

REGISTERED NUMBER: 09247528 (England and Wales)

**REPORT OF THE DIRECTORS AND
UNAUDITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
VIRTUAL POWER SOLUTIONS LIMITED**

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for the Year Ended 31 December 2018**

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COMPANY INFORMATION
for the Year Ended 31 December 2018

DIRECTORS: T M Brown
J S Napier
J B P Salgado
L F Coelho Da Silva

REGISTERED OFFICE: 28/29 Bridgeman Terrace
Wigan
Lancashire
WN1 1TD

REGISTERED NUMBER: 09247528 (England and Wales)

ACCOUNTANTS: Oury Clark Chartered Accountants
Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1PG

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2018**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

T M Brown
J S Napier
J B P Salgado
L F Coelho Da Silva

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

ON BEHALF OF THE BOARD:

J B P Salgado - Director

30 September 2019

CONSOLIDATED INCOME STATEMENT
for the Year Ended 31 December 2018

	Notes	31.12.18 £	31.12.17 £
TURNOVER		1,749,236	1,138,003
Cost of sales		<u>993,617</u>	<u>450,593</u>
GROSS PROFIT		755,619	687,410
Administrative expenses		<u>1,779,439</u>	<u>1,530,709</u>
		(1,023,820)	(843,299)
Other operating income		<u>647,030</u>	<u>644,958</u>
OPERATING LOSS	5	(376,790)	(198,341)
Interest payable and similar expenses		<u>116,504</u>	<u>115,302</u>
LOSS BEFORE TAXATION		(493,294)	(313,643)
Tax on loss		<u>(72,026)</u>	<u>(72,771)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(421,268)</u>	<u>(240,872)</u>
Loss attributable to:			
Owners of the parent		(427,958)	(249,983)
Non-controlling interests		<u>6,690</u>	<u>9,111</u>
		<u>(421,268)</u>	<u>(240,872)</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 December 2018

	Notes	31.12.18		31.12.17	
		£	£	£	£
FIXED ASSETS					
Intangible assets	7		2,656,242		3,094,785
Tangible assets	8		75,770		50,954
Investments	9		39,245		35,398
			<u>2,771,257</u>		<u>3,181,137</u>
CURRENT ASSETS					
Stocks		442,049		405,798	
Debtors	10	2,000,630		1,692,669	
Cash at bank		42,808		84,378	
		<u>2,485,487</u>		<u>2,182,845</u>	
CREDITORS					
Amounts falling due within one year	11	<u>2,695,463</u>		<u>2,402,764</u>	
NET CURRENT LIABILITIES			<u>(209,976)</u>		<u>(219,919)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,561,281		2,961,218
CREDITORS					
Amounts falling due after more than one year	12		<u>(730,311)</u>		<u>(853,980)</u>
NET ASSETS			<u>1,830,970</u>		<u>2,107,238</u>
CAPITAL AND RESERVES					
Called up share capital	13		47,524		46,315
Share premium			3,799,850		3,656,058
Retained earnings			<u>(2,071,239)</u>		<u>(1,643,281)</u>
SHAREHOLDERS' FUNDS			1,776,135		2,059,092
NON-CONTROLLING INTERESTS	14		<u>54,835</u>		<u>48,146</u>
TOTAL EQUITY			<u>1,830,970</u>		<u>2,107,238</u>

The company and the group are entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2018.

The members have not required the company and the group to obtain an audit of its financial statements for the year ended 31 December 2018 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the group keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company and the group as at the end of each financial year and of the group's profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company and the group.
- (b)

VIRTUAL POWER SOLUTIONS LIMITED (REGISTERED NUMBER: 09247528)

CONSOLIDATED BALANCE SHEET - continued
31 December 2018

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

The financial statements were approved by the Board of Directors on 30 September 2019 and were signed on its behalf by:

J B P Salgado - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
31 December 2018

	Notes	31.12.18 £	£	31.12.17 £	£
FIXED ASSETS					
Intangible assets	7		70,000		70,000
Tangible assets	8		-		-
Investments	9		<u>2,619,820</u>		<u>2,905,374</u>
			<u>2,689,820</u>		<u>2,975,374</u>
CURRENT ASSETS					
Debtors	10	168,280		18,515	
Cash at bank		<u>22,056</u>		<u>54,401</u>	
		190,336		72,916	
CREDITORS					
Amounts falling due within one year	11	<u>769,953</u>		<u>604,210</u>	
NET CURRENT LIABILITIES			<u>(579,617)</u>		<u>(531,294)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,110,203</u>		<u>2,444,080</u>
CAPITAL AND RESERVES					
Called up share capital	13		47,524		46,315
Share premium			3,799,848		3,656,056
Retained earnings			<u>(1,737,169)</u>		<u>(1,258,291)</u>
SHAREHOLDERS' FUNDS			<u>2,110,203</u>		<u>2,444,080</u>
Company's loss for the financial year			<u>(478,878)</u>		<u>(334,232)</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2018.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2018 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

VIRTUAL POWER SOLUTIONS LIMITED (REGISTERED NUMBER: 09247528)

COMPANY BALANCE SHEET - continued
31 December 2018

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

The financial statements were approved by the Board of Directors on 30 September 2019 and were signed on its behalf by:

J B P Salgado - Director

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 December 2018

1. **VIRTUAL POWER SOLUTIONS LIMITED GROUP OF COMPANIES**

Virtual Power Solutions Limited was incorporated in England and Wales on 3rd October 2014, registered number 09247528.

The accounts of Stor Generation Limited, Virtual Power Solutions, S.A. and Virtual Power Solutions Limited are included within this consolidation.

2. **STATUTORY INFORMATION**

Virtual Power Solutions Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

3. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated accounts show the combined assets, liabilities, profits and losses of Virtual Power Solutions Limited, Stor Generation Limited and of Virtual Power Solutions, S.A.. Profits and losses for Stor Generation Limited and Virtual Power Solutions, S.A. are shown for the for the year ended 31st December 2018. Inter group transactions and balances have been eliminated.

Intangible assets

Intangible assets represent the purchase price incurred including the tax charged (non-refundable) after rebates and discounts, as well as all costs directly attributable to the preparation of the asset for its intended use.

Intangible assets acquired free of charge from the government are valued at fair value.

Internally generated Intangible assets are recognised at cost. These assets are associated with project development expenses, usually subsidised by public support.

Development expenditure is capitalised when it is probable that the asset will generate future economic benefits. If these conditions are not met the expenditure is expensed in the period.

Intangible assets are tested at each reporting date, regardless of any impairment sign.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc	- Between 2 and 10 years
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Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2018

3. ACCOUNTING POLICIES - continued

Provisions

Provisions are recognised when the group has: (i) a present legal or constructive obligation arising from past events; (ii) for which it is more likely than not that an outflow of internal resources will be required to pay the obligation; and (iii) the amount can be reasonably estimated.

Whenever one of the criteria is not met or the existence of the obligation is conditional on the occurrence (or non-occurrence) of a future event, the group discloses this as a contingent liability, unless the assessment of the outflow of resources to pay can be considered remote. Provisions are measured at the present value of estimated expenditures to pay the obligation using a pre-tax risk-free interest rate, which reflects the market valuation for the discount period and the risk of the provision in question.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Investments

Investments are shown at cost to the investing company, less a provision for impairment where the value of investments is considered to have fallen below the value at which they are stated.

Turnover

Turnover represents net invoiced sales of goods and services, excluding VAT.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2018

3. ACCOUNTING POLICIES - continued

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, cash and bank balances, are initially measured at transaction price, and are substantially carried at amortised cost using the effective interest method. Unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and preference shares classified as debt, are initially recognised at fair value, net of transaction price. It is then subsequently stated at amortised cost. The difference between the nominal value and the fair value is recognised in the profit and loss over the loan period using the effective interest rate method. Financing obtained is classified in current liabilities except if VPS has an unconditional right to defer payment of the liability for at least 12 months after the balance sheet date, in which case they are classified as non-current liabilities. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 40 (2017 - 39) .

The average number of employees by undertakings that were proportionately consolidated during the year was 40 (2017 - 39) .

5. OPERATING LOSS

The operating loss is stated after charging:

	31.12.18	31.12.17
	£	£
Depreciation - owned assets	11,915	19,136
Goodwill amortisation	285,554	285,554
Development costs amortisation	<u>249,189</u>	<u>256,015</u>

6. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

The parent company's loss for the period ending 31st December 2018 is £471,878.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2018

7. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Other intangible assets £	Totals £
COST			
At 1 January 2018	2,855,545	1,551,032	4,406,577
Additions	-	96,200	96,200
At 31 December 2018	<u>2,855,545</u>	<u>1,647,232</u>	<u>4,502,777</u>
AMORTISATION			
At 1 January 2018	615,812	695,980	1,311,792
Charge for year	285,554	249,189	534,743
At 31 December 2018	<u>901,366</u>	<u>945,169</u>	<u>1,846,535</u>
NET BOOK VALUE			
At 31 December 2018	<u>1,954,179</u>	<u>702,063</u>	<u>2,656,242</u>
At 31 December 2017	<u>2,239,733</u>	<u>855,052</u>	<u>3,094,785</u>

The goodwill is the excess of the agreed value of the two group companies purchased over the net assets acquired.

Other intangible assets relate to project development costs and are capitalised when the company demonstrates ability to complete its development and initiate its commercialisation or use for which the asset was created and will generate future economic benefits. Development expenses that do not meet these criteria are recorded as expenditure in the period in which they are incurred.

Intangible assets with a definite useful life are amortised on a systematic basis from the date on which they are available for use, over their estimated useful life, between 3 and 5 years.

Company

	Other intangible assets £
COST	
At 1 January 2018 and 31 December 2018	<u>70,000</u>
NET BOOK VALUE	
At 31 December 2018	<u>70,000</u>
At 31 December 2017	<u>70,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2018

8. TANGIBLE FIXED ASSETS

Group

	Plant and machinery etc £
COST	
At 1 January 2018	112,830
Additions	37,216
Disposals	<u>(854)</u>
At 31 December 2018	<u>149,192</u>
DEPRECIATION	
At 1 January 2018	61,876
Charge for year	11,915
Eliminated on disposal	<u>(369)</u>
At 31 December 2018	<u>73,422</u>
NET BOOK VALUE	
At 31 December 2018	<u>75,770</u>
At 31 December 2017	<u>50,954</u>

9. FIXED ASSET INVESTMENTS

Group

	Other investments £
COST	
At 1 January 2018	35,398
Reversal of impairments	<u>3,847</u>
At 31 December 2018	<u>39,245</u>
NET BOOK VALUE	
At 31 December 2018	<u>39,245</u>
At 31 December 2017	<u>35,398</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2018

9. FIXED ASSET INVESTMENTS - continued

Company

	Shares in group undertakings £
COST	
At 1 January 2018	2,905,374
Impairments	<u>(285,554)</u>
At 31 December 2018	<u>2,619,820</u>
NET BOOK VALUE	
At 31 December 2018	<u>2,619,820</u>
At 31 December 2017	<u>2,905,374</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Stor Generation Ltd

Registered office: Suite A, Second Floor, Barry House, 20-22 Worples Road, London, England, SW19 4DH
Nature of business:

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.18	31.12.17
		£	£
Aggregate capital and reserves		(119,640)	(110,838)
Loss for the year		<u>(8,802)</u>	<u>(2,544)</u>

Virtual Power Solutions, S.A

Registered office: Ladeira da Paula, No 6, 3040-574 Antanhol, Coimbra, Portugal
Nature of business:

	%		
Class of shares:	holding		
Ordinary	90.50		
		31.12.18	31.12.17
		£	£
Aggregate capital and reserves		978,930	1,014,835
Profit for the year		<u>70,146</u>	<u>95,904</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Trade debtors	781,100	389,913	155,349	18,515
Other debtors	<u>1,219,530</u>	<u>1,302,756</u>	<u>12,931</u>	<u>-</u>
	<u>2,000,630</u>	<u>1,692,669</u>	<u>168,280</u>	<u>18,515</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2018

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Bank loans and overdrafts	991,114	846,929	-	-
Trade creditors	755,538	538,661	646,497	498,303
Taxation and social security	114,879	133,820	-	-
Other creditors & accruals	833,932	883,354	123,456	105,907
	<u>2,695,463</u>	<u>2,402,764</u>	<u>769,953</u>	<u>604,210</u>

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

	Group	
	31.12.18	31.12.17
	£	£
Bank loans	<u>730,311</u>	<u>853,980</u>

Bank loans include six medium and long-term loans with maturities up to 2022. All loans are indexed to Interbank Money Market rates. There are no assets used to guarantee the bank loans, nor collateral associated with them.

All loans are denominated in euro and bear interest at variable rates indexed to Euribor. The effective interest rate for loans due within one year during 2018 was 4.8% (2017: 5.55%).

The effective interest for loans due after more than one year during 2018 was 4.89% (2017: 5.50%). These rates are weighted by the outstanding amounts of financing.

Included in other creditors amounts due within one year, is a loan obtained from an external market entity, with the final payment being made in February 2020. The loan is guaranteed by a shareholder and the outstanding amount at 2018 was £170,720. (2017: £170,720).

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	31.12.18	31.12.17
Number:	Class:		£	£
4,752,400	Ordinary Shares	£0.01	<u>47,524</u>	<u>46,315</u>

120,833 Ordinary Shares shares of £0.01 each were allotted as fully paid at a premium of 1.2 per share during the year.

14. NON-CONTROLLING INTERESTS

The minority shareholder interest is represented by 9.5% (2017: 9.5%) of Virtual Power Solutions, S.A., a company registered in Portugal.

15. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.