk management process and it oversees and regularly reviews the current risk management and internal control mechanisms. The 2019 and 2020 Annual Reports outline the key risks to the business, noting that this was prior to the Group becoming an AIM Rule 15 cash shell..

The Board regularly reviews the risks facing the Company and seeks to exploit, avoid or mitigate those risks as appropriate. The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Company's risk appetite including the identification, assessment and monitoring of Plutus' principal risks. The Audit Committee has the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. Risk management is regularly on the agenda of the Board, Audit Committee and other senior management meetings. Additionally, the Board reviews the mechanisms of internal control and risk management it has implemented on an annual basis and assesses both for effectiveness.

The risk assessment matrix below sets out and categorises key risks and outlines the mitigating actions which are in place. This matrix is updated as changes arise in the nature of risks or the mitigating actions implemented, and the board reviews these on a regular basis. Plutus has identified the principal risks to the Company achieving its objectives as follows:

## PRINCIPAL RISKS AND UNCERTAINTIES

| Risk   | Potential Impact  | Mitigation   |
|--|---|--|
| The Group is an AIM Rule 15 Cash Shell and as such is actively seeking an acquisition or acquisitions which will constitute a reverse takeover under AIM Rule 14. Funds are no longer being raised for flexible energy generation, meaning that if a target is not secured the group has no viable source of revenue generation. | Our business model now depends on our ability to find a suitable acquisition target under AIM Rule 14 and/or the company raising sufficient finance for such a transaction. If no target is found the group's shares are suspended and after a further 6 months of unsuccessful targeting the Groups shares are delisted. | The directors are actively in discussions with a number of potential Reverse Take-over targets and providers of finance. |

The Board considers that in light of the control environment described above, an internal audit function is not considered necessary or practical due to the size of the Company and the day-to-day control exercised by the Executive Directors. However, the Board will monitor the need for an internal audit function. The Board has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

### 5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board comprises the Executive Chairman, Charles Tatnall, Interim CEO and CFO, James Longley, and independent Non-Executive Director, Tim Cottier. The Executive Directors work full time for the Company, and the Non-Executive Director is expected to dedicate not less than 30 days per annum.

The Board recognises the QCA recommendation for a balance between Executive and Non-Executive Directors and the recommendation that there be at least two Independent Non-Executives. The Board will take this into account when considering future appointments. However, all Directors are encouraged to use their judgement and to challenge matters, whether strategic or operational, enabling the Board to discharge its duties and responsibilities effectively. Therefore, the Board acknowledges that at its current development, it does not comply with Principle 5. However, the Board maintains that the Board's compositions will be frequently reviewed as the Company develops.

The Board meets regularly and is responsible for formulating, reviewing and approving the Group's strategy, budgets, performance, major capital expenditure and corporate actions. The Company has in place an Audit Committee, a Remuneration Committee and an AIM Rules Compliance Committee with formally delegated rules and responsibilities. Meetings are open and constructive, with every Director participating fully. The Board aims to meet at least 6 times in the year. Board document authors are made aware of proposed deadlines prior to meetings.

The Directors of the Company are committed to sound governance of the business and each devotes sufficient time to ensure this happens. The table below sets out attendance statistics for each Director at Board and, where relevant, Committee meetings held during the financial year.

## CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (CONTINUED)

| Directors       | Meetings Attended |
|-----------------|-------------------|
| James Longley   | 11                |
| Paul Lazarevic  | 0                 |
| Charles Tatnall | 11                |
| Tim Cottier     | 11                |

### Directors' conflict of interest

The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

### 6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of personal, commercial and professional skills, and notes the range of financial and managerial skills. The Non-Executive Director maintains ongoing communications with Executives between formal Board meetings.

Further Biographical details of the Directors can be found on the Company's website.

James Longley is the Company Secretary and helps Plutus Powergen comply with all applicable rules, regulations and obligations governing its operation. The Company's NOMAD assists with AIM matters and ensures that all Directors are aware of their responsibilities. The company also acquires the services of DMH Stallard, the Group's solicitors, as required.

In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise. The Board is kept abreast of developments of governance and AIM regulations. The Company's NOMAD provides Board AIM Rules refresher training as well as the initial training as part of a new Director's on boarding. All Directors develop their skills and capabilities through their continuing experiences, and Tim Cottier and James Longley are FCA's and comply with CPE to maintain their skillset.

The Directors have access to the Company's NOMAD, company secretary, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary. If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

Board composition is always a factor for contemplation in relation to succession planning. The Board will seek to consider any Board imbalances for future nominations, with areas considered including board independence and gender balance. The Group considers however that at this stage of its development and given the current size of its Board, it is not necessary to establish a formal Nominations Committee. Instead, appointments to the Board are made by the Board as a whole. This position, however, is reviewed on a regular basis by the Board.



## CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (CONTINUED)

### 7. **Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The Directors consider that the Company and Board are not yet of a sufficient size for a full Board evaluation to make commercial and practical sense. In the frequent Board meetings/calls, the Directors can discuss any areas where they feel a change would benefit the Company, and the Company Secretary remains on hand to provide impartial advice. As the Company grows, it expects to expand the Board and with the Board expansion, re-consider the need for Board evaluation.

In view of the size of the Board, the responsibility for proposing and considering candidates for appointment to the Board as well as succession planning is retained by the Board. All Directors submit themselves for re-election at the AGM at regular intervals.

### 8. **Promote a corporate culture that is based on ethical values and behaviours**

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

The Board places great importance on the responsibility of accurate financial statements and auditing standards comply with Auditing Practice Board's (APB's) and Ethical Standards for Auditors. The Board places great importance on accuracy and honesty and seeks to ensure that this aspect of corporate life flows through all that the Company does.

A large part of the Company's activities is centred upon an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Directors consider that the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. Whilst the Company has a small number of employees, the Board maintains that as the company grows it intends to maintain and develop strong processes which promote ethical values and behaviours across all hierarchies.

The Board has adopted an anti-corruption and bribery policy (**Bribery Policy**). The Bribery Policy applies to all Directors and employees of the Group and sets out their responsibilities in observing and upholding a zero-tolerance position on bribery and corruption, as well as providing guidance to those working for the Company on how to recognise and deal with bribery and corruption issues and the potential consequences.

The Board complies with Rule 21 of the AIM Rules for Companies relating to dealings in the Company's securities by the Directors and other Applicable Employees. To this end, the Company has adopted a code for Directors' dealings appropriate for a company whose shares are admitted to trading on AIM and takes all reasonable steps to ensure compliance by the Directors and any relevant employees.

## CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (CONTINUED)

### 9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is committed to, and ultimately responsible for, high standards of corporate governance. The Board reviews the Company's corporate governance arrangements regularly and expect to evolve this over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit.

The Chairman's principal responsibilities are to ensure that the Company and its Board are acting in the best interests of shareholders. His leadership of the Board is undertaken in a manner which ensures that the Board retains integrity and effectiveness and includes creating the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings. The Chairman of Plutus is the key contact for shareholder liaison and all other stakeholders. Executive Directors are responsible for the general day-to-day running of the business and developing corporate strategy.

The Interim CEO has, through powers delegated by the Board, the responsibility for leadership of the management team in the execution of the Group's strategies and policies and for the day-to-day management of the business. He is responsible for the general day-to-day running of the Group and developing corporate strategy while the Independent Non-Executive Director is tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust.

All Directors participate in the key areas of decision-making, including the following matters:

- Strategy
- Budgets
- Performance
- Major Capital Expenditure
- Corporate Actions

The Board delegate's authority to three Committees to assist in meeting its business objectives, and the Committees meet independently of Board meetings. The Board recognises that whilst Committees should comprise of at least 2 independent Non-Executive Directors, the current Board structure does not permit this, and will seek to take this into account when considering future appointments. The membership of each Committee is listed below.

#### AUDIT COMMITTEE

The Audit Committee has the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets not less than twice in each financial year and has unrestricted access to the Group's external auditors.

The Audit Committee comprises of Tim Cottier (Chair) and Charles Tatnall.

No significant issues were noted by the audit committee during the year and the committee agreed to continue with the appointment of PKF Littlejohn LLP.

## **CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (CONTINUED)**

### **REMUNERATION COMMITTEE**

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee meets as and when is necessary. In exercising this role, the members of the Remuneration Committee regard the recommendations put forward in the QCA Code and, where appropriate, the UK Corporate Governance Code guidelines.

The Remuneration Committee is comprised of Tim Cottier (Chair) and James Longley.

## CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT (CONTINUED)

### AIM RULES COMPLIANCE COMMITTEE

An AIM Rules Compliance Committee has been established. The Committee ensures that procedures, resources and controls are in place with a view to ensuring the Company's compliance with the AIM Rules. The Committee also ensures that each meeting of the Board includes a discussion of AIM matters and assess (with the assistance of the Company's Nominated Adviser and/or other advisors, where invited to participate) that the Directors are fully aware of their duties and responsibilities under the AIM Rules and other regulations.

The Committee seeks to ensure that all announcements made have been verified and approved by the Company's Nominated Adviser. The Committee has particular responsibility for questioning the Directors in the event of any unusual, substantial movement in the Company's share price.

The Committee monitors the Company's compliance with the AIM Rules and seeks to ensure that the executive directors keep the Company's Nominated Adviser informed of all relevant financial and operational developments in a timely manner.

The AIM Rules Compliance Committee comprises of Tim Cottier (Chair) and Charles Tatnall.

### NOMINATIONS COMMITTEE

In view of the size of the Board, the responsibility for proposing and considering candidates for appointment to the Board is retained by the Board.

The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.

#### **10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Board is committed to maintaining effective communication and having constructive dialogue with its stakeholders. The Parent Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations), and for them to have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Parent Company's Annual General Meeting. The Board already discloses the result of General Meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings. In order to improve transparency, the Board has committed to publishing proxy voting results on its website in the future. All 2019 AGM resolutions were passed. The Company maintains that, if there is a resolution passed at a GM with 20% votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

Information on the Investor Relations section of the Group's website is kept updated and contains details of relevant developments, regulatory announcements, financial reports and shareholder circulars.

Shareholders with a specific enquiry can contact us on the website contact page. The Company uses electronic communications with shareholders in order to maximise efficiency.

## DIRECTORS' REMUNERATION REPORT

### REMUNERATION POLICY FOR THE EXECUTIVE DIRECTORS

The remuneration of the executive Directors is by way of fees and salary.

Executive Directors are entitled to accept appointments outside the Company providing that the Remuneration Committee's permission is sought.

### AGGREGATE DIRECTORS' REMUNERATION

The total amounts for Directors' remuneration were as follows:

| Name of Director   | Fees/basic salary<br>£ | Annual bonus<br>£ | 2020 total<br>£ | 2019 total<br>£ |
|--------------------|------------------------|-------------------|-----------------|-----------------|
| Executive          |                        |                   |                 |                 |
| Charles Tatnall*   | 107,250                | -                 | 107,250         | 188,000         |
| James Longley**    | 107,250                | -                 | 107,250         | 188,000         |
| Philip Stephens*** | -                      | -                 | -               | 114,000         |
| Paul Lazarevic**** | 50,250                 | -                 | 50,250          | 218,000         |
| Tim Cottier        | 26,458                 | -                 | 26,458          | 35,000          |
| Total emoluments   | 291,208                | -                 | 291,208         | 660,000         |

\* The remuneration of Charles Tatnall includes £107,250 fees, which were invoiced by Tatbels Limited.

\*\* The remuneration of James Longley includes £107,250 fees, which were invoiced by Dearden Chapman Accountants Limited.

\*\*\* The remuneration of Paul Lazarevic includes £50,250 invoiced by Apex Power Limited.

\*\*\*\* The remuneration of Tim Cottier includes £26,458 which was invoiced by Kinloch Corporate Finance Limited

### DIRECTORS' SHARES, OPTIONS AND WARRANTS

as at the date of this report

| Name            | Total number of options held | Number of Ordinary Shares currently held | % of issued ordinary share capital of Plutus held |
|-----------------|------------------------------|--|---|
| Charles Tatnall | -                            | 397,166,667**                            | 7.55%   |
| James Longley   | -                            | 389,166,667*                             | 7.39%   |

\* 40,283,001 of the Ordinary Shares held by James Longley are held in his own name and 7,216,999 of the Ordinary Shares are held through his self invested personal pension scheme of which James is the sole beneficiary.

\*\* 48,500,000 of the Ordinary Shares held by Charles Tatnall are held in his own name and 7,000,000 of the Ordinary Shares are held through his self invested personal pension scheme of which Charles is the sole beneficiary.

The Company's 2013 share option plan, which was approved on 8 March 2013, and whereby options were granted over, in aggregate, 14,310,000 ordinary shares of 0.1 pence each to the Directors of the Company, was cancelled on 9 October 2020. In May 2017 a new share option scheme was also introduced by the Company, and this scheme was also cancelled on 9 October 2020. There are no outstanding options in the Company.

## DIRECTORS' REMUNERATION REPORT

As a part of the proposed demerger of Plutus Energy Limited, capital reorganisation, debt capitalisation and placing to raise gross proceeds of £600,000 at 0.02 pence per share of the Company, which took place in December 2020, Turner Pope, joint brokers were issued with 600,000,000 broker warrants exercisable at 0.02p pence per share.

### **APPROVAL**

This report was approved by the Board of Directors on 29 January 2021 and signed on its behalf by:

**James Longley**

Chief Financial Officer, Director

## DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 30 April 2020.

### PRINCIPAL ACTIVITIES

PPG ("the Company") is classified as an AIM Rule 15 Cash Shell and has discontinued its activities in the flexible standby electricity generation.

### DIVIDENDS

The Directors do not recommend the payment of a dividend (2019: £nil).

### CAPITAL STRUCTURE

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 19. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

### THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The Directors who served the Company throughout the year together with their beneficial interests, including family holdings, in the shares of the Company were as follows:

|                                       | Ordinary shares  |                  | Options | Warrants |
|---------------------------------------|------------------|------------------|---------|----------|
|                                       | At 30 April 2020 | At 30 April 2019 |         |          |
| Charles Tatnall                       | 89,666,667       | 89,666,667       | -       | -        |
| James Longley                         | 81,166,667       | 81,166,667       | -       | -        |
| Paul Lazarevic (left 18 October 2019) | 85,953,379       | 85,953,379       | -       | -        |
| Tim Cottier                           | -                | -                | -       | -        |

## DIRECTOR'S REPORT



### SUBSTANTIAL SHAREHOLDERS

As at 20 January 2021, the Company had been advised of the following shareholders with interests of 5% or more in its ordinary share capital:

| Shareholder           | Number of Ordinary Shares | Percentage of issued share capital |
|-----------------------|---------------------------|------------------------------------|
| Mr Charles RS Tatnall | 397,166,667               | 7.55%                              |
| Mr James TC Longley   | 389,166,667               | 7.39%                              |

### CREDITOR PAYMENT POLICY

The Company and its subsidiaries agree the terms of payment when agreeing the terms and conditions for their transactions with suppliers. Payment is generally made in compliance with those terms, which is normally within 30 days of the invoice being received. The average number of creditor days during 2020 was 31 days (2019: 31 days).

### CHARITABLE AND POLITICAL DONATIONS

The Company made no charitable contributions during the year (2019: £nil). The Company did not make any political donations in either year.

### DIRECTORS' SHARE OPTIONS

Share options held by the Directors are as detailed in the Directors' remuneration report. As at the date of this report there are no share options outstanding.

### AUDITORS

In the case of each person who is a Director of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

PKF Littlejohn have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Signed by order of the Directors:

**James Longley**  
Director

29 January 2021

Registered office: 27/28 Eastcastle Street, London W1W 8DH



## 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. The Directors are required by the AIM Rules of the London Stock Exchange to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. 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 and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board:

**James Longley**  
Director

29 January 2021

## Independent auditor's report to the members of PPG

### Opinion

We have audited the financial statements of Plutus Powergen Plc (the 'parent company') and its subsidiaries (the "group") for the year ended 30 April 2020 which comprise the Group statement of comprehensive income, the Group and Parent Company statements of changes in equity, the Group and Parent Company statements of financial position, the Group and Parent Company statements 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group and parent 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 as applied to listed entities, 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.

### Material uncertainty related to going concern

We draw attention to note 4 in the financial statements, which identifies conditions that may cast significant doubt on the entity's ability to continue as a going concern. The ability of the group to continue as a going concern depends on the continued financial support of its creditors and directors, and the ability to raise further equity funds.

The group is in a net liability position as at 30 April 2020. As stated in note 4, these events or conditions, along with the other matters as set forth in the Chairman's statement, Strategic Report and Director's Report, outlining the current status as a cash shell, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included an analysis of the future viability of the group. This was done by obtaining and testing management's financial forecasts, as well as consideration of management's ability to enter into an equity transaction in the specified timelines, as well as raised funds to finance the transaction. We have assessed the inputs and judgements in

## INDEPENDENT AUDITOR'S REPORT

management's financial forecast, but note that other than a possible equity transaction in the future, there is no viable method of revenue generation within the group.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Our application of materiality**

Materiality for the Group financial statements as a whole was set at £16,000 (2019: £40,000).

This has been calculated as 5% of the benchmark of net liabilities (2019: 3% of gross assets), which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance of the Group.

Materiality for the parent company financial statements was set at £8,400 (2019: £40,000), determined with reference to a benchmark of net liabilities.

Furthermore, we have set the threshold used as performance materiality at 70% of overall materiality, meaning a Group performance materiality of £11,200 and a parent company performance materiality of £5,880.

We report to the Directors all corrected and uncorrected misstatements we identified through our audit with a value in excess of £800 (2019: £2,000), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

### **An overview of the scope of our audit**

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. The valuation of investments in SPVs were assessed as an area which involved significant accounting estimates and judgements by the directors. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. We considered the accounting treatment of revenue recognition, including deferred and accrued income. The company's finance function is outsourced, and we assessed the use of a service organisation in this regard. Our audit was conducted with regular contact with key individuals responsible for the accounting function, as well as Those Charged with Governance.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

# INDEPENDENT AUDITOR'S REPORT



## Key audit matter

### Valuation of Investments in Special Purpose Vehicles (SPVs)

In accordance with ISA 540, we are required to review all significant accounting estimates used in the preparation of the financial statements to ensure that they are reasonable and that any estimated amounts are properly calculated.

The current value of the SPV investments is trivial, however given the level of subjectivity in determining a fair value of investments, there is the risk that they may be materially misstated. Given that management has been notified that their investments in these SPVs are not to continue, we assessed whether these investments require impairment.

### Revenue recognition

Under ISA 240 there is a presumption that revenue recognition is a fraud risk.

There is a risk that the accounting treatment for revenue, including deferred and accrued income, is not recognised in accordance with the 5-step process detailed in IFRS 15. Revenue is based on contractual arrangements, removing judgements and estimates as a risk from the accuracy of revenue recognition.

### Management override of controls

We are required to consider how management biases could affect the results of the company, including an analysis of significant judgements and estimates made by management.

## How our scope addressed this matter

The audit team performed transactional testing over Revenue, and noted that Revenue was only recognised until October 2019, the date at which management was given notification that their investment would not continue to generate income. Therefore, we consider that at this date, the investments became fully impaired and should be written off fully. Those Charged with Governance considered the SPVs to not be income generating for the foreseeable future, and therefore have fully written off their carrying amount and held as Available for Sale Investments, as per note 12.

Given the matters outlined in the Chairman's statement, as well as the cessation of revenue generation, we are not opposed to the full write-off of these investments and therefore the risk over misstatement is appropriately reduced.

We have performed substantive transactional testing of income recognised in the financial statements, creating a revenue expectation by recalculating the management charge from the nine (9) SPVs as per their management agreements. We also considered the recoverability of the accrued management charges at year-end. On the demerger, as outlined in the Chairman's statement, all the remaining debt was effectively transferred out of the Group. At the point of the demerger, none of the debts had been paid, either in part or in full.

We have considered the internal controls in place, remained alert for material and unusual items and tested a sample of journals to assess the risk. We have reviewed key estimates and assessed whether financial results and accounting records include any significant or unusual transactions. We challenged management on the completeness of related parties and discussed the susceptibility of the financial statements to fraud and error with the outsourced accountant and Those Charged with Management.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the group and parent company 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 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.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of directors**

As explained more fully in the statement of directors' responsibility, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **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.

## INDEPENDENT AUDITOR'S REPORT

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 group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- our procedures were targeted at those areas that we noted as increased or significant risks, as outlined in the Key Audit Matters section above, and to test those areas that we considered most susceptible to fraud;
- we assessed the appropriateness of the internal control environment, to assist management with the prevention and detection of fraud and error through lack of internal controls;
- our procedures were performed with a degree of unpredictability, to ensure that management could not predict our challenge over laws and regulations;
- we have assessed whether management has complied with the QCA code, to assist with good governance;
- we challenged management on related party transactions and particularly on the completeness of related parties;
- we have discussed the possibility and presence of fraud and error with management and the external accountant.

A further description of our responsibilities for the audit of the financial statements is located on 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Jonathan Bradley-Hoare (Senior statutory auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

29 January 2021

## GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2020

|  | Note | 2020<br>£ | 2019<br>£   |
|--|------|-----------|-------------|
| Continuing operations  |      |           |             |
| Revenue  |      | -         | -           |
| Gross profit   |      | -         | -           |
| Write off of investments   |      | (152)     | -           |
| Administrative expenses  |      | (732,283) | (2,315,294) |
| Share based payments   |      | 570,036   | (124,408)   |
| Other operating expenses   | 8    | -         | -           |
| Operating gain/(loss)  |      | (162,399) | (2,439,702) |
| Interest charge on loan note   | 18   | (1,828)   | (8,000)     |
| Other interest payable   |      | -         | -           |
| Gain/(Loss) before tax   | 6    | (164,227) | (2,447,702) |
| Tax  | 10   | -         | -           |
| Net loss attributable to equity holders of the Company and total comprehensive loss from continuing operations |      | (164,227) | (2,447,702) |
| Profit/(Loss) from discontinued operations, net of tax   | 9    | 485,068   | 797,001     |
|  |      | 320,841   | (1,650,701) |
| Earnings per share (pence per share):  |      |           |             |
| Basic and diluted profit/(loss) per share from continuing and total operations                                 | 11   | 0.04p     | (0.22)p     |

There are no items of other comprehensive income.

# STATEMENTS OF FINANCIAL POSITION

## GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 APRIL 2020

| FOR THE YEAR ENDED 30 APRIL 2020             |      | Group       |             | Company     |             |
|--|------|-------------|-------------|-------------|-------------|
|  | Note | 2020<br>£   | 2019<br>£   | 2020<br>£   | 2019<br>£   |
| Non-current assets                           |      |             |             |             |             |
| Goodwill                                     | 14   | –           | –           | –           | –           |
| Investments in subsidiaries                  | 12   | –           | –           | 13,333      | 13,333      |
|  |      | –           | -           | 13,333      | 13,333      |
| Current assets                               |      |             |             |             |             |
| Trade and other receivables                  | 15   | 724,369     | 475,238     | 1,148,762   | 880,898     |
| Investments held for sale                    | 13   | -           | 152         | -           | 152         |
| Cash and cash equivalents                    | 16   | 2,413       | 45,177      | 1,000       | 44,988      |
|  |      | 726,782     | 520,567     | 1,149,762   | 926,038     |
| Total assets                                 |      | 726,782     | 520,567     | 1,163,095   | 939,371     |
| Current liabilities                          |      |             |             |             |             |
| Trade and other payables                     | 17   | (774,271)   | (325,203)   | (659,873)   | (236,452)   |
| Borrowings                                   | 18   | -           | (100,000)   | -           | (100,000)   |
|  |      | (774,271)   | (425,203)   | (659,873)   | (336,452)   |
| Net current (liabilities)/assets             |      | (47,489)    | 95,212      | 503,222     | 589,434     |
| Non-current liabilities                      |      |             |             |             |             |
| Borrowings                                   |      | -           | -           | -           | -           |
| Total liabilities                            |      | (774,271)   | (425,203)   | (659,873)   | (336,452)   |
| Net(liabilities)/assets                      |      | (47,489)    | 95,364      | 503,222     | 602,919     |
| Equity                                       |      |             |             |             |             |
| Share capital                                | 19   | 1,678,056   | 1,630,784   | 1,678,056   | 1,630,784   |
| Share premium account                        | 20   | 7,830,970   | 7,748,243   | 7,830,970   | 7,748,243   |
| Share option and warrant reserve             | 21   | -           | 570,036     | -           | 570,036     |
| Loan note equity reserve                     | 22   | -           | 23,657      | -           | 23,657      |
| Retained losses                              | 23   | (9,556,515) | (9,877,356) | (9,005,804) | (9,369,799) |
| Equity attributable to owners of the Company |      | (47,489)    | 95,364      | 503,222     | 602,919     |

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company profit and loss account. The total comprehensive gain for the parent company for the year was £503,222 (2019: loss of £1,435,396).

The financial statements of Plutus PowerGen plc, registered number 5859612, were approved by the Board of Directors and authorised for issue on 29 January 2021.

They were signed on its behalf by:

**James Longley**  
Director



## GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2020

|   | Share<br>capital<br>£ | Share<br>premium<br>£ | Share<br>option<br>reserve<br>£ | Loan note<br>equity<br>reserve<br>£ | Retained<br>losses<br>£ | Total<br>£  |
|---|-----------------------|-----------------------|---------------------------------|-------------------------------------|-------------------------|-------------|
| <b>At 30 April 2018</b>   | 1,529,450             | 7,241,576             | 445,628                         | 23,657                              | (8,226,654)             | 1,013,657   |
| <b>Comprehensive income<br/>for the year</b>                                  | –                     | –                     | –                               | –                                   | (1,650,701)             | (1,650,701) |
| <b>Credit to equity in<br/>respect of share-based<br/>compensation charge</b> | –                     | –                     | 124,408                         | –                                   | –                       | 124,408     |
| <b>Issue of share capital</b>   | 101,333               | 506,667               | –                               | –                                   | –                       | 608,000     |
| <b>At 30 April 2019</b>   | 1,630,784             | 7,748,243             | 570,036                         | 23,657                              | (9,877,355)             | 95,364      |
| <b>Comprehensive income<br/>for the year</b>                                  | –                     | –                     | –                               | –                                   | 320,840                 | 320,840     |
| <b>Write down of loan note<br/>equity reserve</b>                             |                       |                       |                                 | (23,657)                            | –                       | (23,657)    |
| <b>Write down of share<br/>option reserve</b>                                 | –                     | –                     | (570,036)                       | –                                   | –                       | (570,036)   |
| <b>Issue of share capital</b>   | 47,272                | 82,728                | –                               | –                                   | –                       | 130,000     |
| <b>At 30 April 2020</b>   | 1,678,056             | 7,830,971             | –                               | –                                   | (9,556,515)             | (47,489)    |

## COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2020

|   | Share<br>capital<br>£ | Share<br>premium<br>£ | Share<br>option<br>reserve<br>£ | Loan note<br>equity<br>reserve<br>£ | Retained<br>losses<br>£ | Total<br>£  |
|---|-----------------------|-----------------------|---------------------------------|-------------------------------------|-------------------------|-------------|
| <b>At 30 April 2018</b>   | 1,529,450             | 7,241,576             | 445,628                         | 23,657                              | (7,859,404)             | 1,380,908   |
| <b>Comprehensive income<br/>for the year</b>                                  | –                     | –                     | –                               | –                                   | (1,510,3965)            | (1,435,395) |
| <b>Credit to equity in<br/>respect of share-based<br/>compensation charge</b> | –                     | –                     | 124,408                         | –                                   | –                       | 124,408     |
| <b>Issue of share capital</b>   | 101,333               | 506,667               | –                               | –                                   | –                       | 608,000     |
| <b>At 30 April 2019</b>   | 1,630,784             | 7,748,243             | 570,036                         | 23,657                              | (9,369,799)             | 602,919     |
| <b>Comprehensive income<br/>for the year</b>                                  | –                     | –                     | –                               | –                                   | 363,996                 | 363,996     |
| <b>Write down of loan note<br/>equity reserve</b>                             |                       |                       |                                 | (23,657)                            | –                       | (23,657)    |
| <b>Write down of share<br/>option reserve</b>                                 | –                     | –                     | (570,036)                       | –                                   | –                       | (570,036)   |
| <b>Issue of share capital</b>   | 47,272                | 82,728                | –                               | –                                   | –                       | 130,000     |
| <b>At 30 April 2020</b>   | 1,678,056             | 7,830,971             | –                               | –                                   | (9,005,803)             | 503,222     |

## GROUP AND COMPANY STATEMENTS OF CASH FLOW

For the year ended 30 April 2020

|   | Note | Group     |           | Company   |           |
|---|------|-----------|-----------|-----------|-----------|
|   |      | 2020<br>£ | 2019<br>£ | 2020<br>£ | 2019<br>£ |
| <b>Net cash (used in)/generated by in) operating activities</b> | 27   | (40,936)  | (691,239) | 412,107   | (212,091) |
| <b>Investing activities</b>                                     |      |           |           |           |           |
| Net (advances to)/repayments by subsidiary undertaking          |      | –         | –         | (454,266) | (421,128) |
| <b>Net cash (used in)/generated from investing activities</b>   |      | –         | –         | (454,266) | (421,128) |
| <b>Financing activities</b>                                     |      |           |           |           |           |
| Conversion of loan notes  |      | (100,000) | -         | (100,000) | -         |
| Proceeds of share issues  |      | 100,000   | 608,000   | 100,000   | 608,000   |
| Interest paid   |      | (1,828)   | (8,000)   | (1,828)   | (8,000)   |
| <b>Net cash generated from/(used in) financing activities</b>   |      | (1,828)   | 600,000   | (1,828)   | 600,000   |
| <b>Net(decrease)/ increase in cash and cash equivalents</b>     |      | (42,764)  | (91,239)  | (43,987)  | (33,219)  |
| <b>Cash and cash equivalents at beginning of year</b>           |      | 45,177    | 136,416   | 44,988    | 78,207    |
| <b>Cash and cash equivalents at end of year</b>                 | 17   | 2,413     | 45,177    | 1,001     | 44,988    |

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2020

### 1 - GENERAL INFORMATION

Plutus PowerGen plc is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 24. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 6 to 7 and in the Chairman's Statement on pages 2 to 5.

These financial statements are prepared on a going concern basis and presented in pounds sterling which is the currency of the primary economic environment in which the Group operates.

### 2 - STATEMENT OF COMPLIANCE

The financial statements comply with IFRS as adopted by the European Union. The following new and revised Standards and Interpretations have been adopted in the current period by the Group for the first time and do not have a material impact on the Group.

IFRS 12 Disclosures of interests in other entities

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and not early adopted. None of these are expected to have a significant effect on the financial statements of the Group.

### 3 - SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PREPARATION

The consolidated financial statements of PPG (the "Company") and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the International Financial Standards Interpretations Committee ("IFRS IC") and there is an ongoing process of review and endorsement by the European Commission.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at amortised cost, as explained in the accounting policies below.

#### BASIS OF CONSOLIDATION

The Group's consolidated financial statements incorporate the financial statements of PPG (the "Company") and entities controlled by the Company (its subsidiaries). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

#### TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for

## NOTES TO THE FINANCIAL STATEMENTS

all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### REVENUE

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is derived from the provision of management services which are invoiced on a monthly basis and are recognised in the period to which they relate. The revenue shown in the accounts is all derived from discontinued operations.

### FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

### FINANCIAL ASSETS

Financial assets are classified into the following specified categories: 'available for sale investments', 'loans and receivables' and 'cash and cash equivalents'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

### LOANS AND RECEIVABLES

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## NOTES TO THE FINANCIAL STATEMENTS

### EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received net of direct issue costs.

The share capital account represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share option reserve represents the fair value, calculated at the date of grant, of options unexercised at the balance sheet date.

The loan note equity reserve represents the fair value, calculated at issuance of the loan notes.

Retained losses include all current and prior period results as disclosed in the statement of comprehensive income.

### FINANCIAL LIABILITIES

Financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

The Group's financial liabilities comprise trade and other payables and borrowings.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Borrowings represent convertible loans that are accounted for as compound instruments. The fair value of the liability portion of the convertible loan notes is determined using a market interest rate for an equivalent non-convertible loan note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan notes. The remainder of the proceeds is allocated to the conversion option, which is recognised and included in shareholders' equity, net of tax effects, and is not subsequently re-measured.

### PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

### SHARE-BASED PAYMENTS

The Group has applied the requirements of IFRS 2 'Share-based Payments'.

The Group issues equity-settled share based payments to certain employees. Equity settled share based payments are measured at fair value 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 Group'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 model. 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.

## 4 - CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In the application of the Group's accounting policies, which are described in note 3, 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.

## NOTES TO THE FINANCIAL STATEMENTS

### **(i) Going concern**

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Group had cash and cash equivalents of £2,413 and net current liabilities of £47,489 as at 30 April 2020, and incurred a gain of £320,841 for the year then ended. The company subsequently raised £600,000 in December 2020, before expenses, by way of a placing and a further £2000,000, before expenses, by way of a convertible loan note in January 2021. The Directors have based their opinions on a cash flow forecast, which assumes that sufficient revenue will be generated for working capital purposes and that operating costs will be kept to a minimum until adequate revenue streams are secured. In addition, future plans for the Group will be funded externally through a mix of debt and equity financing, which at the time of signing the accounts had not yet been completed. So, whilst there are uncertainties, the Directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

### **(ii) Classification of investments as available for sale**

Note 12 describes the investments in nine operating companies where the Group's shareholdings exceed 20% as 'Available for Sale Investments'. Based on the contractual agreements between the Group and other investors, the Group does not have any power to appoint or remove board of directors members of the investees. Therefore, the Directors of the Company concluded that the Group does not have significant influence over these companies.

#### **KEY SOURCES OF ESTIMATION UNCERTAINTY**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below.

#### **(i) Share options**

In order to calculate the charge for share-options as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its Black-Scholes option pricing model as set out in note 24.

#### **(i) Impairment of goodwill**

Determining whether goodwill is impaired required an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the future cash flows are less than expected, a material impairment loss may arise.

## NOTES TO THE FINANCIAL STATEMENTS

### 5 - BUSINESS SEGMENTS

In accordance with IFRS 8, the Group is required to define its operating segments based on the internal reports presented to its Chief Operating decision maker in order to allocate resources and assess performance. The Chief Operating decision maker is the Chief Executive. There is only one continuing class of business, being the investment in the natural resources sector.

Given that there is only one continuing class of business, operating within the UK, no further segmental information has been provided.

### 6 – Gain/LOSS FOR THE YEAR

Gain/Loss for the year from continuing operations has been arrived at after charging:

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| Operating lease expense in respect of property                            | 31,431    | 112,490   |
| Employee costs – including share-based compensation costs<br>(see note 7) | (273,528) | 878,731   |

The analysis of auditors' remuneration is as follows:

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| <b>Fees payable to the Group's auditor for the audit of the Group's annual accounts</b> | 24,000    | 24,000    |
| Other services pursuant to legislation:   |           |           |
| – tax services  | 3,150     | 1,750     |
| <b>Total non-audit fees</b>   | 3,150     | 1,750     |

### 7 - EMPLOYEE COSTS (INCLUDING DIRECTORS)

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| Salaries and fees                           | 296,275   | 750,000   |
| Employee share option charge                | (570,036) | 124,408   |
| Employer's national insurance contributions | 233       | 4,323     |
|   | (273,528) | 878,731   |

The employee share option reserve was written down during the year.

The average monthly number of employees (including Executive Directors) employed by the Group during the year was 4, all of whom were involved in management and administration activities (2019: 5).

Details of Directors' remuneration and gains on the exercise of share options can be found in the section of the Directors' Remuneration Report on page 21 to 22.



## NOTES TO THE FINANCIAL STATEMENTS

### 8 - OTHER OPERATING EXPENSES

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| Pre-planning project expenses written off | -         | 128,549   |
|   | -         | 128,549   |

### 9 - Discontinued operations

During 2019 and 2020 the Group was given notice that its management contracts with the SPVs were being terminated. As a result, it has written down its investments in the SPVs to zero.

The related financial information is set out below:

#### a) Results of disposal group

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| Revenue   | 567,744   | 1,275,000 |
| Expenses  | (82,676)  | (477,999) |
| Profit before income tax                                | 485,068   | 797,001   |
| Income tax  | -         | -         |
| Profit after tax  | 485,068   | 797,001   |
| from discontinued operations                            |           |           |
| Other comprehensive income from discontinued operations | 485,068   | 797,001   |

## NOTES TO THE FINANCIAL STATEMENTS

### 10 - TAX

|              | 2020<br>£ | 2019<br>£ |
|--------------|-----------|-----------|
| Current tax  | –         | –         |
| Deferred tax | –         | –         |
|              | –         | –         |

Corporation tax is calculated at 19% (2019: 19%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

#### Tax reconciliation

|   | 2020<br>£ | 2019<br>£   |
|---|-----------|-------------|
| <b>Gain/ Loss before tax</b>                      | 320,841   | (1,650,701) |
| Tax at UK corporation tax rate of 19% (2019: 19%) | 60,960    | (313,633)   |
| Effects of:                                       |           |             |
| Expenses not deductible for tax purposes          | 48,330    | 59,538      |
| Tax losses carried forward                        | (109,290) | 254,095     |
| <b>Total tax charge</b>                           | –         | –           |

Deferred tax assets of approximately £463,400 (2019: £572,690) have not been recognised as the Directors consider there to be insufficient evidence that the assets will be recovered.

### 11 - EARNINGS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

In order to calculate diluted loss per share, the weighted average number of ordinary shares in issue was adjusted to assume conversion of all dilutive potential ordinary shares according to IAS 33. Dilutive potential ordinary shares include share options granted to employees and Directors where the exercise price (adjusted according to IAS 33) is less than the average market price of the Company's ordinary shares during the year.

IAS 33 'Earnings per share' requires presentation of diluted earnings per share when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. Only options that are 'in the money' are treated as dilutive and net loss per share would not be increased by the exercise of such options.

## NOTES TO THE FINANCIAL STATEMENTS

| <b>Loss</b>  | <b>2020<br/>£</b> | <b>2019<br/>£</b> |
|--|-------------------|-------------------|
| Profit/(Loss) for the purposes of basic and diluted earnings per share:<br>Continuing and total operations | 320,841           | (1,650,701)       |
| <b>Number of shares</b>  | <b>Number</b>     | <b>Number</b>     |
| Weighted average number of ordinary shares for the purposes of basic and diluted loss per share            | 861,785,305       | 766,128,022       |
| Earnings per share – basic and diluted, pence per share  | 0.04              | (0.22)            |

## 12 - INVESTMENTS IN SUBSIDIARIES

During the period under review the Group held the following investments in subsidiary undertakings:

| <b>Subsidiary</b>      | <b>Country of<br/>Incorporation</b> | <b>Percentage of<br/>ordinary shares held</b> | <b>Principal<br/>activity</b>                       |
|------------------------|-------------------------------------|---|---|
| Plutus Energy Limited  | England and Wales                   | 100%  | Holding company no longer forming part of the group |
| NRS Power Limited      | England and Wales                   | 100%  | Electricity generation (now dissolved)              |
| FC PowerGen Limited    | England and Wales                   | 100%  | Electricity generation (now dissolved)              |
| KI Power Limited       | England and Wales                   | 100%  | Electricity generation (now dissolved)              |
| LF FlexGen Limited     | England and Wales                   | 100%  | Electricity generation (now dissolved)              |
| Swallow Energy Limited | England and Wales                   | 100%  | Electricity generation (now dissolved)              |

The carrying value of the investments in the Company is as follows:

|   | <b>2020<br/>£</b> | <b>2019<br/>£</b> |
|---|-------------------|-------------------|
| At 1 May  | 13,333            | 1,098,000         |
| Reclassification of investment in Plutus Energy Limited | -                 | -                 |
| Impairment of investments                               | -                 | 1,085,000         |
|   | 13,333            | 13,333            |

## NOTES TO THE FINANCIAL STATEMENTS

### 13 - AVAILABLE FOR SALE INVESTMENTS

Available for sale investments comprise investments in nine operating entities. As explained in Note 4, these investments are not equity accounted for as the Group does not meet the criteria for exerting significant influence as set out in IAS 28.

All investments are classified as Level 3 under the IFRS 7 fair value hierarchy as set out under Fair Value Measurements within Note 3

These investments have been written off in these accounts although they remain available for sale.

|  | 2020<br>£ | 2019<br>£ |
|--|-----------|-----------|
| <b>Available for sale investments</b>    |           |           |
| Brought forward at 1 May                 | 152       | 152       |
| Investments written off                  | (152)     |           |
| Purchase of investments (see note below) | -         | -         |
|  | -         | 152       |

The details of investments classified as available for sale are as follows:

| Investment Company          | Country of Incorporation | Percentage of ordinary shares held | Principal activity     |
|-----------------------------|--------------------------|------------------------------------|------------------------|
| Attune Energy Limited       | England and Wales        | 45.5%                              | Electricity generation |
| Flexible Generation Limited | England and Wales        | 44.9%                              | Electricity generation |
| Balance Power Limited       | England and Wales        | 44.9%                              | Electricity generation |
| Equivalence Energy Limited  | England and Wales        | 45.0%                              | Electricity generation |
| Precise Energy Limited      | England and Wales        | 45.1%                              | Electricity generation |
| Valence Power Limited       | England and Wales        | 44.7%                              | Electricity generation |
| Portman Power Limited       | England and Wales        | 45.3%                              | Electricity generation |
| Reliance Generation Limited | England and Wales        | 45.6%                              | Electricity generation |
| Selectgen Limited           | England and Wales        | 45.7%                              | Electricity generation |

Attune Energy Limited is held by Plutus Energy Limited, which no longer forms part of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 14 - GOODWILL

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| Brought forward                                     | -         | 1,085,000 |
| On issue of deferred consideration shares (Note 19) | -         | -         |
| Goodwill written off                                | -         | 1,085,000 |
| Carried forward at 30 April                         | -         | -         |

Goodwill arises on acquisition of a 100% of the equity of Plutus Energy Limited ("PEL").

The recoverable amount is determined based on value-in-use calculations which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a discount rate of 12% per annum.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates of 10% which is based on the average growth for 5 years covered by the projections. The Directors believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The Directors reviewed the carrying value of goodwill as at 30 April 2019 and considered that the whole balance should be written off.

The Directors continue to review goodwill on an on-going basis and where necessary in future periods will request external valuations to further support the valuation basis.

### 15 - TRADE AND OTHER RECEIVABLES

|   | Group     |           | Company   |           |
|---|-----------|-----------|-----------|-----------|
|   | 2020<br>£ | 2019<br>£ | 2020<br>£ | 2019<br>£ |
| Trade receivables                           | -         | 51,172    | -         | 12,960    |
| Amounts due from subsidiary undertakings    | -         | -         | 1,113,762 | 659,496   |
| Expenses rechargeable to operating entities | -         | 5,747     | -         | -         |
| Other receivables                           | 689,369   | 61,441    | -         | 189,064   |
| Prepayments and accrued income              | 35,000    | 356,878   | 35,000    | 19,378    |
|   | 724,369   | 475,238   | 1,148,762 | 880,898   |

The Directors consider the carrying amount of trade and other receivables approximates to their fair value.

## NOTES TO THE FINANCIAL STATEMENTS

### 16 - CASH AND CASH EQUIVALENTS

|                           | <b>Group</b> |             | <b>Company</b> |             |
|---------------------------|--------------|-------------|----------------|-------------|
|                           | <b>2020</b>  | <b>2019</b> | <b>2020</b>    | <b>2019</b> |
|                           | <b>£</b>     | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| Cash and cash equivalents | 2,413        | 45,177      | 1,000          | 44,988      |
|                           | 2,413        | 45,177      | 1,000          | 44,988      |

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

### 17 - TRADE AND OTHER PAYABLES

|                              | <b>Group</b> |             | <b>Company</b> |             |
|------------------------------|--------------|-------------|----------------|-------------|
|                              | <b>2020</b>  | <b>2019</b> | <b>2020</b>    | <b>2019</b> |
|                              | <b>£</b>     | <b>£</b>    | <b>£</b>       | <b>£</b>    |
| Trade payables               | 354,414      | 200,417     | 315,016        | 111,943     |
| Other payables               | 163,507      | 99,898      | 88,506         | 99,620      |
| Accruals and deferred income | 256,350      | 24,888      | 256,350        | 24,889      |
|                              | 774,271      | 325,203     | 659,872        | 236,452     |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

## NOTES TO THE FINANCIAL STATEMENTS

### 18 - BORROWINGS

#### Group and Company convertible loans

On 22 December 2014 the Company issued £200,000 convertible loan notes, repayable on 18 December 2016 if not converted into shares prior to that date, and bearing interest at 8% p.a., payable quarterly in arrears. In December 2016 the terms of the loan were amended so that the loan notes are repayable on demand.

On 23 July 2019 the remaining £100,000 loan notes were converted into equity at a price of 0.275 pence per Ordinary £0.001 share.

|   | 2020<br>£ | 2019<br>£ |
|---|-----------|-----------|
| Liability component brought forward                       | 100,000   | 100,000   |
| Loan Notes converted to Equity                            | 100,000   | -         |
| Interest charge for the period                            | 1,828     | 8,000     |
| Interest paid   | (1,828)   | (8,000)   |
| Liability component of convertible loans at 30 April 2020 | -         | 100,000   |
| Other loans   | -         | -         |
| Total borrowings  | -         | 100,000   |
| Current liabilities                                       | -         | 100,000   |
| Non-current liabilities                                   | -         | -         |
| Total   | -         | 100,000   |

On 28 January 2021, the company entered into convertible subscription agreements to raise £200,000, before expenses, through the issue of unsecured convertible loan notes

### 19 - SHARE CAPITAL

|                                | 2020<br>Number | 2020<br>£ | 2019<br>Number | 2019<br>£ |
|--------------------------------|----------------|-----------|----------------|-----------|
| <b>Issued and fully paid</b>   |                |           |                |           |
| Ordinary shares of £0.001 each | 872,534,994    | 872,535   | 825,262,268    | 825,262   |
| Deferred shares of £0.049 each | 16,439,210     | 805,521   | 16,439,210     | 805,521   |
| <b>Total</b>                   |                | 1,678,056 |                | 1,630,783 |

## NOTES TO THE FINANCIAL STATEMENTS

### Share issues

| Ordinary shares  | Number      | Nominal value<br>£ | £       |
|--|-------------|--------------------|---------|
| Issued shares on 30 April 2015                                   | 571,428,935 | 0.001              | 571,429 |
| Issue of shares  | 120,000,000 | 0.001              | 120,000 |
| <b>Issued ordinary shares on 30 April 2016 and 30 April 2017</b> | 691,428,935 | 0.001              | 691,429 |
| Issue of shares  | 32,500,000  | 0.001              | 32,500  |
| <b>Issued ordinary shares on 30 April 2018</b>                   | 723,928,935 | 0.001              | 723,929 |
| Issue of shares  | 101,333,333 | 0.001              | 101,333 |
| <b>Issued ordinary shares on 30 April 2019</b>                   | 825,262,268 | 0.001              | 825,262 |
| Issue of shares  | 47,272,726  | 0.001              | 47,273  |
| <b>Issued ordinary shares on 30 April 2020</b>                   | 872,534,994 | 0.001              | 872,535 |

On 1 February 2016 the following share issues took place:

- 20,000,000 shares were issued for cash at 0.9p per share on the exercise of warrants.
- 100,000,000 shares were issued at 0.6p per share as deferred consideration in accordance with the amended agreement for the acquisition of Plutus Energy Limited.

On 19 May 2017 the following share issues took place:

- 20,000,000 shares were issued for cash at 0.9p per share on the exercise of warrant

On 29 November 2017 the following share issues took place:

- 12,500,000 shares were issued for cash at 0.8p per share on the conversion of convertible loan stock

On 30 November 2018 the following share issues took place:

- 101,333,333 shares were issued for cash at 0.6p per share following a placing

On 23 July 2019 the following share issues took place:

- 10,909,090 shares were issued at 0.275 pence per on the conversion of convertible loan stock

On 30 September 2019 the following share issues took place:

- 36,363,636 shares were issued at 0.275 pence per share in consideration of an outstanding debt

## 20 - SHARE PREMIUM ACCOUNT

| Share premium account                             | £         |
|---|-----------|
| <b>Balance at 30 April 2015</b>                   | 6,334,076 |
| Premium arising on issue of equity shares         | 660,000   |
| <b>Balance at 30 April 2016 and 30 April 2017</b> | 6,994,076 |
| Premium arising on issue of equity shares         | 247,500   |
| <b>Balance at 30 April 2018</b>                   | 7,241,576 |
| Premium arising on issue of equity shares         | 506,667   |
| <b>Balance at 30 April 2019</b>                   | 7,748,243 |
| Premium arising on issue of equity shares         | 82,727    |
| <b>Balance at 30 April 2020</b>                   | 7,830,970 |



## NOTES TO THE FINANCIAL STATEMENTS

### 21 - SHARE OPTION AND WARRANT RESERVE

|                                    | £              |
|------------------------------------|----------------|
| Balance at 30 April 2015           | 74,306         |
| Share-based payment charge         | 35,070         |
| Balance at 30 April 2016           | 109,376        |
| Share-based payment charge         | 31,276         |
| <b>Balance at 30 April 2017</b>    | <b>140,652</b> |
| Share-based payment charge         | 304,976        |
| <b>Balance at 30 April 2018</b>    | <b>445,628</b> |
| Share-based payment charge         | 124,408        |
| <b>Balance at 30 April 2019</b>    | <b>570,036</b> |
| Write down of share option reserve | (570,036)      |
| <b>Balance at 30 April 2020</b>    | <b>-</b>       |

### 22- LOAN NOTE EQUITY RESERVE

|  | £             |
|--|---------------|
| <b>Balance at 30 April 2016, 30 April 2017, 30 April 2018, and 30 April 2019</b> | <b>23,657</b> |
| Write down of loan note equity reserve   | (23,657)      |
| <b>Balance at 30 April 2020</b>  | <b>-</b>      |

### 23 – GROUP RETAINED LOSSES

|                                 | £                  |
|---------------------------------|--------------------|
| Balance at 30 April 2015        | (7,050,194)        |
| Comprehensive loss for the year | (407,776)          |
| Balance at 30 April 2016        | (7,457,970)        |
| Comprehensive loss for the year | (201,501)          |
| Balance at 30 April 2017        | (7,659,471)        |
| Comprehensive loss for the year | (567,183)          |
| <b>Balance at 30 April 2018</b> | <b>(8,226,654)</b> |
| Comprehensive loss for the year | (1,650,701))       |
| <b>Balance at 30 April 2019</b> | <b>(9,877,355)</b> |
| Comprehensive gain for the year | 320,840            |
| <b>Balance at 30 April 2020</b> | <b>(9,556,515)</b> |

## NOTES TO THE FINANCIAL STATEMENTS

### 24- SHARE OPTIONS AND WARRANTS

The Company's 2013 share option plan, which was approved on 8 March 2013, and whereby options were granted over, in aggregate, 14,310,000 ordinary shares of 0.1 pence each to the Directors of the Company, was cancelled on 9 October 2020. In May 2017 a new share option scheme was also introduced by the Company, and this scheme was also cancelled on 9 October 2020. There are no outstanding options in the Company.

As a part of the proposed demerger of Plutus Energy Limited, capital reorganisation, debt capitalisation and placing to raise gross proceeds of £600,000 at 0.02 pence per share of the Company, which took place in December 2020, Turner Pope, joint brokers were issued with 600,000,000 broker warrants exercisable at 0.02p pence per share

On 28 May 2015, warrants over, in aggregate, 30,075,207 ordinary shares of 0.1 pence each ("Rockpool Warrants") were issued to Rockpool LLP, an advisor to the Company. Each warrant carries the right to subscribe for one new Ordinary Share in the capital of the Company at a price of 1.15p per ordinary share at any time between 27 May 2018 and 27 May 2021.

The fair value of the warrants was calculated using the Black-Scholes model and the Group recognised total expenses of £31,276 (2019: £31,726) in relation to the issue of the Rockpool warrants during the year. The inputs to the Black-Scholes model were as follows:

|                                 | <b>Rockpool Warrants</b> |
|---------------------------------|--------------------------|
| Grant date share price          | 0.8p                     |
| Exercise share price            | 1.15p                    |
| Risk free rate                  | 2%                       |
| Expected volatility             | 50%                      |
| Life of warrant                 | 6 years                  |
| Calculated fair value per share | 0.312p                   |

The table below summarises the share warrants extant during the year:

| <b>Number of warrants at 30 April 2019</b> | <b>Issued in the year</b> | <b>Exercised in the year</b> | <b>Lapsed in the year</b> | <b>Number of warrants at 30 April 2020</b> | <b>Exercisable at 30 April 2019</b> | <b>Exercise price</b> | <b>Vesting date</b> | <b>Expiry date</b> |
|--|---------------------------|------------------------------|---------------------------|--|-------------------------------------|-----------------------|---------------------|--------------------|
| 30,075,207                                 | –                         | –                            | –                         | 30,075,207                                 | –                                   | 1.15p                 | 27.05.2018          | 27.05.2021         |
| 30,075,207                                 | –                         | –                            | –                         | 30,075,207                                 | –                                   |                       |                     |                    |

## NOTES TO THE FINANCIAL STATEMENTS

### 25- FINANCIAL INSTRUMENTS

#### Categories of financial instruments

|   | Carrying value |           |
|---|----------------|-----------|
|   | 2020<br>£      | 2019<br>£ |
| <b>Financial assets</b>   |                |           |
| Investments designated as available for sale on initial recognition | -              | 152       |
| Trade receivables   | -              | 51,173    |
| Cash and cash equivalents   | 2,413          | 45,177    |
|   | 2,413          | 96,502    |
| <b>Financial liabilities at amortised cost:</b>                     |                |           |
| Convertible unsecured loan notes                                    | -              | 100,000   |
| Trade and other payables  | 774,271        | 325,203   |
|   | 774,271        | 425,203   |

### 26- RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's finance function monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk, and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks, in accordance with the Group's policies approved by the Board of Directors, which provide written principles on interest rate risk, credit risk and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for any purpose.

#### CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Group's growth; and
- to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The capital structure consists of capital and reserves and convertible loan notes, for capital management purposes.

#### INTEREST RATE RISK

The Group's exposure to interest rate risk is limited to the interest payable on the convertible unsecured loan notes, which are at fixed rates of interest.

#### CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's principal financial assets are bank balances and cash and other receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. £656,856 in accrued and deferred fees are overdue but not impaired.

#### LIQUIDITY RISK

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

### 27 - NOTES TO THE CASH FLOW STATEMENT

|   | Group     |             | Company   |             |
|---|-----------|-------------|-----------|-------------|
|   | 2020<br>£ | 2019<br>£   | 2020<br>£ | 2019<br>£   |
| Profit/(Loss) before tax                                | 320,841   | (1,650,701) | 363,997   | (1,435,396) |
| Share-based compensation charge                         | (570,036) | 124,408     | (570,036) | 124,408     |
| Write off investments                                   | 152       | -           | 152       | -           |
| Loan note equity reserve                                | (23,657)  | -           | (23,657)  | -           |
| Interest payable  | 1,828     | 8,000       | 1,828     | 64,670      |
| Goodwill written off                                    | -         | 1,085,000   | -         | 1,085,000   |
| Project expenses written off                            | -         | 128,549     | -         | -           |
| Operating cash flow before movements in working capital | (270,872) | (304,744)   | (227,716) | (217,988)   |
| (increase)/decrease in receivables                      | (249,131) | (457,159)   | 7,304     | (166,753)   |
| Increase/(decrease) in payables                         | 479,067   | 70,664      | 632,519   | 172,650     |
| Net cash generated by/(used in) operating activities    | (40,936)  | (691,239)   | (412,107) | (212,091)   |

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

### 28- OPERATING LEASE ARRANGEMENTS

IFRS16 was not adopted due to the value in the current year. The Group has no ongoing leases.

### 29- RELATED PARTY TRANSACTIONS

During the year ended 30 April 2020 £107,250 (2019: £167,000) fees were paid to Tatbels Limited in respect of Charles Tatnall's services as Executive Chairman.

During the year ended 30 April 2020, fees of £107,250 (2019: £167,000) were paid to Dearden Chapman Accountants Limited previously known as Chapman Longley Limited in respect of James Longley's services as Chief Financial Officer.

During the year ended 30 April 2020 fees of £50,250 were paid to Apex Power Limited in respect of services rendered by Paul Lazarevic. In 2019 fees of £125,000 were paid to Apex Power Limited in respect of services rendered by Paul Lazarevic. Paul Lazarevic was a director of Ennerco Limited in 2019.

During the year ended 30 April 2020 fees of £26,458 (2019: £22,000) were paid to Kinloch Corporate Finance Limited in respect of Tim Cottier's services as an independent non-executive director and of which Tim Cottier was a director.

During the year ended 30 April 2020, Stranger Holdings Plc a company controlled by James Longley and Charles Tatnall lent the Group a series of loans totalling £108,492. These loans were repaid prior to the year end and no interest was charged.

All the above related party transactions were at arm's length.

## NOTES TO THE FINANCIAL STATEMENTS

### Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report.

|                              | 2020<br>£ | 2019<br>£ |
|------------------------------|-----------|-----------|
| Short-term employee benefits | 284,000   | 747,038   |
|                              | 284,000   | 747,038   |

All the above related party transactions were at arm's length.

In addition to the information disclosed in Note 24, movement on warrants held by the Directors is as follows:

|                                    |                |              | James Longley      | Charles Tatnall    |
|------------------------------------|----------------|--------------|--------------------|--------------------|
|                                    | Exercise price | Vesting date | Number of warrants | Number of warrants |
| At 30 April 2015                   | 0.9            | 27.08.2017   | 20,000,000         | 20,000,000         |
| Exercised during the year          | 0.9            | 27.08.2017   | (10,000,000)       | (10,000,000)       |
| At 30 April 2016 and 30 April 2017 | 0.9            | 27.08.2017   | 10,000,000         | 10,000,000         |
| Exercised during the year          | 0.9            | 27.08.2017   | (10,000,000)       | (10,000,000)       |
| At 30 April 2018                   | -              | -            | -                  | -                  |
| At 30 April 2019                   | -              | -            | -                  | -                  |
| At 30 April 2020                   | -              | -            | -                  | -                  |

On 1 February 2016, 10,000,000 shares were issued at 0.9p per share to each of Charles Tatnall and James Longley on the exercise of warrants. The aggregate of the amount of gains made by each director on the exercise of warrants is £20,000. On 19 May 2017, 10,000,000 shares were issued at 0.9p per share to each of Charles Tatnall and James Longley on the exercise of warrants. The aggregate of the amount of gains made by each director on the exercise of warrants is £20,000.

## NOTES TO THE FINANCIAL STATEMENTS

### 30- EVENTS AFTER THE YEAR END

#### **DEMERGER, PLACING, DEBT CAPITALISATION AND CAPITAL REORGANISATION**

On 9 October 2020, the directors convened a general meeting of the Company to consider certain proposals including the proposed demerger of Plutus Energy Limited, a capital reorganisation, proposed debt capitalisation and a conditional placing to raise gross proceeds of £600,000 at 0.02 pence per share which was approved by the Company's shareholders at a general meeting held on 3 November 2020 and subsequent confirmation of a Reduction of Capital by the High Court of Justice of England and Wales. The transaction completed on 10 December 2020 at which point the Company became classified as an AIM Rule 15 cash shell.

The demerged entity, Plutus Energy Limited, holds the Group's shares in Attune Energy Limited and a receivable totalling £656,856 in unpaid management fees owed to the Group together with the litigation rights with the Company's ex Chief Operation Officer, Mr Lazarevic. Rockpool did not provide the necessary consents to enable Plutus to demerge their interests in the remaining FlexGen sites and these remain held by Plutus, albeit they are effectively worthless for the reasons detailed above. The Company intends to demerge these interests from Plutus in due course once consent is received from Rockpool.

The objective of the demerger was to create value for existing shareholders through developing its existing energy assets in a private vehicle and provide a continued investment in an AIM Rule 15 Cash Shell seeking to deploy the Company's cash resources following completion of the Proposals towards the acquisition of an operating business (or operating assets) with such an acquisition constituting a reverse takeover under Rule 14 of the AIM Rules.

The Company raised £600,000 (before commissions and expenses) through the proposed issue of the 3,000,000,000 Placing Shares at the Placing Price. The Placing was arranged by Turner Pope as the Company's joint broker. Pello Capital acted as sub-placing agent to Turner Pope and have subsequently been appointed as joint broker to the Company. The net proceeds of the Placing, estimated to be £490,000, have been used by the Company to enable the settlement of trade and other creditors, including fees owed to directors, totalling approximately £275,000 and continue to be used by the Company for general working capital purposes whilst it seeks a suitable reverse takeover candidate.

Certain of the Directors, trade creditors and advisers agreed to capitalise certain amounts that were either owed or contractually due to be settled in the next 12 months totalling £266,094. The debts were satisfied through the issue by the Company of 1,390,470,000 new Ordinary Shares at the Placing Price. These included Charles Tatnall and James Longley capitalising debts totalling £61,500 each including the £75,000 loan detailed earlier in this statement.

#### **SHARE OPTION SCHEMES**

The Company's 2013 share option plan, which was approved on 8 March 2013, and whereby options were granted over, in aggregate, 14,310,000 ordinary shares of 0.1 pence each to the Directors of the Company, was cancelled on 9 October 2020. In May 2017 a new share option scheme was also introduced by the Company, and this scheme was also cancelled on 9 October 2020. There are no outstanding options in the Company.

#### **CONVERTIBLE LOAN NOTE**

The Board of Plutus, an AIM Rule 15 cash shell, announced on 28 January 2021, that it has entered into convertible subscription agreements to raise £200,000, before expenses, through the issue of unsecured convertible loan notes (the "Convertible Loans"). The Company raised the funds to assist the Company in covering the additional costs of any potential future reverse takeover transaction and for general working capital purposes.

## NOTES TO THE FINANCIAL STATEMENTS

The Convertible Loans were placed with clients of Pello Capital Limited, the Company's joint broker and placing agent for the purposes of the issue of the Convertible Loans. The key terms of the Convertible Loans are as follows:

- 12-month term;
- 8% annual interest rate, payable in cash in arrears on 31 January, 30 April, 31 July and 31 October, with the first instalment due to be paid on 30 April 2021;
- principal and accrued but unpaid interest will be convertible at a 25 per cent. discount to the price of new ordinary shares that are issued pursuant to a placing conducted simultaneous with the re-admission of the ordinary shares of the Company to trading on AIM becoming effective following an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules ("Re-Admission");
- convertible at the date of Re-Admission; and
- unsecured.