



# 2015

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Annual Report and Accounts



Focused on the development,  
construction and operation of flexible  
stand-by electricity generation in the UK

## AN IMPORTANT SOURCE OF ENERGY GENERATION

Plutus PowerGen (PPG) provides the expertise and management infrastructure for the development, construction and operation of flexible power facilities in the UK.

As UK electricity generation moves away from fossil fuels and towards less predictable sources such as wind and solar, electricity supply is more volatile. Plutus PowerGen will derive revenues from the provision of flexible electricity generation ("flexgen") in the UK for use during periods of peak electricity demand, and from the demand management mechanisms that underpin the UK wholesale electricity market.

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# 2015 Highlights

## Significant corporate, financial and operational achievements during the year

### FINANCIAL

- Raised £800,000 equity before expenses on re-admission to AIM
- Raised a further £500,000 equity before expenses
- £200,000 8% convertible loan note issued to accelerate the connections process and for working capital
- Rockpool awarded 30,075,207 warrants in PPG at an exercise price of 1.15p
- Rockpool Investments LLP raised £17.8 million for the first five investee companies
- PPG awarded five management contracts, each generating £150,000 a year of fee income to the Company, and in which PPG has a carried interest of 45%
- Negotiation of two offers for £2.5 million of asset finance on behalf of Attune Energy, the first 20MW flexible power company to have received equity funding from Rockpool
- Heads of terms signed with Reliance Energy Ltd to finance sites introduced by us where we will have 70% and we will receive 30% in sites introduced by Reliance Energy Ltd



Raised  
£800,000  
equity



Awarded five  
management contracts  
of £150,000 per  
annum each

### OPERATIONAL

- Strong demand for flexible energy generation due to constrained power generation environment in the UK
- Consolidated revenues will be from multiple sources: delivered through the sale of power to large energy supply companies by way of a Power Purchase Agreement; STOR revenue; Triad avoidance revenue and potentially, from 2019, the capacity mechanism together with fee income in the holding company
- Agreement with independent property developer London & Devonshire Trust to source land with connection capacity suitable for the construction of 20MW flexible energy generation projects
- Secured connection offers to Grid at locations in the south of England with a combined capacity of 260MW
- Planning in various stages for 100MW of energy



Framework agreement  
with independent  
property developer

# Chairman's Statement

## A successful developmental year

Charles Tatnall, Executive Chairman

This year has been transformational for PPG, with our re-admission to AIM in August and commencement of trading as a developer and operator of flexible power generation facilities. The management team has made considerable progress since then, going a long way towards achieving our initial 200MW plan. Further, the Company now has an extended pipeline of projects beyond that plan.

We have made considerable progress in each of the four crucial pre-construction phases for establishing a 20MW flexible generation project:



### 1. Identify suitable sites



### 2. Establish an economic connection to the grid



### 3. Obtain planning



### 4. Achieve satisfactory funding

Our current pipeline of over 500MW, with connection offers for 260MW of capacity, equivalent to thirteen 20MW sites, has the potential to take us well beyond that initial target. We have agreed Heads of Terms with Reliance Energy Limited, which potentially gives us access to, and the finance for, the development for

up to 200MW of connections jointly with solar farms across the UK and to finance further flexible generation opportunities identified by us.

The relationship with Reliance Energy Limited will provide us with additional finance to expand our site portfolio whilst not in conflict with our Rockpool Investments LLP arrangements. This relationship will be in addition to our existing pipeline where joint solar and other flexible power generation projects are identified.

The capacity in the site pipeline will change from time to time as we identify new sites, whilst others may become impractical for reasons such as being unable to connect the site within a reasonable timeframe. Of the sites where we have already secured connection offers, we continue to progress towards achieving planning permission, and have already done so at Plymouth.

Rockpool Investments LLP, through our exclusivity arrangement with them, have raised £17.8 million of funding for the first five investee companies. These investee companies have awarded us five management contracts, each generating £150,000 of fee income a year, and in which we have a carried interest of 45%. We continue to look at multiple sources for funding our pipeline of sites beyond those companies financed by Rockpool Investments LLP.

PPG has been through two major stages of development, both successful during the year under review. Firstly, restructuring and financing sufficient to ensure limited further dilution. And secondly, commencing operations as developers and operators of flexible stand-by electricity generation in the UK.

## 1. RESTRUCTURING AND FINANCING

The Company, formerly Plutus Resources PLC, was suspended on AIM at the beginning of the year to enable the restructuring, reverse takeover and placing to be completed in August 2014. On 5 August 2014, the Company completed the acquisition of 75%

of the issued share capital of Plutus Energy that it did not already own, for £485,000, satisfied by the issue of new ordinary shares in the Company, and changed its name to Plutus PowerGen PLC (PPG). It changed the composition of the Board, converted past Loan Notes and was re-admitted to trading on AIM. Simultaneously, the Company raised £800,000 (before expenses) by the issue of ordinary shares to fund working capital for the enlarged Group. Furthermore, in January 2015, the Company raised £500,000 (before expenses) through the issue of new ordinary shares to new and existing investors. This additional placing is to assist in securing the Grid connections and to help accelerate the business plan. The Company also issued a £200,000 8% Convertible Loan Note to assist in obtaining connections and for working capital purposes.

## 2. OPERATIONS

Following re-admission to AIM, PPG is no longer an investment company, but a group of companies involved in developing, constructing and operating flexible stand-by electricity generation (flexgen) in the UK. The operating companies will have four primary revenue streams: Triad avoidance, STOR, power sales and the Capacity Mechanism as explained later in the Business Model Section.

We take an equity interest in, and receive fees for the management of, the entities established to manage each flexible power generation project. We may also receive third party fees for other consultancy projects in connection with flexible power generation. While our business model is not unique, and there are already companies providing Triad avoidance and STOR services using proven and reliable generation technologies, we believe the time is well suited to a new entrant into the market. Please see the section marked The Investment Case.

## OUTLOOK

Over the coming year, the Board of Directors will continue to build on the rapid achievements accomplished since the Company's re-admission to AIM in August last year. We have already met and exceeded our principal short-term objectives. We enjoyed our first revenues in the year under review and we now have five management contracts generating £750,000 of fees annually for the group. This is likely to increase materially during the forthcoming year.

We are well advanced in our plans to achieve a minimum of 200MW of flexible power-generating capacity in the UK over the next three years and the Heads of Terms, recently signed, with Reliance Energy Limited has the prospect to materially increase our pipeline and improve our ability to fund multiple sites. The year has started very well and the Directors continue to be very confident of the company's future.

**Charles Tatnall**

Executive Chairman

28 August 2015

# Market Overview

Rapid progress made  
beyond initial targets



- **An AIM-listed power company**  
Developing, constructing and operating an initial 200MW of flexible UK energy generation.
- **Multiple potential revenue sources**  
Triad avoidance revenue; STOR revenue; power sales; and from 2019, the capacity mechanism.
- **Pipeline of potential sites**  
For over 500MW plus a further potential 200MW of solar sites on which we, subject to planning, will have the ability to develop flexgen in conjunction with solar operators.
- **Offers of Grid connections to date**  
Secured for a combined capacity of 260MW.
- **Planning granted for first site**  
In Plymouth, and construction process underway.
- **100MW of capacity**  
In various stages of planning.
- **Bottom up investment strategy**  
To limit medium-term dilution to existing shareholders together with optimum use of asset finance.



# At a Glance

## A market environment placing a premium on access to flexible generation capacity

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The energy generation mix in the UK is changing, with a target of 15% of energy consumption to be from renewable sources by 2020. This includes electricity as well as transport and other energy demand. The government expects renewable electricity to contribute about half of the renewable energy required by 2020. To encourage the transition to renewable energy, the government is using a range of policies that will bring about the early closure of much oil and coal power generation. They are also placing limits on generators' polluting activity or operational time.

With older generating capacity coming offline, and new gas generation and renewable capacity being slow to come online, the safety margin between supply and maximum demand is narrowing – from 17% three

years ago to an Ofgem forecast of just 5% in 2015/16 – and that's without unplanned outages, maintenance and closures.

Renewable energy sources in the UK are largely made up of wind and solar and, while new capacity is being added, wind is an intermittent source of generation. Solar is also more likely to generate in the summer months when it is less needed. The renewable capacity displacing higher carbon sources of generation is increasing the volatility of energy supply, and despite growing government and consumer focus on energy saving, demand for power continues to grow. This places a premium on access to flexgen capacity.

# Business Model

Reliable and recurring revenues, projected to grow well beyond inflation

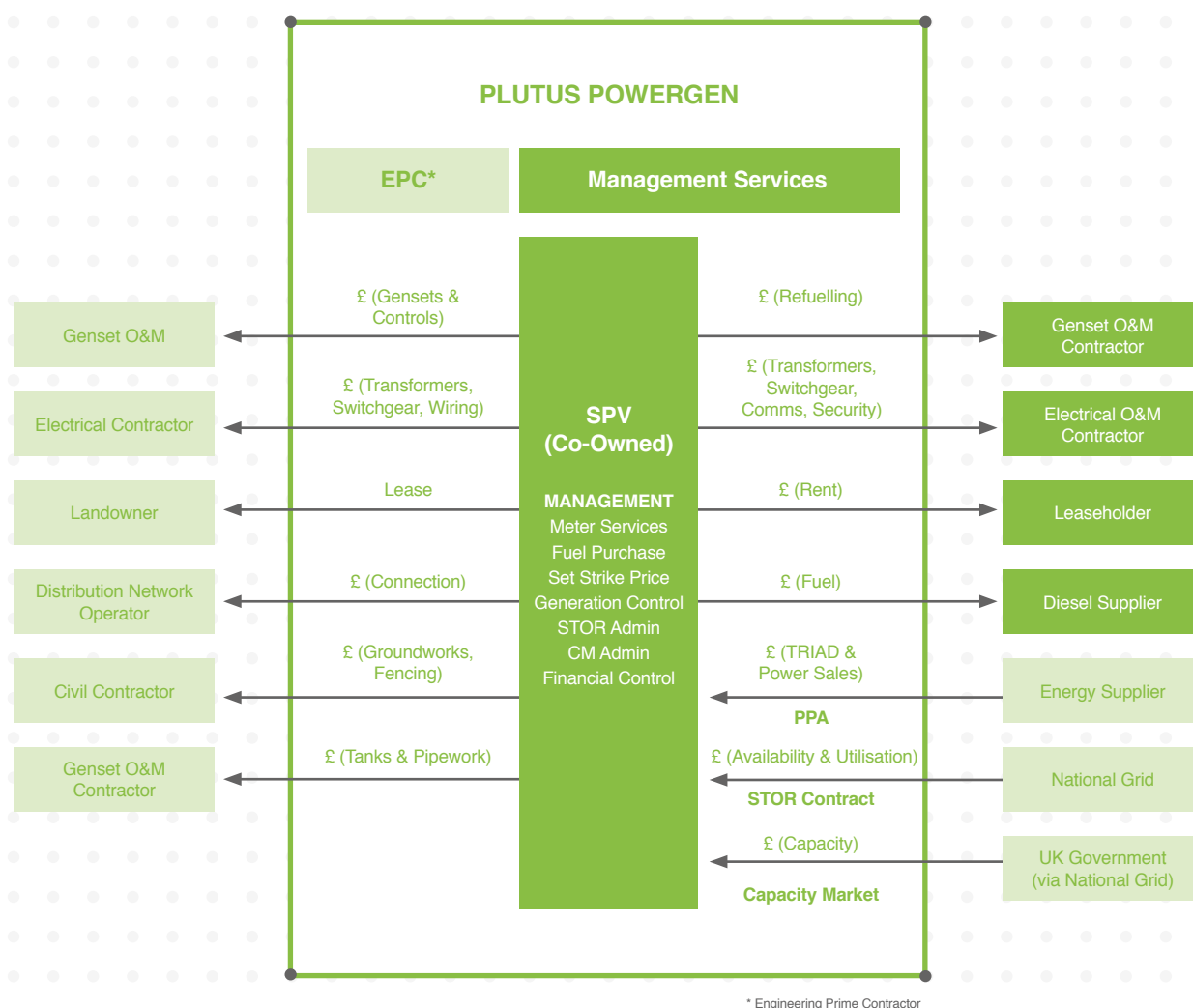
Our principal sources of income will relate to the electricity market's demand management mechanisms: Triad avoidance payments and the STOR scheme, both regulated by Ofgem. We will also sell power, usually under a Power Purchase Arrangement (PPA) and from 2019 expect revenue through the new Capacity Mechanism.

SOURCE	AIM
<b>1 Triad</b> National Grid charges electricity suppliers significant sums according to how much they use the network during Triad periods – which are the three periods of highest demand in a year, identified after the winter has passed. These Triads are the three half-hour periods of maximum grid demand between 1 November and 28 February. Triad periods have to be separated by ten clear days so they don't all fall in the same cold snap. While they are obviously not known in advance, they can be forecast reasonably accurately.	The aim is to provide an incentive for users to reduce demand during periods when stress on the grid is at its highest. By supplying electricity during potential Triad periods, we can generate significant revenues by reducing electricity supply companies' use of the National Grid. Small generators can expect to receive an agreed percentage of the Triad saving achieved by the supply company.
<b>2 STOR</b> This is Short Term Operating Reserve, or back-up power. The National Grid contracts with flexible generators of electricity to provide for periods where they think there is likely to be a short-term need. It is part of the balancing mechanism that ensures UK electricity supply always meets demand. National Grid commissions small electricity-generating companies to be available at less than 20 minutes' notice.	Generators receive payments simply for being available, as well as payments for when the generating capacity is called upon.
<b>3 Power Purchase Arrangement</b> This is, quite simply, sales of generated power. When we are running with an aim of Triad avoidance, we sell the power under a PPA, normally to a large energy supplier in the UK.	We can also generate power for other third-party sales.
<b>4 Capacity Mechanism</b> This is a new market, introduced last year, where – under certain circumstances – the company is able to compete in the annual capacity auction to receive 15 year contracts for the construction of new generation capacity. Last year, this auction cleared at just under £20,000 per MW for payment starting in 4 years from award. These payments are index-linked.	The Company, if successful in the auctions, will generate revenue from 2019 which will provide stable and predictable incentives for making new, cleaner generation capacity available. We expect to bid for capacity in the second auction process, in 2015.



Cohesive structure providing services through strong management teams, proven counterparts and subcontractors

## COMPANY STRUCTURE



To date, the Company has a 45% interest in the companies it manages. This carried interest is likely to vary in the future depending on the investment structure of each investee company and the desire of

the Company to seek investment partners where we are able to consolidate the assets and liabilities and the profit and loss of the Investee Company fully in the consolidated accounts.

## Business Model continued

An excellent investment case for investors combined with potential high rates of return on capital

### ESTABLISHING AN OPERATIONAL BUSINESS

Initially, PPG was aiming for a total development of 200 MW of electricity generating capacity from a series of 20MW containerised generator sites. This target has been surpassed in most of the critical pre-build stages. Before becoming operational and generating revenue, PPG needs to progress through four crucial pre-construction phases:



#### 1. Identifying appropriate sites

Here the considerations are proximity to suitable Grid connections, economic viability and potential planning issues.



#### 2. Establishing a viable Grid connection

Through making connection agreements with power distribution companies.



#### 3. Obtaining planning permission

No work or funding can start without this.



#### 4. Securing funding

With finance obtained from a variety of sources, the site construction phase can begin.

## THE INVESTMENT CASE

The PPG business model creates a number of favourable factors for investors:

“Bottom-up” investment model and limited dilution

Good After Tax Return on Capital per average site

- Typically, each site will cost in the region of £5–6 million to develop and construct
- The exact cost of establishing a 20MW plant will depend on the specific characteristics of each site; costs can be broken down as follows:

Component/Activity	Approx. % of Total Cost
Generators	45–50%
Electrical equipment	25–30%
Civil engineering/ construction	10–15%
Connection to grid	<10%

A typical site will have the following typical EBITDA return on capital employed in a full year of operations

	Without Capacity Mechanism	With CM
Year 1	13%	20%
Rising to		
Year 5	17%	25%

## Favourable Market outlook

- Existing, reliable nuclear and coal power generation is being replaced, in part, by less predictable renewable power generation, creating the need for flexible power generation. The impending UK Electricity Market Reform (EMR) will probably mean electricity generators will face greater penalties than at present if they cannot supply their contracted electricity. Utility companies have indicated they may look to secure a reserve of flexible generation power plants due to this.
- OFGEM has warned that capacity margin will fall to below 5%, increasing price volatility and the risk for energy supply companies to balance their own energy book. This places a premium on access to flexible generation capacity.
- Whilst the new energy market design intends to encourage new technologies and services into the balancing market, there is limited clarity for investors; as a result, while such services are emerging, they remain relatively unproven or not yet at scale

## Established technology with asset finance available

‘Genset’ technology is well-established simple, proven and widely available and in which there are a number of manufacturers and there is a good second hand market. There is a good availability of parts and technical know-how, and operations and maintenance are minimal and low risk. We have, to date, negotiated two offers of finance for Attune Energy Limited for £2.5 million each of asset finance for the Gensets.

## Management contracts

All sites will have a management contract whereby PPG manages the asset, from identifying the site, planning, and negotiation of the connection, construction and operations, of the associated company or subsidiary.

This will typically be £625 to £1000 per MW per month.

This income to the holding company defrays the holding company costs.

# Risks

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The Board has outlined the following risks investors need to be aware of.

## **OPERATING HISTORY**

With a limited operating history, it is not possible to evaluate the Company's prospects based on past performance.

## **AVAILABILITY OF SUITABLE SITES**

Building and operating flexible power generation projects depends on our being able to find suitable sites and secure them on appropriate commercial terms.

## **PLANNING PERMISSION**

There is no guarantee the necessary permits, consents or approvals will be issued or granted. In addition, the planning process can be lengthy and cause delays.

## **ABILITY TO TENDER AND WIN CONTRACTS**

The strategy depends on our ability to win contracts to build, supply and manage flexible power generation plants. If competition increases or for any other reason we don't win contracts, this would have an adverse effect on operations and profitability.

## **VOLATILITY OF ELECTRICITY PRICES**

Energy prices fluctuate widely and are affected by many unpredictable factors beyond our control: global supply and demand, political and economic conditions, speculation, inflation, interest rates and exchange rates. The effect of these factors on the price of energy cannot accurately be predicted.

## **CHANGES IN GOVERNMENT POLICY**

Changes in Government policy on flexible power generation could become more or less restrictive and affect the return on any investment, or change tax rates or reliefs thereon.

# Directors

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## **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.

## **JAMES LONGLEY**

### **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. He was also co-founder, Director and CFO of BioProgress Technology International, formerly a NASDAQ quoted company which subsequently listed on AIM. He was also a co-founder, Director and CFO of PhotoBox Limited from 2000 to 2006, a company that then merged with its French counterparts, Photoways and acquired Moonpig in 2011 for approximately £120 million.

## **PHILIP STEPHENS**

### **Chief Executive Officer**

Phil Stephens was Head of Commercial at British Energy Group plc, where he led the development of their pure nuclear, low carbon product to industry. This has gone on to form the basis of EDF's Blue+ product to residential customers following the acquisition. He was Group Commercial Director of Mears Group plc, a listed social housing and domiciliary care business with revenues in excess of £650m. In this role, Phil signed an exclusive agreement with British Gas to provide energy and low carbon services to social housing. He was previously a partner in global consulting firms within the Energy & Utilities sector. His projects included main Board and Operational strategy development, including assessment of diversification opportunities, the development of the world's first nodal electricity market in Singapore and advice on asset management plans to energy regulators.

## **JOSEPHINE DIXON**

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

Jo Dixon, a qualified chartered accountant, has over ten years' experience as a Non-Executive Director of listed companies and is currently a Non-Executive and senior independent Director of Worldwide HealthcareTrust, Non-Executive Director and audit committee Chairman of Baring Emerging Europe, Standard Life Equity Income Trust and JP Morgan European Investment Trust. She is also a Non-Executive Director of Strategic Equity Capita. Jo Dixon previously worked at Natwest where she held a number of senior roles, working directly for the CEO. In 1995 she became FD of Newcastle United and played a key role in its successful London Stock Exchange flotation.

## **PAUL LAZAREVIC**

### **Chief Operating Officer**

Paul Lazarevic has a long record in the electricity sector, including most recently as the CEO of Grid balancing technology company, RLtec. He was formerly head of corporate sales at RWE, responsible for a £1.5bn operation, which included sales and operations to the UK's major industrial and commercial users such as J Sainsbury, BT Group and Lafarge. Paul also spent eight years at Exxon Mobil where his experience varied from project-managing the design and construction of embedded refinery power generation projects in the USA and Far East, to setting up a gas trading operation in the UK and running a risk management team.

# Corporate Governance

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The Company is not required to comply with the Corporate Governance Code or QCA Code. However, the Directors recognise the importance of sound corporate governance. The Board intends, so far as is practicable for a company of its size, to implement certain corporate governance recommendations. Details are provided below.

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.

## 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 Josephine Dixon, James Longley and Philip Stephens; Josephine Dixon chairs the committee.

## 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 regards to the recommendations put forward in the QCA Code and, where appropriate, the UK Corporate Governance Code guidelines. The Remuneration Committee is comprised of Josephine Dixon, Paul Lazarevic and Philip Stephens; Josephine Dixon chairs the committee.

## 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.

## 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 other advisors) whether the Directors are aware of their responsibilities under the AIM Rules from time to time.

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 seek to ensure that the Company's Nominated Adviser is maintaining contact with the Company on a regular basis.

The AIM Rules Compliance Committee comprises of Josephine Dixon, Paul Lazarevic and Charles Tatnall; Josephine Dixon chairs the committee.

## SHARE DEALING CODE

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.

## ANTI-CORRUPTION AND BRIBERY POLICY

The Board adopts an anti-corruption and bribery policy (the "Bribery Policy"). The Bribery Policy applies to all directors and employees of the Company (and 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 Bribery Policy details a zero tolerance approach, which must be communicated to all contractors and business partners in all business dealings. Training on the Bribery Policy forms part of the induction process for all new employees.



# Strategic Report

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The Directors present their Report on the Company for the year ended 30 April 2015.

## RESULTS

The Group made a loss after taxation of £1,311,427 (2014: £338,727).

## THE BUSINESS

On 5 August 2014, the Company completed the acquisition of 75% of the issued share capital of Plutus Energy Limited ("Plutus Energy") that it did not already own ("Acquisition") by way of a reverse takeover. Contemporaneously, the Company changed its name to Plutus PowerGen PLC and was re-admitted to trading on AIM. Accordingly, the Company is now established with human and financial capital for the purpose of generating power from flexible stand-by power generation sites and generating revenues through the sale of this power to large energy supply companies during periods of peak electricity demand or Grid instability. Therefore the Company is no longer an investment company and is now a holding company for a group of companies involved in the development, construction and operation of flexible stand-by electricity generation in the UK.

The Company commenced trading as a Group involved in the development, construction and operation of flexible stand-by electricity generation in the UK immediately post re-admission to AIM and the results reflect the costs of this, the placing costs and the non cash directors fees and bonuses together with the ongoing costs of running the business post flotation and the costs of the investment business prior to re-admission. Losses for the year include placing costs and costs of re-admission to AIM of £300,190, detailed as Other Operating Expenses in the Group Statement of Comprehensive Income. It also includes non-cash consideration of £280,000 paid to certain directors in respect of fees and bonuses.

The Group enjoyed posting its first revenues in the second half of the year being £87,500 of fees (2014: Nil) generated from investee companies in which we have a 45% interest. We currently have five such companies generating fees of £750,000 per annum in total and we expect to add materially to that by the end of the financial year ended 30 April 2016. Such fees currently defray substantially all our operating costs.

During the year under review, the Group raised £800,000 (before expenses) by the issue of ordinary shares to fund working capital for the enlarged group. Further, in January 2015, the company raised £500,000 (before expenses) through the issue of new ordinary shares to new and existing investors. This additional placing is to assist in securing the Grid connections and to help accelerate the business plan. The company also issued a £200,000 8% Convertible Loan Note in December 2014 to assist in obtaining connections and for working capital purposes.

The Group and Company statements of financial position include £485,000 of Goodwill, which represents the amount paid for Plutus Energy Limited. This is in the Company balance sheet as an investment together with the Group's investments in associated companies as disclosed in note 10 to the financial statements. Due to the change of business from an investment company to a trading business most figures in the balance sheet are materially different compared year-on-year. The balance sheet of the group has been materially strengthened by the change of business and the acquisition of Plutus Energy Limited, the investment in Attune Energy Limited and the fund raising exercises undertaken. Accordingly Net assets at the year end were £758,795 (2014: (219,676)). Cash balances were substantially higher at the year end at £320,485 (2014: £6,897).

# Strategic Report continued

## KEY PERFORMANCE INDICATORS

The key performance indicators are set out below:

Company statistics	2015	2014	Change %
Gross assets	£1,083,539	£142,552	+660%
Cash and cash equivalents	£320,485	£6,897	+4546%
Closing share price	0.95p	0.80p	+19%
Earnings per share	(0.32)p	(0.23)p	(35)%

## 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 Company are set out in note 23 to the financial statements.

## GOING CONCERN

The Directors consider the Company can continue in operational existence for the foreseeable future with its existing resources.

**James Longley**

Director

28 August 2015

# 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 £	Annual bonus £	2015 total £	2014 total £
<b>Executive</b>				
Charles Tatnall*	119,334	140,000	259,334	83,500
James Longley**	119,058	140,000	259,058	75,950
Josephine Dixon	18,750	–	18,750	–
Philip Stephens***	86,334	–	86,334	–
Paul Lazarevic***	86,334	–	86,334	–
Nicholas Lee	–	–	–	5,000
Total emoluments	429,810	280,000	709,810	164,450

\* The remuneration of Charles Tatnall includes £107,334 fees, which was invoiced by Yum Management Limited.

\*\* The remuneration of James Longley includes £107,058 fees, which was invoiced by Dearden Chapman Limited.

\*\*\* The remuneration of Philip Stephens and Paul Lazarevic each include £43,834, being half the total fees of £87,668 invoiced by PPT Capital Limited.

## DIRECTORS' SHARES, OPTIONS AND WARRANTS

Name	Number of options granted	Total number of options held following the Grant	Number of warrants granted	Total number of warrants held following the Grant	Number of Ordinary Shares held	% of issued ordinary share capital of Plutus held
Charles Tatnall	4,770,000	4,770,000	20,000,000	20,000,000	55,500,000**	9.71%
James Longley	4,770,000	4,770,000	20,000,000	20,000,000	47,500,000*	8.31%
Philip Stephens	–	–	–	–	38,012,823	6.65%
Paul Lazarevic	–	–	–	–	30,000,000	5.25%
Josephine Dixon	–	–	–	–	–	–

\* 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 share option plan (the "**Plan**"), was approved on 8 March 2013, and options were granted over, in aggregate, 14,310,000 ordinary shares of 0.1 pence each ("**Ordinary Shares**") to the directors of the Company (the "**Grant**"). 4,770,000 options granted to Nicholas Lee, a former director of the company have lapsed following his resignation in August 2013.

Each option carries the right to subscribe for one new Ordinary Share in the capital of the Company at a price of 0.675 pence per Ordinary Share, being the closing mid-market price of the Company's Ordinary Shares on 8 March 2013 and the date on which the Plan was adopted. These options vest over a period of three years from the date of the Grant, with a third of the options vesting on the first, second and third anniversaries of the Grant respectively. These options are exercisable for a period of ten years from the date of the Grant subject to the vesting conditions and the terms of the Plan.

## APPROVAL

This report was approved by the Board of Directors on 28 August 2015 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 2015.

## PRINCIPAL ACTIVITIES

Plutus PowerGen plc ("the Company") is the holding company of Plutus Energy Limited ("Plutus Energy" or "Subsidiary"). Plutus Energy was established during the period for the purpose of generating power from flexible standby electricity generation sites. Plutus Energy generates revenue through the sale of this power to established national energy suppliers during periods of peak electricity demand or Grid instability.

On 21 August 2014, at the General Meeting of the Company, the shareholders approved the change of the Company's name from Plutus Resources plc to Plutus PowerGen plc.

## DIVIDENDS

The Directors do not recommend the payment of a dividend (2014: £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 15. 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.

## EVENTS AFTER THE REPORTING PERIOD

On 28 May 2015 the Company granted a warrant to Rockpool Investments LLP ("Rockpool") to subscribe for 30,075,207 new ordinary shares of 0.1p each in the Company at an exercise price of 1.15p per share from 27 May 2018 to 27 May 2021.

## 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			
	At 30 April 2015	At 30 April 2014	Options	Warrants
Charles Tatnall	55,500,000	28,000,000	4,770,000	20,000,000
James Longley	47,500,000	20,000,000	4,770,000	20,000,000
Philip Stephens (appointed 22 August 2014)	38,012,823	—	—	—
Paul Lazarevic (appointed 22 August 2014)	30,000,000	—	—	—
Josephine Dixon (appointed 22 August 2014)	—	—	—	—

## SUBSTANTIAL SHAREHOLDERS

As at 30 April 2015, 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
Paternoster Resources plc*	94,333,334	16.51
Mr Charles RS Tatnall	55,500,000	9.71
Mr James TC Longley	47,500,000	8.31
Mr Philip Stephens	38,012,823	6.65
Mr Paul Lazarevic	30,000,000	5.25

\* Nicholas Lee (former director of the company) is also Chairman of Paternoster Resources plc.

## 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 2015 was 44 days (2014: 46 days).

## CHARITABLE AND POLITICAL DONATIONS

The Company made no charitable contributions during the year (2014: £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.

## DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

## 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.

Welbeck Associates 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

28 August 2015

Registered office

27/28 Eastcastle Street, London W1E 8DH

# Statement of Directors' Responsibilities

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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

28 August 2015



# Auditors' Report

## To the members of Plutus PowerGen plc

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We have audited the financial statements of Plutus PowerGen plc for the year ended 30 April 2015 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the cash flow statement, and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of Directors' responsibilities set out on page 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

### OPINION ON FINANCIAL STATEMENTS

In our opinion:

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

### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept 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.

### Rory Heier (Senior statutory auditor)

for and on behalf of Welbeck Associates  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

28 August 2015

# Group Statement of Comprehensive Income

For the year ended 30 April 2015

	Note	2015 £	2014 £
<b>Continuing operations</b>			
Revenue		87,500	–
Gross profit		87,500	–
Administrative expenses		(1,071,679)	(314,182)
Other operating expenses		(300,190)	–
<b>Operating loss</b>		(1,284,369)	(314,182)
Interest charge on loan note	15	(27,058)	(24,545)
<b>Loss before tax</b>	6	(1,311,427)	(338,727)
Tax	8	–	–
<b>Net loss attributable to equity holders of the Company and total comprehensive loss</b>		(1,311,427)	(338,727)
<b>Earnings per share (pence per share):</b>			
Basic and diluted loss per share from continuing and total operations	9	(0.32)p	(0.23)p

# Group Statement of Changes in Equity

For the year ended 30 April 2015

	Share capital £	Share premium £	Share option reserve £	Loan note equity reserve £	Other reserves (note 18) £	Retained losses £	Total £
<b>At 1 May 2013</b>	948,943	4,418,992	5,439	10,613	—	(5,419,704)	(35,717)
Comprehensive income for the year	—	—	—	—	—	(338,727)	(338,727)
Credit to equity in respect of share-based compensation charge	—	—	20,717	—	—	—	20,717
Issue of share capital	20,833	104,167	—	—	—	—	125,000
Transfer to equity reserve on issue of convertible loan stock	—	—	—	9,051	—	—	9,051
<b>At 30 April 2014</b>	969,776	4,523,159	26,156	19,664	—	(5,758,431)	(219,676)
Comprehensive income for the year	—	—	—	—	—	(1,311,427)	(1,311,427)
Credit to equity in respect of share-based compensation charge	—	—	48,150	—	—	—	48,150
Issue of share capital	407,174	1,810,917	—	—	—	—	2,218,091
Transfer from equity reserve on conversion of loan stock	—	—	—	(19,664)	—	19,664	—
Transfer to equity reserve on issue of convertible loan stock	—	—	—	23,657	—	—	23,657
<b>At 30 April 2015</b>	1,376,950	6,334,076	74,306	23,657	—	(7,050,194)	758,795

# Company Statement of Changes in Equity

For the year ended 30 April 2015

	Share capital £	Share premium £	Share option reserve £	Loan note equity reserve £	Other reserves (note 18) £	Retained losses £	Total £
<b>At 1 May 2013</b>	948,943	4,418,992	5,439	10,613	–	(5,419,704)	(35,717)
Comprehensive income for the year	–	–	–	–	–	(338,727)	(338,727)
Credit to equity in respect of share-based compensation charge	–	–	20,717	–	–	–	20,717
Issue of share capital	20,833	104,167	–	–	–	–	125,000
Transfer to equity reserve on issue of convertible loan stock	–	–	–	9,051	–	–	9,051
<b>At 30 April 2014</b>	969,776	4,523,159	26,156	19,664	–	(5,758,431)	(219,676)
Comprehensive income for the year	–	–	–	–	–	(1,268,355)	(1,268,355)
Credit to equity in respect of share-based compensation charge	–	–	48,150	–	–	–	48,150
Issue of share capital	407,174	1,810,917	–	–	–	–	2,218,091
Transfer from equity reserve on conversion of loan stock	–	–	–	(19,664)	–	19,664	–
Transfer to equity reserve on issue of convertible loan stock	–	–	–	23,657	–	–	23,657
<b>At 30 April 2015</b>	1,376,950	6,334,076	74,306	23,657	–	(7,007,122)	801,867

# Group and Company Statements of Financial Position

For the year ended 30 April 2015

	Note	Group		Company	
		2015 £	2014 £	2015 £	2014 £
Non-current assets					
Goodwill		485,000	—	—	—
Investments	10	47	125,000	485,000	125,000
		485,047	125,000	485,000	125,000
Current assets					
Trade and other receivables	12	278,007	10,655	317,047	10,655
Cash and cash equivalents	13	320,485	6,897	320,485	6,897
		598,492	17,552	637,532	17,552
Total assets		1,083,539	142,552	1,122,532	142,552
Current liabilities					
Trade and other payables	14	(143,069)	(81,461)	(138,990)	(81,461)
Borrowings	15	(16,000)	(280,767)	(16,000)	(280,767)
		(159,069)	(362,228)	(154,990)	(362,228)
Net current assets/(liabilities)		439,423	(344,676)	482,542	(344,676)
Non-current liabilities					
Borrowings	15	(165,675)	—	(165,675)	—
Total liabilities		(324,744)	(362,228)	(320,665)	(362,228)
Net assets/(liabilities)		758,795	(219,676)	801,867	(219,676)
Equity					
Share capital	16	1,376,950	969,776	1,376,950	969,776
Share premium account	17	6,334,076	4,523,159	6,334,076	4,523,159
Share option and warrant reserve	18	74,306	26,156	74,306	26,156
Loan note equity reserve	19	23,657	19,664	23,657	19,664
Retained losses	20	(7,050,194)	(5,758,431)	(7,007,122)	(5,758,431)
Net deficit attributable to owners of the Company		758,795	(219,676)	801,867	(219,676)

The financial statements of Plutus PowerGen plc, registered number 5859612, were approved by the Board of Directors and authorised for issue on 28 August 2015. They were signed on its behalf by:

**James Longley**  
Director

# Group and Company Statements of Cash Flow

For the year ended 30 April 2015

	Note	Group		Company	
		2015 £	2014 £	2015 £	2014 £
<b>Net cash used in operating activities</b>	24	(1,121,714)	(263,946)	(931,881)	(263,946)
<b>Investing activities</b>					
Investment in associated undertakings		(47)	–	–	–
Advances to subsidiary undertaking		–	–	(189,880)	–
<b>Net cash used in investing activities</b>		(47)	–	(189,880)	–
<b>Financing activities</b>					
Proceeds of share issues		1,300,000	–	1,300,000	–
Share issue expenses		(67,450)	–	(67,450)	–
Proceeds of convertible loan note issues		200,000	137,000	200,000	137,000
Proceeds of other loans		7,500	35,000	7,500	35,000
Interest paid		(4,701)	(625)	(4,701)	(625)
<b>Net cash generated from financing activities</b>		1,435,349	171,375	1,435,349	171,375
<b>Net increase/(decrease) in cash and cash equivalents</b>		313,588	(92,571)	313,588	(92,571)
<b>Cash and cash equivalents at beginning of year</b>		6,897	99,468	6,897	99,468
<b>Cash and cash equivalents at end of year</b>	13	320,485	6,897	320,485	6,897



# Notes to the Financial Statements

For the year ended 30 April 2015

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## 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 41. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 13 to 14 and in the Chairman's Statement on pages 2 to 3.

These financial statements are 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 International Financial Reporting Standards as adopted by the European Union. At the date of authorisation of these financial statements, the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective (and in some cases had not been adopted by the EU):

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations
- IAS 16 and IAS 38 (amendments) Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 19 (amendments) Defined Benefit Plans: Employee Contributions
- IAS 27 (amendments) Equity Method in Separate Financial Statements
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Annual Improvements to IFRSs: 2010-2012 Amendments to: IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets
- Annual Improvements to IFRSs: 2011-2013 Amendments to: IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property
- Annual Improvements to IFRSs: 2012-2014 Cycle Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Group when the relevant Standards come into effect for future reporting periods.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis of accounting

The Group's consolidated financial statements incorporate the financial statements of Plutus PowerGen plc (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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

# Notes to the Financial Statements continued

For the year ended 30 April 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES continued

### 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 £320,485 and net current assets of £439,423 as at 30 April 2015, and incurred a loss of £1,311,427 for the twelve months then ended.

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. For this reason, 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.

### Basis of consolidation

The Group's consolidated financial statements incorporate the financial statements of Plutus PowerGen plc (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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### 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 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 derived from the provision of management services which are invoiced on a monthly basis and are recognised in the period to which they relate.

### **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.

#### **Available for sale investments**

Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. In respect of quoted investments, this is either the bid price at the period end date or the last traded price, depending on the convention of the exchange on which the investment is quoted, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price or net asset value.

Investments are recognised as available-for-sale financial assets. Gains and losses on measurement are recognised in other comprehensive income except for impairment losses and foreign exchange gains and losses on monetary items denominated in a foreign currency, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

The Group assesses at each period end date whether there is any objective evidence that a financial asset or group of financial assets classified as available-for-sale has been impaired. An impairment loss is recognised if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. A significant or prolonged decline in the fair value of a security below its cost shall be considered in determining whether the asset is impaired.

When a decline in the fair value of a financial asset classified as available-for-sale has been previously recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss is removed from other comprehensive income and recognised in profit or loss. The loss is measured as the difference between the cost of the financial asset and its current fair value less any previous impairment.

#### **Fair Value Measurements:**

The Company holds investments that are measured at fair value at the end of each reporting period using the IFRS 7 fair value hierarchy as set out below.

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

#### **Investments in associated undertakings**

The Group has shareholdings exceeding 20% in three operating companies that are accounted for as Available for Sale Investments. These investments are not equity accounted for as the Group has no representation on the boards of these companies and does not meet the criteria for exerting significant influence as set out in IAS 28.

# Notes to the Financial Statements continued

For the year ended 30 April 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES continued

### 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 Company 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.

### 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.

#### **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 20.

# Notes to the Financial Statements continued

For the year ended 30 April 2015

## 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. LOSS FOR THE YEAR

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

	2015 £	2014 £
Operating lease in respect of property	12,856	23,250
Employee costs – including share-based compensation costs (see note 21)	774,817	191,499

The analysis of auditors' remuneration is as follows:

	2015 £	2014 £
<b>Fees payable to the Group's auditor for the audit of the Group's annual accounts</b>	17,500	9,600
Other services pursuant to legislation:		
– tax services	2,000	2,000
<b>Total non-audit fees</b>	2,000	2,000



## 7. EMPLOYEE COSTS (INCLUDING DIRECTORS)

	2015 £	2014 £
Salaries and fees	724,810	164,450
Employee share option charge	48,150	20,717
Employer's national insurance contributions	1,857	6,332
	774,817	191,499

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 (2014: 3).

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 15.

## 8. TAX

	2015 £	2014 £
Current tax	—	—
Deferred tax	—	—
	—	—

Corporation tax is calculated at 20% (2014: 20%) 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

	2015 £	2014 £
<b>Loss before tax</b>	(1,311,427)	(338,727)
Tax at UK corporation tax rate of 20% (2014: 20%)	(262,285)	(67,745)
Effects of:		
Expenses not deductible for tax purposes	61,353	1,500
Tax losses carried forward	200,932	66,245
<b>Total tax charge</b>	—	—

Deferred tax assets of approximately £388,000 (2014: £195,000) have not been recognised as the Directors consider there to be insufficient evidence that the assets will be recovered.

# Notes to the Financial Statements continued

For the year ended 30 April 2015

## 9. LOSS PER SHARE

Basic loss per share is calculated by dividing the earnings 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.

Loss	2015 £	2014 £
Loss for the purposes of basic and diluted earnings per share: Continuing and total operations	(1,311,427)	(338,727)
Number of shares	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	411,010,715	164,255,215

## 10. INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

### Subsidiary undertakings

The Company held the following investments in subsidiary undertakings:

	At fair value £
At 1 May 2013 and 1 May 2014	–
Reclassified from investments in associated entities	125,000
Purchase of investments (see note below)	360,000
At 30 April 2015	485,000

On 22 August 2014 the Group completed the acquisition of the remaining 75% of the equity of Plutus Energy Limited ("PEL") for a consideration of £360,000, satisfied by the issue of 60,000,000 ordinary shares at 0.6p per share (see note 11 for further details).

In addition, Deferred Consideration of up to 50,000,000 Ordinary Shares for each of the Vendors, may become payable depending upon the occurrence prior to the fourth anniversary of either (a) the Earnings Per Share exceeding (i) £0.001575 in respect of 25,000,000 Deferred Consideration Shares for each of the Vendors or (ii) £0.00297 in respect of 25,000,000 Deferred Consideration Shares for each of the Vendors, or (b) a takeover bid is made for the entire issued and unissued share capital of the Company and is declared unconditional in all respects at a price per Ordinary Share of £0.015 or more.

PEL is the sole subsidiary undertaking in the Group. It is incorporated in England and Wales, is 100% directly owned by the Company and provides management services to the associated entities.

### Associated entities

The Company held the following investments in associated entities:

Level 3 investments	At fair value £
At 1 May 2013 and 1 May 2014	–
Purchase of investments (see note below)	47
At 30 April 2015	47

During the year the Group acquired 45% shareholdings in Attune Energy Limited, Balance Power Limited and Flexible Generation Limited, all three of which are companies set up to supply stand-by electricity to the National Grid. The total cost of these shareholdings was £47 and these investments are not equity accounted for as the Group has no representation on the boards of these companies and does not meet the criteria for exerting significant influence as set out in IAS 28.

All investments are held as Available for Sale, were designated as such upon initial recognition, and are classified as Level 3 under the IFRS 7 fair value hierarchy as set out under Fair Value Measurements on page 27.

The Group's associated entities during the year were as follows:

Principal subsidiaries	Country of Incorporation	Percentage of ordinary shares held	Principal activity
Plutus Energy Limited	England and Wales	100%	Management services
Attune Energy Limited	England and Wales	45%	Electricity generation
Balance Power Limited	England and Wales	45%	Electricity generation
Flexible Generation Limited	England and Wales	45%	Electricity generation

## 11. ACQUISITION OF SUBSIDIARY UNDERTAKING

On 22 August 2014 the Group completed the acquisition of the remaining 75% of the equity of Plutus Energy Limited ("PEL") for a consideration of £360,000, satisfied by the issue of 60,000,000 ordinary shares at 0.6p per share. The Group acquired its original 25% shareholding in PEL for £125,000 in January 2014. At the date of acquisition PEL had net assets of £nil and the full consideration of £485,000 was accounted for as goodwill.

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade receivables	30,000	–	30,000	–
Amounts due from subsidiary undertakings	–	–	189,880	–
Other receivables	232,307	–	81,467	–
Prepayments and accrued income	15,700	10,655	15,700	10,655
	278,007	10,655	317,047	10,655

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

## 13. CASH AND CASH EQUIVALENTS

### Group and Company

	2015 £	2014 £
Cash and cash equivalents	320,485	6,897
	320,485	6,897

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.

# Notes to the Financial Statements continued

For the year ended 30 April 2015

## 14. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade payables	48,130	17,401	44,095	17,401
Other payables	3,289	1,460	3,245	1,460
Accruals and deferred income	91,650	62,600	91,650	62,600
	143,069	81,461	138,990	81,461

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. No trade payables were older than 90 days.

## 15. BORROWINGS

### Group and Company

#### Convertible loans

On 23 October 2013 the Company issued £137,000 unsecured convertible loan notes. The loan notes bear interest at 10% per annum with the interest payable quarterly in arrears. The redemption date is 23 April 2015. The loan notes are convertible at 0.5p per share. On 22 August 2014, these loan notes together with £100,000 loan notes, issued on 13 January 2013, and all accrued interest were converted into shares.

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.

The net proceeds from the issue of the loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company as follows:

The interest charged during the period is calculated by applying an effective average interest rate of 15% to the liability component for the period since the loan notes were issued.

The Directors estimate the fair value of the liability component of the loan notes at 30 April 2015 to be approximately £181,675 (2014: £245,767). This fair value has been calculated by discounting the future cash flows at the market rate of 15%.

#### Other loans

On 25 April 2014 the Group received a loan of £35,000 from a shareholder and in July 2014 the loan was increased to £42,500. The loan was interest bearing at 10% per annum, payable quarterly in arrears, and was converted into shares on 22 August 2014.

	2015 £	2014 £
Liability component brought forward	245,767	93,898
Nominal value of convertible loan notes issued	200,000	137,000
Conversion of loan notes	(262,792)	–
Equity component of convertible loan notes issued	(23,657)	(9,051)
	159,318	221,847
Interest charge for the period	27,058	24,545
Interest paid	(4,701)	(625)
Liability component of convertible loans at 30 April 2015	181,675	245,767
Other loans	–	35,000
Total borrowings	181,675	280,767
Current liabilities	16,000	280,767
Non-current liabilities	165,675	–
	181,675	280,767

## 16. SHARE CAPITAL

	2015 Number	2015 £	2014 Number	2014 £
<b>Issued and fully paid</b>				
Ordinary shares of £0.001 each	571,428,935	571,429	164,255,215	164,255
Deferred shares of £0.049 each	16,439,210	805,521	16,439,210	805,521
<b>Total</b>		1,376,950		969,776

### Share issues

Ordinary shares	Number	Nominal value £	£
Issued shares on 1 May 2013	143,421,882	0.001	143,422
Issue of shares	20,833,333	0.001	20,833
Issued shares on 30 April 2014	164,255,215		164,255
Issue of shares	407,173,720	0.001	407,174
<b>Issued shares on 30 April 2015</b>	<b>571,428,935</b>		<b>571,429</b>

On 22 August 2014 the following share issues took place:

- 46,000,000 shares were issued at 0.25p per share in accordance with the terms of the convertible loan from Paternoster Resources plc.
- 29,558,334 shares were issued at 0.5 p per share in accordance with the terms of the October 2013 convertible loan.
- 8,500,000 shares were issued at 0.5p per share in settlement of a loan of £42,500.
- 46,666,666 shares were issued to Directors at 0.6p per share in settlement of fees and bonuses.
- 8,333,333 shares were issued at 0.6p per share to a professional advisor in settlement of fees.
- 60,000,000 share were issued at 0.6p per share as consideration for the acquisition of the remaining 75% of the issued share capital of Plutus Energy Limited, not already owned by the Company.
- 125,000,002 share were issued at 0.6p per share for cash in a private placing.

On 15 January 2015 the following share issues took place:

- 6,192,308 shares were issued at 0.65p per share in settlement of amounts due to certain advisers and creditors.
- 76,923,077 shares were issued at 0.65p per share for cash in a private placing.

# Notes to the Financial Statements continued

For the year ended 30 April 2015

## 17. SHARE PREMIUM ACCOUNT

Share premium account	£
<b>Balance at 1 May 2013</b>	4,418,992
Premium arising on issue of equity shares	104,167
<b>Balance at 30 April 2014</b>	4,523,159
Premium arising on issue of equity shares	1,878,367
Share issue expenses	(67,450)
<b>Balance at 30 April 2015</b>	6,334,076

## 18. SHARE OPTION AND WARRANT RESERVE

	£
Balance at 1 May 2013	5,439
Share-based payment charge	20,717
Balance at 30 April 2014	26,156
Share-based payment charge	48,150
<b>Balance at 30 April 2015</b>	74,306

## 19. LOAN NOTE EQUITY RESERVE

	£
Balance at 1 May 2013	10,613
Arising on issue of convertible unsecured loan stock	9,051
Balance at 30 April 2014	19,664
Transfer to retained losses on conversion of loan stock	(19,664)
Arising on issue of convertible unsecured loan stock	23,657
<b>Balance at 30 April 2015</b>	23,657

## 20. RETAINED LOSSES

	£
Balance at 1 May 2013	(5,419,704)
Comprehensive loss for the year	(338,727)
Balance at 30 April 2014	(5,758,431)
Comprehensive loss for the year	(1,311,427)
Transfer from loan note equity reserve	19,664
<b>Balance at 30 April 2015</b>	(7,050,194)

## 21. SHARE OPTIONS AND WARRANTS

### Options

On 8 March 2013, options over, in aggregate, 14,310,000 ordinary shares of 0.1 pence were granted to the directors of the Company. Each option carries the right to subscribe to one new Ordinary Share in the capital of the Company at a price of 0.675p per Ordinary Share, being the closing mid-market price of the Company's ordinary shares on 8 March 2013. These options vest over a period of three years from the date of the Grant, with a third of the options vesting on the first, second and third anniversaries of the Grant respectively. These options are exercisable for a period of ten years from the date of the Grant subject to the vesting conditions.

The fair value of the options was calculated using the Black-Scholes model and the Group recognised total expenses of £10,150 (2014: £20,717) related to the grant of these options during the year. The inputs to the Black-Scholes model were as follows:

Grant date share price	0.675p
Exercise share price	0.675p
Risk free rate	2.5%
Expected volatility	50%
Option life	10 years
Calculated fair value per share	0.420p

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

Number of options at 30 April 2014	Issued in the year	Exercised in the year	Lapsed in the year	Number of options at 30 April 2015	Exercisable at 30 April 2015	Exercise price	Vesting date	Expiry date
3,180,000	–	–	–	3,180,000	3,180,000	0.675p	8.03.2014	8.03.2023
3,180,000	–	–	–	3,180,000	3,180,000	0.675p	8.03.2015	8.03.2023
3,180,000	–	–	–	3,180,000	–	0.675p	8.03.2016	8.03.2023
9,540,000	–	–	–	9,540,000	6,360,000	0.675p		

### Warrants

On 22 August 2014, warrants over, in aggregate, 40,000,000 ordinary shares of 0.1 pence were issued to the directors of the Company. Each warrant carries the right to subscribe for one new Ordinary Share in the capital of the Company at a price of 0.9p per Ordinary at any time prior to 22 August 2016.

The fair value of the warrants was calculated using the Black-Scholes model and the Group recognised total expenses of £38,000 (2014: £nil) related to the issue of these warrants during the year. The inputs to the Black-Scholes model were as follows:

Grant date share price	0.6p
Exercise share price	0.9p
Risk free rate	2%
Expected volatility	50%
Option life	2 years
Calculated fair value per share	0.095p

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

Number of warrants at 30 April 2014	Issued in the year	Exercised in the year	Lapsed in the year	Number of warrants at 30 April 2015	Exercisable at 30 April 2015	Exercise price	Vesting date	Expiry date
–	40,000,000	–	–	40,000,000	40,000,000	0.9p	22.08.2014	22.08.2016



# Notes to the Financial Statements continued

For the year ended 30 April 2015

## 22. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	Carrying value	
	2015 £	2014 £
<b>Financial assets</b>		
Investments designated as available for sale on initial recognition	485,047	125,000
Trade receivables	30,000	–
Cash and cash equivalents	320,485	6,897
	835,532	131,897
<b>Financial liabilities at amortised cost:</b>		
Convertible unsecured loan notes	181,675	280,767
Trade and other payables	48,130	18,861
	229,805	299,628

## 23. 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, liquidity 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.

### 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.

## 24. NOTES TO THE CASH FLOW STATEMENT

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Loss before tax	(1,311,427)	(338,727)	(1,268,355)	(338,727)
Share-based compensation charge	48,150	20,717	48,150	20,717
Loan note interest charge	27,058	24,545	27,058	24,545
Shares issued in settlement of fees and bonuses	330,000	–	330,000	–
Operating cash flow before movements in working capital	(906,219)	(293,465)	(863,147)	(293,465)
Increase in receivables	(267,352)	(1,045)	(116,512)	(1,045)
Increase in payables	51,857	30,564	47,778	30,564
Net cash used in operating activities	(1,121,714)	(263,946)	(931,881)	(263,946)

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.

## 25. OPERATING LEASE ARRANGEMENTS

### The Group and Company as lessee

	2015 £	2014 £
Minimum lease payments under operating leases recognised as an expense in the year	4,000	23,250

# Notes to the Financial Statements continued

For the year ended 30 April 2015

## 26. RELATED PARTY TRANSACTIONS

During the year ended 30 April 2015, fees of £107,334 (2014: £71,500) were paid to Yum Management Limited in respect of Charles Tatnall's services as Executive Chairman. £8,000 was owing at the year end to Yum Management Limited in respect of these fees.

During the year ended 30 April 2015, fees of £107,058 (2014: £43,950) were paid to Dearden Chapman Accountants Limited in respect of James Longley's services as Chief Financial Officer. £8,000 was owing at the year end to Dearden Chapman Accountants Limited in respect of these fees.

During the year ended 30 April 2015, fees of £87,668 (2014: £nil) were paid to PPT Capital Limited in respect of services rendered by Phil Stephens and Paul Lazarevic. Phil Stephens and Paul Lazarevic were both directors of PPT Capital Ltd during the year. £16,000 was owing at the year end to PPT Capital Limited in respect of these fees.

During the year ended 30 April 2015 £nil (2014: £12,000) was paid to James Longley Ltd, a company controlled by James Longley, in respect of rent of an office.

On 22 August 2014, 23,333,333 shares were issued at 0.6p per share to each of Charles Tatnall and James Longley in settlement of fees and bonuses.

### 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 on page 15.

	2015 £	2014 £
Short-term employee benefits	711,667	170,782
	711,667	170,782

### Transactions with subsidiary undertaking

The Company acquired its subsidiary undertaking Plutus Energy Limited ("PEL") during the year. Since the date of the acquisition the Company has made payments on behalf of PEL amounting to £233,630 and PEL has charged the Company £43,750 for consultancy services. At the year end there was an amount due by PEL to the Company of £189,880 as disclosed in note 11.

## 27. EVENTS AFTER THE YEAR END

On 28 May 2015 the Company granted a warrant to Rockpool Investments LLP ("Rockpool") to subscribe for 30,075,207 new ordinary shares of 0.1p each in the Company at an exercise price of 1.15p per share from 27 May 2018 to 27 May 2021.

# Company Information

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## **COMPANY REGISTRATION NUMBER**

05859612

## **REGISTERED OFFICE**

27/28 Eastcastle Street  
London W1E 8DH

## **COMPANY SECRETARY**

James Longley

## **NOMINATED ADVISER AND BROKER**

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