Company Registration No. 10174331 (England and Wales)

# PWE HOLDINGS PLC

# DIRECTORS' REPORT AND FINANCIAL STATEMENTS FROM INCORPORATION ON 11 MAY 2016 TO 31 DECEMBER 2016

Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London
EC1V 9EE

# PWE HOLDINGS PLC

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | Simon Wright<br>Paul Hale<br>Sarah Healy<br>Tim Hewett |
| **Secretary** | Sarah Healy |
| **Company number** | 10174331 |
| **Registered office** | 9 The Markham Centre<br>Station Road<br>Theale<br>RG7 4PE |
| **Auditors** | Jeffreys Henry LLP<br>Finsgate,<br>5-7 Cranwood Street<br>London<br>EC1V 9EE |
| **Bankers** | Lloyds Bank<br>Commercial Banking<br>PO Box 1000<br>BX1 1LT |
| **Solicitors** | DWF Solicitors<br>Capital House<br>85 King William Street<br>London<br>EC4N 7BL |

# PWE HOLDINGS PLC

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# PWE HOLDINGS PLC

## STRATEGIC REPORT
## *FOR THE PERIOD ENDED 31 DECEMBER 2016*

### Principal activities and fair review of the business

The principal activity of the Group is the ownership and operation of Micro Power Stations (MPS) to sell energy to its clients. The Group uses advanced energy technologies that can reduce, produce and manage the energy needs of its clients. This investment into MPS combined with the team's specialist knowledge generates immediate and sustainable cost savings for clients, and long-term returns for the Group and its investors.

### Business Strategy

PWE's business model selects appropriate technology for clients, based on their scale, sites and needs. The Group aims to deliver significant savings each year. The Group specialises in providing energy production solutions, which incorporate Combined Heat and Power (CHP) Micro Power Stations.

### Review of business

During the period the Company acquired 100% interest in Pure World Energy Limited by way of a share-for-share exchange. This is a business combination involving entities under common control, and therefore the Consolidated Financial Statements have been prepared using the Group reorganisation accounting basis. The comparatives in the consolidated financial statements represent the results of Pure World Energy Limited, the parent Company was incorporated on 11 May 2016. The results for the period to 31 December 2016 include that of PWE Holdings Plc and its subsidiary together with the necessary group reorganisation adjustment within equity. For further information on the basis on preparation, see Note 2.16.

The Group made a loss of £922,892 for the period. The directors realise that there has been a major cash burn in building up the business; they consider that the Company has adequate resources for on-going operating expenses.

The Group's bonds were admitted to the Cyprus Stock Exchange in December 2016, which will allow additional fundraising to take place through the sale of debentures.

The Group focus will be on ensuring additional fundraising is in place to ensure the main trading subsidiary can make the necessary growth for the Group to reach and pass breakeven.

### Principal risks and uncertainties

The principal risk to the Company is that it will be unable to raise the necessary capital in order to carry out its business plan in full. The Group's ability to be successful and profitable also depends on the continued service of its directors.

The directors constantly monitor the financial risks and uncertainties facing the Company with particular reference to the exposure of credit risk and liquidity risk. They are confident that suitable policies are in place and that all material financial risks have been considered. Further discussion on risk and sensitivity analysis is discussed within note 4.

### Key performance indicators

At this stage of the Company's development, the key performance indicators that the directors monitor are management of liquid resources i.e. cash flows and bank balances together with general administrative expenses, which are tightly controlled.

| | **2016** | **2015** |
|---|---:|---:|
| Revenue (£) | £801,269 | £620,256 |
| Loss for the period (£) | £922,892 | £523,799 |
| Cash and Cash equivalents (£) | £51,163 | £48,402 |
| Net liability (£) | (£1,876,519) | (£1,003,627) |
| Electricity generated (Units - kWh) | 4,442,489 kWh | 2,085,817 kWh |
| Heat generated (Units – kWh) | 8,492,351 kWh | 3778,814 kWh |
| New operating sites set up in period (Nos.) | 6 | 6 |
| Total operating sites at year end (Nos.) | 14 | 8 |

## STRATEGIC REPORT
## *FOR THE PERIOD ENDED 31 DECEMBER 2016*

**Future developments**

The Directors believe that the prospects of the Group are good and will be in line with management forecasts, however, the Company is still at an early stage in its development and this should be considered. The Directors are satisfied with the speed with which new sites are being installed and have signed contracts which permit a steady growth rate in the number of new operational sites for the next few years.

PWE was set up to install own and operate Micro Power Stations (MPS) that deliver heat and power locally where it is generated. This energy is sold to the site on a long-term (15 year) contract. This provides reduced carbon emissions and discounted pricing to the site. For PWE, this provides a long-term annuity linked to energy inflation, which has exceeded RPI by c.200% since 2000.

As of 31st January 2017, PWE had 14 MPSs with an installed capacity of 1,430 kWe (electricity) per hour and 2,420 kWth (heat) per hour. This equates to a total annual capacity of 12.5 GWe per annum and 21.2 GWth per annum. In addition, PWE had signed contracts for another 9 MPS, which would bring the total installed capacity to 19.4GWe per annum and 32.8GWth per annum.

The PWE management team has very strong network links with its key markets. PWE has further identified opportunities for more than 1,000 MPS across the UK and estimates that the total market opportunity is over 5,000. The primary market for the MPS is locations where there is demand for heat and power across the year.

Taking all this into account, the management team of PWE believe that the long term prospects for PWE are excellent and PWE will go from strength to strength in 2017.

On behalf of the board

**S C Wright**
Director

28 April 2017

# PWE HOLDINGS PLC

## DIRECTORS' REPORT
## *FOR THE PERIOD ENDED 31 DECEMBER 2016*

The directors present their report and financial statements for the period ended 31 December 2016.

**Principal activities**
The principal activity of the Group is the ownership and operation of Micro Power Stations (MPS) to sell energy to its clients.

**Results and dividends**
The results for the period are set out on page 7

**Future developments**
As per the Strategic Review Report.

**Directors**
The following directors have held office during the period:

Simon Wright (appointed 11 May 2016)
Paul Hale (appointed 11 May 2016)
Sarah Healy (appointed 1 June 2016)
Tim Hewett (appointed 1 July 2016)

**Directors' interest**
At the date of this report the directors held the following beneficial interest in the ordinary share capital of the Group:

| | **2016** | **2015** |
|---|---|---|
| Simon Wright | **15,300** | - |
| Paul Hale | **15,300** | - |

**Substantial interests**
As at 31 December 2016 the following had an interest of 3% or more in the ordinary share capital of the Group:

| | **Ordinary shares No.** | **Percentage** |
|---|---|---|
| Simon Wright | **15,300** | **25.5** |
| Paul Hale | **15,300** | **25.5** |
| Just Finance Loans & Investments | **15,900** | **26.5** |
| Robin Pugh | **3,000** | **5.0** |

**Financial risk and management of capital**
The major balances and financial risks to which the Group is exposed to and the controls in place to minimise those risks are disclosed in Note 4.

A description of how the Group manages its capital is also disclosed in Note 4.

**Financial instruments**
The group has not entered into any financial instruments to hedge against interest rate or exchange rate risk.

## DIRECTORS' REPORT (CONTINUED)
## *FOR THE PERIOD ENDED 31 DECEMBER 2016*

**Financial instruments (continued)**
The debentures are secured by first floating charge over all of the assets of the group, and bear interest as per below. Interest is paid in two half yearly instalments.

| | Repayment date | Annual interest |
|---|---|---|
| 2021 Debentures | 31 December 2021 | 8.50% |

**Auditors**
Jeffreys Henry LLP were appointed as auditors to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**Statement of directors' responsibilities**
The Directors are responsible for preparing the Directors' Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union
- 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 group. They are also responsible for safeguarding the assets of the company and the group 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. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Statement of disclosure to auditors**
Each person who is a Director at the date of approval of this Annual Report confirms that:

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

On behalf of the board

**SC Wright**
Director

28 April 2017

## INDEPENDENT AUDITORS' REPORT
## *TO THE MEMBERS OF PWE HOLDINGS PLC*

We have audited the financial statements of PWE Holdings Plc for the period ended 31 December 2016, which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows, company statement of cash flows, consolidated statement of changes in equity, company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

**Respective responsibilities of Directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group'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 Chairman's Statement, Corporate Governance Statement, Strategic Report and Directors' 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 group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the period then ended;
- The group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and Strategic Report for the financial period for which the group financial statements are prepared is consistent with the group financial statements.

# PWE HOLDINGS PLC

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)
## *TO THE MEMBERS OF PWE HOLDINGS PLC*

**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.

**Sanjay Parmar**
Senior Statutory Auditor

For and on behalf of
**Jeffreys Henry LLP (Statutory Auditors)**
Finsgate 5-7 Cranwood Street
London
EC1V 9EE

Date: 28 April 2017

# PWE HOLDINGS PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
### *FOR THE PERIOD ENDED 31 DECEMBER 2016*

| | | Period ended 31 December 2016 | Period ended 31 December 2015 |
|---|---|---|---|
| | | £ | £ |
| **Continuing Operations** | **Notes** | | |
| Revenue | | 801,269 | 620,256 |
| Cost of Sales | | (486,816) | (459,432) |
| **Gross Profit** | | 314,453 | 160,824 |
| Administrative Expenses | | (738,089) | (452,839) |
| **Operating Loss** | **6** | **(423,636)** | **(292,015)** |
| Finance Costs | **8** | (499,290) | (231,927) |
| Finance Income | **8** | 34 | 143 |
| Loss on ordinary activities before taxation | | (922,892) | (523,799) |
| Income tax expense | **9** | - | - |
| **Loss for the period** | | **(922,892)** | **(523,799)** |
| Loss per share | **11** | **(15.38)** | **(8.73)** |

The notes on pages 14 to 29 form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
### *AS AT 31 DECEMBER 2016*

| | Notes | 2016 £ | 2015 £ |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Intangible Assets | 14 | 71,283 | 34,944 |
| Property, plant and equipment | 15 | 4,207,403 | 2,484,198 |
| | | 4,278,686 | 2,519,142 |
| **Current Assets** | | | |
| Trade and other receivables | 16 | 446,213 | 264,780 |
| Cash and cash equivalents | 17 | 51,163 | 48,402 |
| | | 497,376 | 313,182 |
| **Total Assets** | | **4,776,062** | **2,832,324** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Ordinary Shares | 18 | 60,000 | 75,089 |
| Preference Shares | 18 | 50,000 | - |
| Reorganisation Reserve | | 15,089 | - |
| Retained Losses | 19 | (2,001,608) | (1,078,716) |
| **Total equity** | | (1,876,519) | (1,003,627) |
| **Liabilties** | | | |
| **Non-Current Liabilities** | | | |
| Borrowings | 20 | 6,313,978 | 3,465,028 |
| **Current Liabilities** | | | |
| Trade and other payables | 21 | 338,603 | 370,923 |
| Total Liabilities | | 6,652,581 | 3,835,951 |
| **Total Equity and Liabilities** | | **4,776,062** | **2,832,324** |

The notes on pages 14 to 29 form part of these financial statements.

Approved by the Board and authorised for issue on 28 April 2017

Mr Simon Wright
**Director**

Company Registration No. 10174331

# PWE HOLDINGS PLC

## COMPANY STATEMENT OF FINANCIAL POSITION
### *AS AT 31 DECEMBER 2016*

| | Notes | 2016<br>£ |
|---|---|---|
| **Assets** | | |
| **Non-Current Assets** | | |
| Investment in Subsidiary | 13 | 60,000 |
| | | 60,000 |
| **Current Assets** | | |
| Trade and other receivables | 16 | 260,383 |
| Cash and cash equivalents | 17 | 20,694 |
| | | 281,077 |
| **Total Assets** | | **341,077** |
| **Equity and liabilities** | | |
| **Equity** | | |
| Ordinary Shares | 18 | 60,000 |
| Preference Shares | 18 | 50,000 |
| Retained Losses | 19 | (17,964) |
| **Total equity** | | 92,036 |
| **Liabilities** | | |
| **Non-Current Liabilities** | | |
| Borrowings | 20 | 238,633 |
| **Current Liabilities** | | |
| Trade and other payables | 21 | 10,408 |
| Total Liabilities | | 249,041 |
| **Total Equity and Liabilities** | | **341,077** |

The notes on pages 14 to 29 form part of these financial statements.

Approved by the Board and authorised for issue on 28 April 2017

Mr Simon Wright
**Director**

Company Registration No. 10174331

# PWE HOLDINGS PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS
### *FOR THE PERIOD ENDED 31 DECEMBER 2016*

| | | Period ended 31 December 2016 | Year ended 31 December 2015 |
|---|---|---|---|
| | | £ | £ |
| **Cash outflows from operating activities** | **Notes** | | |
| Cash consumed in operations | **22** | (882,409) | (306,114) |
| Finance costs paid | | (3,140) | - |
| Finance income received | | 34 | 143 |
| **Net cash outflows from operating activities** | | (885,515) | (305,971) |
| | | | |
| **Cash flows from investing activities** | | | |
| Expenditure on development costs | | (58,209) | (21,309) |
| Purchase of Property, plant and equipment | | (1,951,830) | (1,869,683) |
| **Net cash outflows from investing activities** | | (2,010,039) | (1,890,992) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of loans | | 2,610,315 | 2,121,758 |
| Proceeds from issue of debentures | | 288,000 | - |
| **Net cash outflows from financing activities** | | 2,898,315 | 2,121,758 |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | 2,761 | (75,205) |
| Cash and cash equivalents at beginning of year | | 48,402 | 123,607 |
| Cash and cash equivalents at end of year | | 51,163 | 48,402 |

The notes on pages 14 to 29 form part of these financial statements.

## COMPANY STATEMENT OF CASH FLOWS
***FOR THE PERIOD ENDED 31 DECEMBER 2016***

| | Notes | Period ended 31 December 2016 £ |
|---|---|---|
| **Cash outflows from operating activities** | | |
| Cash consumed in operations | **22** | (267,306) |
| **Net cash outflows from operating activities** | | (267,306) |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from issue of debentures | | 288,000 |
| **Net cash outflows from financing activities** | | 288,000 |
| | | |
| **Net increase in cash and cash equivalents** | | 20,694 |
| Cash and cash equivalents at beginning of year | | - |
| Cash and cash equivalents at end of year | | 20,694 |

The notes on pages 14 to 29 form part of these financial statements.

# PWE HOLDINGS PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
### *FOR THE PERIOD ENDED 31 DECEMBER 2016*

| | Share Capital | Preference Shares | Reorganisation Reserve | Retained Losses | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| As at 1 January 2015 | 75,089 | - | - | (554,917) | (479,828) |
| Loss for the year | - | - | - | (523,799) | (523,799) |
| As at 31 December 2015 | 75,089 | - | - | (1,078,716) | (1,003,627) |
| Reorganisation | (15,089) | 50,000 | 15,089 | | 50,000 |
| | | | | | - |
| Loss for the period | - | - | - | (922,892) | (922,892) |
| | | | | | - |
| As at 31 December 2016 | 60,000 | 50,000 | 15,089 | (2,001,608) | (1,876,519) |

Share capital is the amount subscribed for shares at nominal value.

Accumulated losses represent the cumulative loss of the group attributable to equity shareholders.

The reorganisation reserve arises as a result of the reorganisation accounting adopted as per accounting policy 2.16

The notes on pages 14 to 29 form part of these financial statements.

# PWE HOLDINGS PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY
### *FOR THE PERIOD ENDED 31 DECEMBER 2016*

| | Share capital | Retained earnings | Total |
|---|---|---|---|
| | £ | £ | £ |
| As at 1 January 2016 | 60,000 | - | 60,000 |
| Preference Shares Issued | 50,000 | - | 50,000 |
| Loss for the period | - | (17,964) | (17,964) |
| **As at 31 December 2016** | 110,000 | (17,964) | (92,036) |

Share capital is the amount subscribed for shares at nominal value.

Retained losses represent the cumulative loss of the group attributable to equity shareholders.

The notes on pages 14 to 29 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS
## *FOR THE PERIOD ENDED 31 DECEMBER 2016*

**1 General information**

PWE Holdings plc (“the Company”) and its subsidiaries (together, the “Group”) has been set up to invest in advanced energy technologies which can reduce, produce and manage energy generation. The Group is based in the United Kingdom and all entities have been incorporated in the United Kingdom. The address of the registered office is disclosed on the Company information page at the front of the annual report.

The Company was incorporated on 11 May 2016.

The Company is a public limited company and is listed on the Cyprus Stock Exchange. The Company also has debentures that are listed on the Cyprus Stock Exchange.

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

**Going concern**

The financial statements have been prepared on the assumption that the Group is a going concern. When assessing the foreseeable future, the directors have looked at the budget for the next 12 months from the date of this report, the cash at bank available as at the date of approval of this report, the continued support of Just Finance Loans & Investments Plc and alternative financing arrangements. They are satisfied that the Company should be able to cover its ongoing administrative expenses, finance costs and repayment of any short-term borrowings.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements.

**Basis of preparation**

This is the first set of financial statements prepared by Pure World Energy Limited in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

**Adoption of IFRS**

The financial statements were previously prepared under applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) prior to the transition to IFRS. The date of transition to IFRS from UK GAAP is considered to be 1 January 2015. No adjustments were required for comparative information to ensure compliance with IFRSs and there has been no impact on the Company’s reported financial position, financial performance and cash flows as a result of the change. As a consequence there was no necessity to produce any additional statements or reconciliations of its equity in the current financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
## *FOR THE PERIOD ENDED 31 DECEMBER 2016*

**2.1 Basis of preparation (Continued)**

**Standards, interpretations and amendments to published standards that are not yet effective**

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 January 2016 and have not been early adopted:

| Reference | Title | Summary | Application date of standard (Periods commencing on or after) |
|---|---|---|---|
| Amendments to IFRS1 | First-time Adoption of International Financial Reporting Standards | Amendments resulting from Annual Improvements 2014-2016 Cycle (removing short-term exemptions: | 1 January 2018 |
| Amendments to IFRS 2 | Share-based Payment | Amendments to clarify the classification and measurement of share based payment transactions | 1 January 2018 |
| Amendments to IFRS 4 | Insurance Contracts | Amendments regarding the interaction of IFRS 4 and IFRS 9 | 1 January 2018 |
| IFRS 9 | Financial instruments | Requirements on the classification and measurement of financial assets and liabilities and includes an expected credit losses model which replaces the current incurred loss impairment model.<br>Also includes the hedging amendment that was issued in 2013 | 1 January 2018 |
| Amendments to IFRS 12 | Disclosure of interests in other entities | Amendments resulting from Annual Improvements 2014-2016 (Clarifying scope) | 1 January 2017 |
| IFRS 15 | Revenue from contracts with customers | Specifies how and when to recognise revenue from contracts as well as requiring more information and relevant disclosures. | 1 January 2017 |
| IFRS 16 | Leases | Original Issue | 1 January 2019 |
| Amendments to IAS 7 | Statement of Cash Flows | Amendments as result of the disclosure initiative | 1 January 2017 |
| Amendments to IAS 12 | Income Taxes | Amendments regarding the recognition of deferred tax assets for unrealized losses | 1 January 2017 |
| Amendments to IAS 28 | Investments in Associates and Joint Ventures | Amendments resulting from Annual improvements 2014-2016 cycle (Clarifying certain fair value measurements | 1 January 2018 |
| Amendments to IAS 39 | Financial Instruments: recognition and measurement | Amendments to permit entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied and to extend the fair value option to certain contracts that meet the ‘own use’ scope exception | 1 January 2018 |
| Amendments to IAS 40 | Investment Property | Amendments to clarify transfers or property to, or from investment property | 1 January 2018 |

The Directors anticipate that the adoption of these standard and the interpretations in future period will have no material impact on the financial statements of the company.

**2.2 Consolidation**

(a) Subsidiaries

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Changes in ownership interest in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re- measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**2.3 Segmental reporting**

Operating segments are reported based on financial information provided to the Board, which is used to make strategic decisions. The directors' believe that the only operating segment is that reportable for the investment in energy technologies and the revenue generated which is all undertaken in the UK. Accordingly, no separate segmental reporting has been produced.

**2.4 Financial assets and liabilities**

The group classifies it financial assets at fair value through profit and loss or as loans and receivables and classifies its financial liabilities as other financial liabilities. Management determines the classification of its investments at initial recognition. A financial asset or financial liability is measure initially at fair value. At inception transaction cost that are directly attributable to its acquisition or issue, for an item not at fair value through profit or loss, is added to the fair value of the financial asset and deducted from the fair value of the financial liability.

(a) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans are recognised when the funds are advanced to customers. Loans and receivables are carried at amortised cost using the effective interest method (see below).

(b) Other financial liabilities
Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments. Other financial liabilities are recognised when cash is received from the depositors. Other financial liabilities are carried at amortised cost using the effective interest method. The fair value of other liabilities repayable on demand is assumed to be the amount payable on demand at the Statement of Financial Position date.

*Amortised cost measurement*
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and maturity amount, minus any reduction for impairment.

*Fair value measurement*
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. The fair value of assets and liabilities in active markets are based on current bid and offer prices respectively. If the market is not active the group establishes fair value by using appropriate valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same for which market observable prices exist, net present value and discounted cash flow analysis.

*Derecognition*
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the group has transferred substantially all of the risks and rewards of ownership. In transaction in which the group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. There have not been any instances where assets have only been partly derecognised. The group derecognises a financial liability when its contractual obligation are discharge, cancelled or expire.

**2.4 Financial assets and liabilities (continued)**

*Impairment*

The Group assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective experience (such as significant financial difficulty of obligor, breach of contract, or it becomes probable that debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition).The carrying amount of the asset is reduced through use of an allowance account. The amount of loss is recognised in the Statement of Comprehensive Income.

**2.5 Revenue**

Revenue represents the value of goods and services supplied to generate heat and power which is performed on contracts with service level agreements and for a stipulated period. For contracts on which revenue exceeds fees rendered, the excess is included as amounts recoverable on contract within other receivables. For contracts on which fees rendered exceeds revenue, the excess is included as deferred income within other payables.

**2.6 Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

**2.7 Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.8 Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

**2.9 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings consist of interest bearing loans, which are considered to be issued at market rate. Borrowings also consist of interest-bearing debentures, which are quoted.

**2.10 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.11 Income tax expense**

Current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**2.12 Investments in subsidiaries**

Investments are held as non-current assets at cost less any provision for impairment. Where the recoverable amount of the investment is less than the carrying amount, impairment is recognised.

**2.13 Leases**

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**2.14 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Costs that have been incurred as part of the construction costs to bring an asset into existence have been capitalised and are either shown within assets under construction or as plant and machinery when the asset is complete.

**2.14 Property, plant and equipment (continued)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Carrying amounts of replaced parts are derecognised and repairs and maintenance are charged to the income statement in the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their useful lives, as follows:

| | |
|---|---|
| Plant and machinery | - 6.7% on cost |
| Fixtures and fittings | - 25% on cost |

**2.15 Research and Development**

Research expenditure is written off to the statement of comprehensive income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the Company is expected to benefit.

**2.16 Group reorganisation reserve**

The Company acquired its 100% interest in Pure World Energy Limited in May 2016 by way of a share-for-share exchange. This is a business combination involving entities under common control and the consolidated financial statements are issued in the name of PWE Holdings Plc but they are a continuance of those of Pure World Energy Limited. Therefore the assets and liabilities of Pure World Energy Limited have been recognised in these consolidated financial statements at their pre combination carrying values. The retained earnings and other equity balances of the Company and Pure World Energy Limited. The equity structure appearing in these financial statements (the number and the type of equity instruments issued) reflect the equity structure of the Company including equity instruments issued by the Company to effect the consolidation. The difference between consideration given and net assets of Pure World Energy Limited at the date of acquisition is included in a Group reorganisation reserve.

**3 Critical accounting estimates and judgments**

The group makes certain judgements and estimates which affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**3.1 Impairment of receivables**

The Company reviews its portfolio of receivables to assess impairment. In determining whether an impairment loss should be recognised the Company makes judgements as to whether a loss event indicates that there is a measurable decrease in the estimated future cash flows of the respective receivable.

**3.2 Deferred tax assets**

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits.

**3 Critical accounting estimates and judgments (Continued)**

**3.3 Research and development**

Management judgement is required to determine whether any of the Company's individual research and development projects reached the development stage during the year in accordance with IAS 38 and whether any amounts should be capitalised as intangible assets based on management's assessment of the technical, commercial and financial viability of the individual projects.

**4 Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**4.1 Financial risk factors**

The Group's activities expose it to a variety of risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Credit risk
The Group doesn't have any credit risk from lenders at the present time as it has a fixed agreement with interest calculated at 12% per annum and payable at 1% per month. The full amount of loans is yet to be paid at the accounting date.

b) Cash flow and Interest rate risk
The Group has the loan with a related party at the accounting date. The Group accounts for the loan at fair value. The Group also has its debentures which are at a fixed rate of interest exposing the Group to fair value interest rate risk. The Group does not manage any cash flow interest rate risk.

c) Liquidity risk
The Group is careful to ensure that its loans and investments can be realised prior to the due date for the repayment of loans. This applies equally to the underlying investments of the companies or projects in which the Group invests.

d) Capital risk
The Group takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. The investment is closely monitored.

e) Market risk
The Group currently operates only in the United Kingdom and is exposed to market risks in that jurisdiction. A general economic downturn at a global level, or in one of the world's leading economies, could also impact on the Company. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets, could have a negative effect on the Group. Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could also limit the Group's operations. These risks are also applicable to most companies and the risk that the Group will be more affected than the majority of companies is assessed as small.

f) Price risk
The principal activity of the Group is the ownership and operation of Micro Power Stations (MPS) to sell energy to its clients. The Group does not have a diversified portfolio of services and is therefore at risk

### 4.1 Financial risk factors (continued)

g) Foreign Exchange risk
A high proportion of the Group's capital expenditure is conducted in US dollars. Any adverse movements between sterling and US dollars could have a detrimental impact upon the Group. Currently no hedging is conducted in respect of this risk.

### 4.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure appropriate for its growth plans.

In order to maintain or adjust the capital structure the Company may issue new shares or alter debt levels. There were no changes to the objectives, policies or processes either during the period.

## 5 Segment information

The Group's single line of business is the provision of advanced energy technologies, which can reduce, produce and manage the energy needs of its clients. The Group's primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently only one geographic reporting segment, which is the UK. All costs are derived from the single segment. As the Group has been recently formed there are a limited number of customers. The Group has 2 main customers each deliver over 10% of its revenues.

## 6 Operating loss

| | **2016** £ | **2015** £ |
|---|---|---|
| Operating loss is stated after charging: | | |
| Amortisation of intangible assets | 21,870 | 10,227 |
| Directors emoluments | 214,650 | 164,000 |
| Depreciation of tangible assets | 220,026 | 121,325 |
| Audit fees | 10,000 | - |
| Operating leases | 6,899 | 4,380 |

## 7 Employee benefit expense

| Employees and Directors | **2016** £ | **2015** £ |
|---|---|---|
| Wages and salaries | 310,588 | 46,908 |
| Social security costs | 53,373 | 43,407 |
| | 363,961 | 90,315 |

**7 Employee benefit expense (continued)**

The average monthly number of employees (including directors) during the period was:

| | 2016 Number | 2015 Number |
|---|---|---|
| Directors | 4 | 3 |
| Staff | 11 | 7 |
| | 15 | 10 |

**8 Finance income and costs**

| | 2016 £ | 2015 £ |
|---|---|---|
| *Finance income* | | |
| Bank Interest | 34 | 143 |
| *Finance costs* | | |
| Finance cost in relation to debentures | 7,421 | - |
| Other interest paid | 491,869 | 231,927 |
| | 499,290 | 231,927 |

**9 Taxation**

| | 2016 £ | 2015 £ |
|---|---|---|
| **Total current tax** | **-** | - |
| **Factors affecting the tax charge for the period** | | |
| Loss on ordinary activities before taxation | (922,892) | (523,799) |
| Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% | (184,579) | (104,760) |
| Capital allowances in excess of depreciation | (316,046) | (256,106) |
| Non-deductible expenses | 597 | 2,341 |
| Tax losses carried forward | 500,028 | 358,525 |
| **Current tax charge for the period** | - | - |

The Group has estimated tax losses of £5,197,586 (2015 - £2,697,446) available for carry forward against future trading profits. The deferred tax assets at a rate of 20% at the period-end of £1,039,517 (2015 - £539,489) has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount.

### 10 Loss of parent company

As permitted by Section 408 of the Companies Act 2006 the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial period was £17,964.

### 11 Loss per share

Basic earnings per share is calculated by dividing the earnings attributable shareholders by the weighted average number of ordinary shares outstanding during the period. Reconciliations are set out below:

| | **2016** | **2015** |
|---|---|---|
| Earnings/(losses) attributable to ordinary shareholders | (922,892) | (523,799) |
| Weighted average number of shares | 60,000 | 60,000 |
| Basic and diluted earnings/(loss) per share | (15.38) | (8.73) |

### 12 Dividends

No dividends were paid or proposed for the period ended 31 December 2016.

### 13 Fixed asset investments

**Company**

| | **Shares in group undertakings £** |
|---|---|
| **Cost** | |
| Additions | 60,000 |
| **At 31 December 2016** | **60,000** |

The group had the following subsidiaries and associates at 31 December 2016, all of which have been included in the Group consolidation:

| **Name** | **Country of incorporation and place of business** | **Nature of business** | **Proportion of ordinary shares held by parent and group (%)** |
|---|---|---|---|
| Pure World Energy Limited | UK | Operation of MPS | 100.0 |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
### *FOR THE PERIOD ENDED 31 DECEMBER 2016*

**14 Intangible assets**

| | Development costs £ |
|---|---|
| **Cost** | |
| At 1 January 2015 | 29,827 |
| Additions | 21,309 |
| At 31 December 2015 | 51,136 |
| **Amortisation** | |
| At 1 January 2015 | 5,965 |
| Charge for the year | 10,227 |
| At 31 December 2015 | 16,192 |
| **Net book value** | |
| **At 31 December 2015** | **34,944** |
| **Cost** | |
| At 1 January 2016 | 51,136 |
| Additions | 58,209 |
| | 109,345 |
| At 31 December 2015 | |
| **Amortisation** | |
| At 1 January 2016 | 16,192 |
| Charge for the year | 21,870 |
| At 31 December 2016 | 38,062 |
| **Net book value** | |
| **At 31 December 2016** | **71,283** |

**Intellectual property and 'know-how'**

The Company has incurred development costs of £58,209 (2015 - £21,309), which represents the development of technologies in the generation of heat and power. The cost of the asset is now being written off over a straight-line basis over its useful life of 5 years.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
## *FOR THE PERIOD ENDED 31 DECEMBER 2016*

### 15 Property, plant and equipment

| | Assets under Construction | Plant and machinery | Office Equipment | Total |
|---|---|---|---|---|
| **Cost or Valuation** | | | | |
| At 1 January 2015 | 390,385 | 350,702 | 4,961 | 746,048 |
| Additions | 901,510 | 963,082 | 5,091 | 1,869,683 |
| Disposals / Transfers | (374,473) | 374,473 | - | - |
| At 31 December 2015 | 917,422 | 1,688,257 | 10,052 | 2,615,731 |
| **Depreciation** | | | | |
| At 1 January 2015 | - | 10,208 | - | 10,208 |
| Charge for year | - | 118,813 | 2,512 | 121,325 |
| At 31 December 2015 | - | 129,021 | 2,512 | **131,533** |
| **Net Book Value** | | | | |
| **At 31 December 2015** | **917,422** | **1,559,236** | **7,540** | **2,484,198** |
| **Cost or Valuation** | | | | |
| At 1 January 2016 | 917,422 | 1,688,257 | 10,052 | 2,615,731 |
| Additions | 1,600,256 | 345,142 | 6,433 | 1,951,831 |
| Disposals / Transfers | (2,046,056) | 2,037,456 | - | (8,600) |
| At 31 December 2016 | 471,622 | 4,070,855 | 16,485 | 4,558,962 |
| **Depreciation** | | | | |
| At 1 January 2016 | - | 129,021 | 2,512 | 131,533 |
| Charge for year | - | 215,905 | 4,121 | 220,026 |
| At 31 December 2016 | - | 344,926 | 6,633 | **351,559** |
| **Net Book Value** | | | | |
| **At 31 December 2016** | **471,622** | **3,725,929** | **9,852** | **4,207,403** |

**Assets under construction**
The Company has paid for goods and services and allocates a portion of operating and finance costs when constructing power units at each site. These costs which have been capitalised are treated as ‘assets under constructions’ within tangible fixed assets and are transferred to ‘plant and machinery’ once the power unit becomes operational.

Finance costs capitalised for the year was £34,000 (2015 - £27,000). All interest on the long-term loan has been capitalised within the asset under construction or within plant and machinery cost.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
### *FOR THE PERIOD ENDED 31 DECEMBER 2016*

**16 Trade and other receivables**

| | | Group | Company |
|---|---|---|---|
| | **2016** | **2015** | **2016** |
| | **£** | **£** | **£** |
| *Current* | | | |
| Trade receivables | **262,162** | **136,771** | **-** |
| Prepayments | **38,939** | **22,536** | **8,435** |
| VAT Receivable | **76,715** | **105,473** | **-** |
| Deferred Revenue | **68,397** | | |
| Amounts owed to Group undertakings | | | **251,948** |
| | **446,213** | **264,780** | **260,383** |

**17 Cash and cash equivalents**

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at banks and on hand and deposits with banks. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

| | | Group | Company |
|---|---|---|---|
| | **2016** | **2015** | **2016** |
| | **£** | **£** | **£** |
| Cash and cash equivalents | 51,163 | 48,402 | 20,694 |

The carrying amount of cash and cash equivalents approximates to its fair value.

**18 Share capital**

| | 2016 | 2015 |
|---|---|---|
| | **£** | **£** |
| **Allotted, called up and fully paid** | | |
| 60,000 Ordinary shares of £1 each | 60,000 | 75,089 |

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) right; they do not confer any rights of redemption.

| | | |
|---|---|---|
| 5,000 Preference shares of £10 each | 50,000 | - |

The preference shares have attached to them no voting rights, a fixed 12% dividend (only from profit), and capital distribution (including on winding up) right. There is no set redemption date.

During the period the Group had the following share transactions:

On 11 May 2016 the Company issued 60,000 ordinary shares at the nominal value of £1. The comparative balance represents that of its subsidiary, Pure World Energy Ltd. For more information regarding the group reorganisation, see note 2.16.

On 11 May 2016 the Company issued 5,000 preference shares at a nominal value of £10. These shares were swapped for debt held within the subsidiary, Pure World Energy Limited.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
### *FOR THE PERIOD ENDED 31 DECEMBER 2016*

### 19 Accumulated losses

| | Group £ | Company £ |
|---|---|---|
| At 1 January 2016 | (1,078,716) | - |
| Loss for the period | (922,892) | (17,964) |
| **At 31 December 2016** | (2,001,608) | (17,964) |

### 20 Borrowings

| | 2016 £ | Group 2015 £ | Company 2016 £ |
|---|---|---|---|
| *Non-current* | | | |
| Debentures and other loans | 6,313,978 | 3,465,028 | 238,633 |
| | 6,313,978 | 3,465,028 | 238,633 |

All commissions due on debentures have been deferred against the debentures to which they relate.

The debentures are secured by first floating charge over all of the assets of the group, and bear interest as per below. Interest is paid in quarterly instalments.

| | Repayment date | Annual interest |
|---|---|---|
| 2021 Debentures | 31 December 2021 | 8.50% |

Other loans have been advanced by Just Finance Loans and Investments Plc a related party (see note 24) and carry interest at 12% per annum. The loan is repayable as soon as the Company becomes profitable.

### 21 Trade and other payables

| | 2016 £ | Group 2015 £ | Company 2016 £ |
|---|---|---|---|
| Trade payables | **153,178** | **291,393** | **1,000** |
| Taxation and social welfare | **14,267** | **19,533** | **-** |
| Accruals | **171,158** | **59,997** | **9,408** |
| | **338,603** | **370,923** | **10,408** |

Accruals principally comprise amounts outstanding for on-going expenses and accrued interest on issued debentures. The carrying amount of other payables approximates to its fair value.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
### *FOR THE PERIOD ENDED 31 DECEMBER 2016*

### 22 Cash generated from operations

| | Group | | Company |
|---|---|---|---|
| | 2016 | 2015 | 2016 |
| | £ | £ | £ |
| Loss before taxation | (922,892) | (523,799) | (17,964) |
| Adjustments for: | | | |
| Depreciation | 220,026 | 121,326 | - |
| Amortisation | 21,870 | 10,227 | - |
| Finance costs | 499,290 | 231,927 | 7,421 |
| Finance income | (34) | (143) | - |
| Changes in working capital: | | | |
| - (Increase)/Decrease in trade and other receivables | (59,770) | (39,979) | (260,383) |
| - Increase/(Decrease) in trade and other payables | (640,899) | (105,673) | 3,620 |
| | (882,409) | (306,114) | (267,306) |

### 23 Control

In the opinion of the Directors, there is no ultimate controlling party.

### 24 Related party transactions

**Group**

At the period end, Just Finance Loans and Investments Plc, a related party by virtue of its interest in 26.5% of the shares in PWE Holdings plc, was owed £6,075,345 (2015 - £3,465,028). Loans carry interest at 12% and are repayable by 30 June 2020.

At the period end, PWE Holdings plc, a related party by virtue of its interest in 100% of the shares in Pure World Energy Limited, was owed £251,948. Loans do not carry interest and are repayable by 30 June 2020.

### 25 Contingent liabilities

The Group has no contingent liabilities in respect of legal claims arising from the ordinary course of business.

### 26 Capital commitments

There was no capital expenditure contracted for at the end of the reporting period but not yet incurred.