Voltea Limited

Annual report and consolidated financial statements

Registered number **05665515**

31 December 2017

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Directors' report

Principal activities, review of business and future developments

The principal activity of the Group during the year consisted of the development, manufacture and commercialisation of a proprietary de-ionizing technology to be used for water purification and softening. The results of the Group show a loss before tax of €5,368,000 (2016: €3,343,000) and turnover of €1,535,000 (2016: €1,005,000). The loss increased from 2016 to 2017 due to an increase in headcount, the implementation of a share option scheme with associated accounting entries offset by an increase in turnover and margin.

The Directors consider that, in the conditions prevailing during the year, the development of the Group's business and its financial position at the end of the year was satisfactory. Although the group was loss making in the year, performance improved during 2017 and the business is expected to maintain a similar revenue performance in 2018. The Directors do not expect any development in the Group's business in the coming year which is significantly different from its present activities.

Research and development

The Group's research and development laboratories continue to investigate new methods and materials both to improve the quality and the performance of products. Expenditure on research and development in the current year was €1,331,000 (2016: €573,000). This includes staff costs.

Risk Management

Credit risk is managed by using a third party rating agency and setting credit limits as appropriate and by diligent credit control processes.

Liquidity risk is managed by monthly review of cash against forecasts, rolling cashflow forecasts covering the next twelve months and quarterly reforecasts.

Proposed dividend

The Directors do not recommend the payment of a dividend (2016 - €nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Mr LB Brister	
Mr AC Morteani	
Mr PP Austin	(Resigned 15 February 2017)
Mr I Lane	
Mr T Hasan	(Appointed 19 October 2017)
Mr A Anders	(Appointed 16 February 2017)
Mr O Gosemann	

Directors' report *(continued)*

Going Concern

The financial statements are prepared on a going concern basis, which the Directors believe to be appropriate as they expect the Company will be able to raise additional funding as necessary from its current shareholders and / or new third party investors in order to continue in operational existence for the foreseeable future. Further information relating to the going concern assessment is given in the Principal Accounting Policies note 1 to the Financial Statements.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

A Morteani
Director
c/o TMF Corporate Secretarial Services Limited,
5th Floor, 6 St Andrew Street, London EC4A
3AE United Kingdom

19 December 2018

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report To The Members Of Voltea Limited
Opinion

We have audited the financial statements of Voltea Limited ("the company") for the year ended 31 December 2017 which comprise the group and company primary statements and related notes, including the accounting policies in note 1.

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 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the Principal Accounting Policies on Page 13 concerning the Company's ability to continue as a going concern. The Company requires additional funding to enable it to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. As agreement to this funding is not formally in place, there exists a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Tom Eve (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

20 December 2018

Consolidated Profit and loss and Other Comprehensive Income

	Notes	2017 €'000	2016 €'000
Turnover	(2)	1,535	1,005
Cost of sales		(1,355)	(695)
Gross profit		180	310
Administrative expenses	(3)	(5,548)	(3,654)
Operating loss		(5,368)	(3,344)
Net interest charges	(6)	-	1
Loss on ordinary activities before taxation		(5,368)	(3,343)
Tax credit / (charge) on loss on ordinary activities	(7)	74	(104)
Loss for the financial year		(5,294)	(3,447)
Foreign exchange result on translation of foreign operations		(351)	133
Total comprehensive loss for the year		(5,645)	(3,314)

The results stated above are all derived from continuing operations.
The notes on pages 13 to 33 form part of these financial statements

Consolidated Balance Sheet
as at 31 December 2017

	Notes	2017 €'000	2016 €'000
Fixed assets			
Goodwill and intangible assets	(8)	393	521
Tangible assets	(9)	225	254
Trade and other receivables	(12)	-	104
		618	879
Current assets			
Stock	(11)	1,137	1,192
Trade and other receivables	(12)	1,017	557
Cash at bank and in hand	(13)	6,739	929
		8,893	2,678
Creditors: amounts falling due within one year	(14)	(1,412)	(923)
Net current assets		7,481	1,755
Total assets less current liabilities		8,099	2,634
Capital and reserves			
Called up share capital	(16)	77	43
Share premium account		37,931	27,603
Share based payment reserve		748	-
Translation reserve		(164)	-
Profit and loss account (deficit)		(30,493)	(25,012)
Total shareholders' funds		8,099	2,634

The financial statements were approved by the Board of Directors on 19 December 2018 and were signed on its behalf by:

T Lane
Director

Company registered number: 05665515

The Principal Accounting Policies and notes on pages 13 to 33 form part of these financial statements.

Company Balance Sheet
as at 31 December 2017

	Notes	2017	2016
		€'000	€'000
Fixed assets			
Intangible assets	(8)	15	17
Investments	(10)	1,029	531
Trade and other receivables	(12)	9,945	4,169
		10,989	4,717
Current assets			
Trade and other receivables	(12)	52	29
Cash at bank and in hand	(13)	4,613	58
		4,665	87
Creditors: amounts falling due within one year	(14)	(290)	(285)
Net current assets		4,375	(198)
Total assets less current liabilities		15,364	4,519
Net assets		15,364	4,519
Capital and reserves			
Called up share capital	(16)	77	43
Share premium account		37,931	27,603
Share based payment reserve		748	-
Profit and loss account		(23,392)	(23,127)
Total shareholders' funds		15,364	4,519

These financial statements were approved by the board of directors on 19 December 2018 and were signed on its behalf by:

A Morteani
Director
Company registered number: 05665515
The notes on pages 13 to 33 form part of these financial statements.

Consolidated Statement of Changes in Equity

Group	**Share capital**	**Share premium account**	**Share based payment reserve**	**Translation reserve**	**Profit and loss account**	**Total equity**
		€'000	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January 2017	43	27,603	-	-	(25,012)	2,634
Reclassification	-	-	-	187	(187)	-
As at 1 January 2017	43	27,603	-	187	(25,199)	2,634
Total comprehensive income for the period						
Profit and loss	-	-	-	-	(5,294)	(5,294)
Other comprehensive income	-	-	-	(351)	-	(351)
Total comprehensive income for the period	-	-	-	(351)	(5,294)	(5,645)
Transaction with owners recorded directly in equity						
Share capital movement arising from the issue of shares	34	-	-			34
Share premium arising from issue of shares	-	10,328	-	-	-	10,328
Share based payment reserve	-	-	748	-	-	748
Transaction with owners recorded directly in equity	34	10,328	748	-	-	11,110
At 31 December 2017	77	37,931	748	(164)	(30,493)	8,099

Company Statement of Changes in Equity

Company	**Share capital**	**Share premium account**	**Share based payment reserve**	**Profit and loss account**	**Total equity**
	€'001	**€'000**	**€'000**	**€'000**	**€'000**
At 1 January 2017	43	27,603	-	(23,127)	4,519
Gain/(Loss) for year	-	-	-	(265)	(265)
Share capital movement arising from the issue of shares	34	-	-	-	34
Share premium arising from issue of shares	-	10,328	-	-	10,328
Share based payment reserve	-	-	748	-	748
At 31 December 2017	77	37,931	748	(23,392)	15,364

The notes on pages 13 to 33 form part of these financial statements.

Consolidated Cash Flow Statement
for year ended 31 December 2017

	Note	2017	2016
		€'000	**€'000**
Cash flows from operating activities			
Loss for the year before taxation		(5,368)	(3,343)
Adjustments for:			
Depreciation, amortisation and impairment		113	104
Foreign exchange losses		-	133
Issue of share options		748	-
Interest payable and similar charges		-	(1)
Taxation		-	(101)
		(4,507)	(3,208)
(Increase)/decrease in trade and other debtors		(461)	(285)
(Increase)/decrease in stocks		54	(762)
(Decrease)/increase in trade and other creditors		490	(93)
Net cash outflow from operating activities		(4,424)	(4,348)
Cash flows from investing activities			
Acquisition of tangible fixed assets		(78)	(158)
Net cash outflow from investing activities		(4,502)	(4,506)
Cash flows from financing activities			
Proceeds from the issue of share capital		10,328	3,978
Other movements		(16)	(14)
Net cash from financing activities		10,312	3,964
Net increase/(decrease) in cash and cash equivalents		5,810	(542)
Cash and cash equivalents at 1 January		929	1,471
Cash and cash equivalents at 31 December	(13)	6,739	929

The notes on pages 13 to 33 form part of these financial statements.

Notes
(forming part of the financial statements)

1. Accounting policies

Voltea Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The presentation currency of these financial statements is Euros. All amounts in the financial statements have been rounded to the nearest €1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time because it is not required.
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company has met the requirements in Companies Act 2006 to obtain the exemption provided from the presentation of a strategic report on the grounds of its size.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19 Provisions.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern

The financial statements are prepared on a going concern basis, which the Directors believe to be appropriate as they expect the Company will raise the additional funding necessary from its current shareholders and third party investors in the period subsequent to the year end. As stated in Note 22 of the Accounts, on 13 November 2018 the Company created a loan note instrument of up to €4,000,000 10.0% fixed rate secured loan notes. On 13 November 2018 the Company issued the first tranche of notes for €2,000,000 in cash. The Company expects to draw further tranches in 2019.

The Directors have prepared cash flow projections for the company covering the period ending 12 months from the date of their approval of these financial statements. These projections include the full drawdown of the loan notes. The Directors believe that additional funding may be required of up to €4,000,000 to meet the 12 month period. This amount will be generated or raised within the required timescale, either from the existing shareholders or from a third party. This potential additional funding requirement represents a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. Having taken this into account the Directors consider the company will be able to operate within its available facilities. Should the external funding not be completed within the required timescale, the Directors would be required to review the going concern basis of preparation. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. In the parent financial statements, investments in subsidiaries are carried at cost less impairment through profit or loss.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Euros at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Basic financial instruments

Trade and other receivables / creditors

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade and other receivables. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- plant and equipment 3 years
- fixtures and fittings 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Business combinations (continued)

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.8 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- patents and trademarks *10 years*

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 20 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Impairment excluding stocks

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.12 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.13 Turnover

Turnover comprises the invoiced value of the sales of goods and services after deduction of discounts and sales taxes. Revenue is recognised when the risks and rewards of the underlying products have been substantially transferred to the customer and goods have been delivered in accordance with the Incoterm of the individual transaction. Consultancy revenue is recognised based on time and materials.

1.14 Expenses

Interest receivable and Interest payable

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the company's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income tax is used.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised or that the Company has determined it is appropriate to recognise the deferred tax asset as it is recoverable due to the fact that the Company is part of a UK group for group relief purposes.

1.16 Share based payments

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase of share options reserve in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. For share based-payment awards with vesting market conditions, which creates variability in the number of equity instruments that will be received by employees, the Group determines the grant-date fair value of the right to receive a variable number of equity instruments reflecting the probability of different outcomes.

Notes *(continued)*

2. Turnover

Turnover	2017 €'000	2016 €'000
By activity		
Sale of goods	1,097	735
Rendering of services	438	270
	1,535	1,005
By geographical market		
Europe	223	102
North America	776	473
Central and South America	77	65
Asia and Australasia	459	347
Africa	-	18
	1,535	1,005

3. Expenses and auditor's remuneration

	2017 €'000	2016 €'000
Depreciation	65	52
Amortisation		
- Goodwill	30	36
- Intangibles	18	16
Research expenditure	1,331	573
Staff costs	2,985	1,782
Audit of these financial statements	139	124

4. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

Group **Average Number of Employees**	**2017** **Number**	**2016** **Number**
Overhead/Sales	13	10
Research and development	8	9
Manufacturing/Production	13	9
Total	34	28

Notes *(continued)*

4. Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

The aggregate payroll costs of these persons were as follows:

Group	2017 €'000	2016 €'000
Staff Costs		
Wages and salaries	2,005	1,562
Share based payments (see note 21)	748	-
Social security costs	206	187
Other pension costs	26	33
Total	2,985	1,782

5. Directors' remuneration

Highest Paid Director	2017 €'000	2016 €'000
Aggregate emoluments	204	165
Company pension contributions to money purchase schemes	-	4

	2017 Number	2016 Number
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1

	2017 €'000	2016 €'000
The Directors who served during the year and details of their emoluments are provided below:		
Aggregate emoluments	236	197
Company pension contributions to money purchase schemes	-	4

Notes *(continued)*

6. Other interest receivable and similar income

	2017	2016
	€'000	€'000
Total interest receivable and similar income	-	6
Total interest payable and similar charges	-	(5)
Net interest charges	-	1

Notes *(continued)*

7. Taxation

Analysis of credit in Year	2017 €'000	2016 €'000
Current tax:		
Current tax on income for the period	(71)	-
Adjustments for prior years	-	(3)
Foreign taxation	-	110
Deferred Taxation	(3)	(3)
Total taxation	**(74)**	**104**

Reconciliation of effective tax rate

	2017 €'000	2016 €'000
Loss for the year	(5,294)	(3,447)
Total tax credit	(74)	104
Loss excluding taxation	(5,368)	(3,343)
Tax using the UK corporation tax rate of 2017: 19.25% (2016: 20%)	1,033	669
Foreign taxation	-	(104)
Losses not recognised for deferred tax	(48)	(62)
Difference between depreciation and capital allowances	(3)	(3)
Permanent differences	(11)	(15)
Current year losses for which no deferred tax asset was recognised	(1,033)	-
Adjustments to tax in respect of prior years	(9)	(485)
Current tax credit for the year	**(71)**	-

Reductions in the UK corporation tax rate to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's future tax charge accordingly.

Notes *(continued)*

8. Intangible assets and goodwill

Group	Goodwill	Patents and Trademarks	Total
	€'000	€'000	€'000
Cost			
At 1 January 2017	710	109	819
Additions	-	6	6
Revaluations (foreign exchange movements)	(86)	-	(86)
At 31 December 2017	624	115	739
Amortisation			
At 1 January 2017	(248)	(50)	(298)
Amortisation for the year	(30)	(18)	(48)
At 31 December 2017	(278)	(68)	(346)
Net book value			
At 31 December 2017	346	47	393
At 31 December 2016	462	59	521

Company	Patents and Trademarks
	€'000
Cost	
At 1 January 2017	36
Additions	-
At 31 December 2017	36
Amortisation	
At 1 January 2017	(19)
Amortisation	(2)
At 31 December 2017	(21)
Net book value	
At 31 December 2017	15
At 31 December 2016	17

Notes *(continued)*

9. Tangible fixed assets

Group	**Plant and Equipment**
	€'000
Cost	
At 1 January 2017	611
Additions	78
Disposals	(35)
Effect of movements in foreign exchange	(19)
At 31 December 2017	635
Accumulated depreciation	
At 1 January 2017	(357)
Depreciation charge for the year	(65)
Disposals	10
Effect of movements in foreign exchange	2
	-
	(410)
Net Book Value	
At 31 December 2017	225
At 31 December 2016	254

Notes *(continued)*

10. Fixed asset investments

Company	**2017**	**2016**
Shares in Group Undertakings	**€'000**	**€'000**
At 1 January 2017 and 31 December 2017	1,029	531

The above investments are stated at cost.

The principal subsidiary undertakings of the Company at the balance sheet date were:

Name of Company and Country of Incorporation/Registration		Description of Shares Held	Shares held by Company class	Principal Activity
			Direct %	
Voltea BV	Netherlands	Ordinary	100%	Manufacturing and sales
Voltea Inc.	United States	Ordinary	100%	Manufacturing and sales

The directors believe that the carrying value of the investments is supported by their underlying assets.

11. Stocks

Group

	2017	**2016**
	€'000	**€'000**
Raw materials and consumables	445	705
Finished goods	692	487
	1,137	1,192

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to € 919,000 (2016: € 470,000). The write-down of stocks to net realisable value amounted to € 328,000 (2016: € 114,000)

Notes *(continued)*

12. Trade and other receivables

	Group		Company	
	2017	**2016**	**2017**	**2016**
	€'000	**€'000**	**€'000**	**€'000**
Trade debtors	639	344	-	-
Other debtors	110	65	52	22
Other taxation debtors	-	104	-	-
Prepayments and accrued income	268	148	-	7
Amounts owed by group undertakings	-	-	9,945	4,169
	1,017	**661**	**9,997**	**4,198**
Due within one year	1,017	557	356	29
Due after more than one year	-	104	9,641	4,169
	1,017	**661**	**9,997**	**4,198**

Debtors include prepayments and accrued income of €268,000 (2016 €148,000) Company: €NIL (2016 €7,000) due after more than one year.

The provision for doubtful debtors is shown in Note 19.

13. Cash and cash equivalents/ bank overdrafts

	Group		Company	
	2017	**2016**	**2017**	**2016**
	€'000	**€'000**	**€'000**	**€'000**
Cash at bank and on hand	6,739	929	4,613	58
Cash and cash equivalents per cashflow statements	6,739	929	4,613	58

Included in the Group cash balance is €31,000 of restricted cash relating to a rental deposit (2016 €31,000).

Notes *(continued)*

14. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	€'000	€'000	€'000	€'000
Trade creditors	345	258	-	-
Taxation and social security	36	22	-	-
Other creditors	322	352	76	103
Accruals and deferred income	697	276	214	182
Deferred tax	12	15	-	-
	1,412	**923**	**290**	**285**

Included in the group other creditors are:
Pensions contributions payable of €Nil (2016: €Nil) and a warranty provision of €51,000 (2016: €30,000)

15. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2017	2016
	€'000	€'000
At 1 January 2017	(15)	(18)
Accelerated capital allowances	3	3
Tax liabilities at 31 December 2017	(12)	(15)

Notes *(continued)*

16. Capital and reserves

Share capital

Number of shares	A Ordinary shares of €0.10	B Ordinary shares of €0.10	A Preferred shares of €0.10	B Preferred shares of €0.10	C Preferred shares of €0.10	D Preferred shares of €0.10	Total
Authorised							
At 31 December 2016	35,556	5,728	45,213	53,433	294,945	-	434,875
Issued	-	-	-	-	123,433	216,219	339,652
At 31 December 2017	35,556	5,728	45,213	53,433	418,378	216,219	774,527
Issued, called up and fully paid							
At 31 December 2016	35,556	5,728	45,213	53,433	294,945	-	434,875
Issued	-	-	-	-	123,433	216,219	339,652
At 31 December 2017	35,556	5,728	45,213	53,433	418,378	216,219	774,527

€'000	A Ordinary shares of €0.10	B Ordinary shares of €0.10	A Preferred shares of €0.10	B Preferred shares of €0.10	C Preferred shares of €0.10	D Preferred shares of €0.10	Total
Authorised							
At 31 December 2016	3	1	5	5	29	-	43
Issued	-	-	-	-	12	22	34
At 31 December 2017	3	1	5	5	41	22	77
Issued, called up and fully paid							
At 31 December 2016	3	1	5	5	29	-	43
Issued	-	-	-	-	12	22	34
At 31 December 2017	3	1	5	5	41	22	77

Notes *(continued)*

17. Financial Instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	€'000	**€'000**	**€'000**	**€'000**
Assets measured at cost less impairment				
Gross debtors	788	513	9,997	4,191
Provision for doubtful debts	(39)	(10)	-	-
Net Debtors	749	503	9,997	4,191
Liabilities measured at amortised cost				
Creditors	703	632	76	103

Credit risk is managed by using a third party rating agency and setting credit limits as appropriate and by diligent credit control processes.

Liquidity risk is managed by monthly review of cash against forecasts, rolling cashflow forecasts covering the next twelve months and quarterly reforecasts.

18. Contingencies

One employee has been granted Stock Appreciation Rights. Should Voltea be sold, each SAR will have a value equivalent to the value of one ordinary at exit in accordance with the Articles of Association of Voltea Limited. The total number of SARs granted is 105 shares (2016: 105 shares). Upon liquidation, the employee is then entitled to a bonus based on the number of SARs they hold. As at the most recent valuation based on the 2017 funding round, these rights would lead to a liability to the Company of €987 (2016: €796).

19 Provisions

	Provision for doubtful debts	Warranty provision	Total
	€'000	**€'000**	**€'000**
Balance at 1 January 2017	10	30	40
Provisions made during the year	34	34	68
Provisions utilised in the year	(5)	(13)	(18)
Balance at 31 December 2017	39	51	90

Notes *(continued)*

20 Related parties

Group

Other related party transactions

Identity of related parties with which the Group has transacted

The Group purchased services from Rabobank NV. RV II BV, another subsidiary undertaking of Rabobank NV is a shareholder of Voltea Limited.

The Group sold services to Hindustan Unilever Limited, a subsidiary undertaking of Unilever PLC. Unilever UK Holdings Limited, another subsidiary undertaking of Unilever PLC is a shareholder of Voltea Limited.

	2017 €'000 Sales to	**2017 €'000 Admin expenses from**	**2016 €'000 Sales to**	**2016 €'000 Admin expenses from**
Entities with control, joint control or significant influence over the Group	275	102	157	85
Total	275	102	157	85

	2017 €'000 Receivables outstanding	**2017 €'000 Creditors outstanding**	**2016 €'000 Receivables outstanding**	**2016 €'000 Creditors outstanding**
Entities with control, joint control or significant influence over the Group	73	1	50	11
Total	73	1	50	11

	2017 €'000 Cash at bank	**2016 €'000 Cash at bank**
Cash held in the bank that is a subsidiary undertaking of a shareholder of Voltea Limited	1,882	789
Total	1,882	789

Notes *(continued)*

21 Share based payments

	Weighted average exercise price 2017	Number of options 2017	Weighted average exercise price 2016	Number of options 2016
	€	**Number**	**€**	**Number**
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	32	23,378		
Outstanding at the end of the year	32	23,378	-	-
Vested at the end of the year	-	23,378		
Exercisable at the end of the year	-	936		-

The total expenses recognised for the year and the total liabilities recognised at the end of the year arising from share-based payments are as follows:

	2017	2016
	€'000	€'000
Total share based payment expense	748	-
Total of equity based payment reserve	748	-

The terms and conditions of the grants are as follows:

- The options granted vest over periods ranging from one month to 59 months
- The options convert into B ordinary shares.
- The options expire 10 years after the date of grant.

The fair value of services received in return for share options granted are measured by reference to the fair value of the share options granted. The fair value of the options is calibrated against the value of shares issued in the most recent funding round.

The number of shares exercisable at the end of the year is stated above. This is based on the elapsed time between the date of grant and the vesting date. The shares can only be exercised on the vesting date which is the date when all the options have vested.

Year	Number of shares that can become exercisable each year
2017	936
2018	-
2019	4,995
2020	3,382
2021	11,907
2022	2,158
Total	**23,378**

Notes *(continued)*

21 Share based payments (continued)

If there is a sale or flotation the options can be partially exercised only to the extent the option has vested at the time of such sale or flotation unless the Board, in its absolute discretion, agrees that the options shall vest in full.

22 Subsequent events

Allotment of shares

On 12 January 2018, a current shareholder subscribed to 1,946 Preferred D shares for cash at a price of €38.71 per share.

Issue of loan notes

On 13 November 2018, the Company created a loan note instrument of up to €4,000,000 10.0% fixed rate secured loan notes. On 13 November 2018 the Company issued the first tranche of €2,000,000 of notes.

The holder of the notes is granted a warrant to purchase, at its discretion, either (i) the number of shares of the Company's existing preferred stock equal to 11% of the total loan commitment divided by the lowest price per share paid by investors in the most recent round of equity financing or (ii) the number of shares of any of new stock issued by the Company equal to 11% of the total loan commitment divided by the lowest price per share paid for the next round stock in the next round of equity financing.

The loan notes are secured by fixed and floating charges over the Company's assets.