

Registered number : 08789548

CITY WINDMILLS HOLDINGS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

CITY WINDMILLS HOLDINGS PLC

COMPANY INFORMATION

Directors	David Mapley Alexander von Mueffling Ezra Green (resigned 15 June 2016) Michael Cunningham (resigned 29 June 2016) West Valdes (appointed 15 June 2016)
Registered Number	08789548
Registered Office	Suite 39, 35 Buckingham Gate, London, SW1E 6PA

CITY WINDMILLS HOLDINGS PLC

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CITY WINDMILLS HOLDINGS PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

BUSINESS REVIEW

In early 2016 City Windmills had negotiated the production prototype of its Wind Turbines with an engineer in Iowa, USA, through the introduction of the Chairman, Michael Cunningham. With successful product videos presented to the management, a production agreement with the engineer and his partners in China was presented to the company by Michael Cunningham in April 2016 and duly signed as a tripartite Agreement. Production orders for US and Central American sales were agreed and deposits paid – however, the US engineer and the Chinese counterparties failed to deliver, and due to recurring past technology contract breaches they are now subject to an FBI Federal Grand Jury Investigation. This breach of contract was a major setback for City Windmills and its clients, and Michael Cunningham resigned from the company. City Windmills continues to seek return of its and client funds from the US engineer and pursuit of damages claims against all parties involved.

City Windmills continues to seek production partners for the commencement of sales.

PRINCIPAL RISKS AND UNCERTAINTIES

Our biggest risks as a company stem from the new US Presidential Administration's determination to move away from renewable energy to more established fossil-fuel energy sources, and secondly Brexit developments for the UK economy. The Board of Directors has vast international experience, and expects to be able to mitigate such risks as they arise.

FINANCIAL KEY PERFORMANCE INDICATORS

The Group has £ 369,117 of debt, in the form of 5-year 6% issued debentures, and the Directors envisage further fund-raising from share and debt issuance as the company moves into production and global sales development.

OTHER KEY PERFORMANCE INDICATORS

Ongoing development and improvement of turbine design, as well as preparation for production prototypes and commencement of commercialisation.

This report was signed on 2 August 2017

David Mapley
Director

CITY WINDMILLS HOLDINGS PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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

DIRECTOR'S RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 satisfied that they give a true and fair view of the state of affairs of the company and the group 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 statements that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £ 473,082 (2015 – loss £1,938,218).

DIRECTORS

The directors who served during the year were :

David Mapley
Alexander von Mueffling
Ezra Green (resigned 15 June 2016)
Michael Cunningham (resigned 29 June 2016)
West Valdes (appointed 15 June 2016)

AUDITORS

The auditors, Haysmacintyre, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

This report was signed 2 August 2017.

David Mapley
Director

CITY WINDMILLS HOLDINGS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover	3	37,172	9,989
Gross Profit		37,172	9,989
Administrative Expenses	4	(510,257)	(1,948,207)
Operating Loss		(473,085)	(1,938,218)
Interest receivable and similar income	5	3	-
Loss on ordinary activities before taxation		(473,082)	(1,938,218)
Loss for the financial year		(473,082)	(1,938,218)
Other comprehensive income		-	-
Total comprehensive income for the year		(473,082)	(1,938,218)

There were no recognised gains or losses for 2016 other than those included in the consolidated income statement.

The notes on pages 9 to 15 form part of these financial statements.

CITY WINDMILLS HOLDINGS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed Assets			
Intangible Assets	6	1,377,493	1,376,389
Current Assets			
Debtors : Amounts falling due within one year	9	1	13,513
Cash at bank and in hand	10	945	222
		946	13,735
Creditors : Amounts falling due within one year	11	(388,418)	(344,154)
Net Current Assets		(387,472)	(330,419)
Total Assets less current liabilities		990,021	1,045,970
6% Debentures		(369,117)	(131,040)
Net Assets		620,904	914,930
Capital & Reserves			
Called up Share Capital	13	1,766,275	1,714,640
Share Premium Account		4,383,871	4,256,450
Merger Reserve		1,298,826	1,298,826
Profit and Loss account		(6,838,068)	(6,354,986)
Total Equity		620,904	914,930

This report was signed 2 August 2017.

David Mapley
Director

CITY WINDMILLS HOLDINGS PLC

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed Assets			
Intangible Assets		165,159	164,055
Investments	8	707,867	845,687
		<u>873,026</u>	<u>1,009,742</u>
Current Assets			
Debtors : Amounts falling due within one year	9	241,198	259,915
Cash at bank and in hand	10	445	-
		<u>241,643</u>	<u>259,915</u>
Creditors : Amounts falling due within one year	11	(124,648)	(223,687)
		<u>116,995</u>	<u>36,228</u>
Net Current Assets			
Total Assets less current liabilities		990,021	1,045,970
6% Debentures		(369,117)	(131,040)
Net Assets		<u>620,904</u>	<u>914,930</u>
Capital & Reserves			
Called up Share Capital	13	1,766,275	1,714,640
Share Premium Account		4,383,871	4,256,450
Profit and Loss account		(5,529,242)	(5,056,160)
Total Equity		<u>620,904</u>	<u>914,930</u>

This report was signed 2 August 2017.

David Mapley
Director

CITY WINDMILLS HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2016

	Share Capital £	Share Premium £	Merger Reserve £	Retained Earnings £	Total Equity £
At 1 January 2016	1,714,640	4,256,450	1,298,826	(6,364,986)	914,930
Loss for the year	-	-	-	(473,082)	(473,082)
Shares issued during the year	51,635	127,421	-	-	179,056
At 31 December 2016	<u>1,766,275</u>	<u>4,383,871</u>	<u>1,298,826</u>	<u>(6,838,068)</u>	<u>620,904</u>

CITY WINDMILLS HOLDINGS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2016

	Share Capital £	Share Premium £	Retained Earnings £	Total Equity £
At 1 January 2016	1,714,640	4,256,450	(5,056,160)	914,930
Loss for the year	-	-	(473,082)	(473,082)
Shares issued during the year	51,635	127,421	-	179,056
	_____	_____	_____	_____
At 31 December 2016	1,766,275	4,383,871	(5,529,242)	620,904
	_____	_____	_____	_____

CITY WINDMILLS HOLDINGS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	(473,082)	(1,938,218)
Adjustments for:		
Amortisation of intangibles	-	1,244,814
Increase / (decrease) in debtors	13,512	14,657
(Increase) / decrease in creditors	44,375	(105,283)
Net cash generated from operating activities	<u>(415,195)</u>	<u>(784,030)</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,105)	(26,703)
Interest received	3	-
Net cash generated from investing activities	<u>(1,102)</u>	<u>(26,703)</u>
Cash flows from financing activities		
Issue of ordinary shares	179,055	590,798
Placement of debenture loans	238,076	131,040
Net cash generated from financing activities	<u>417,131</u>	<u>721,836</u>
Net Increase/ (decrease) in cash and cash equivalents	834	(88,895)
Cash and cash equivalents at the beginning of year	111	89,006
	<u>945</u>	<u>111</u>
Cash and cash equivalents at the end of year		
Cash at bank and in hand	945	222
Bank overdrafts	-	(111)
	<u>945</u>	<u>111</u>

CITY WINDMILLS HOLDINGS PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historic cost convention and in accordance with the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the company's accounting policies (see note).

The following principal accounting policies have been applied:

1.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the group and its own subsidiaries ("the group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 GOING CONCERN

The financial statements have been prepared on the going concern basis on the assumption that the company will be able to raise the working capital necessary to fund its operations. The company has a debenture and share issuance program at its disposal to secure further finance.

1.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised :

Sales of Goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risk and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied.

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

1.5 INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the income statement over its useful economic life.

Other Intangible Assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

1.6 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

1.7 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

1.9 FINANCIAL INSTRUMENTS

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans

and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in a non-puttable ordinary and preference shares are measured :

- At fair value with changes recognised in the income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- At cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.10 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.11 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into GBP at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are transferred at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at the opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

1.12 INTEREST INCOME

Interest Income is recognised in the Income statement using the effective interest method.

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements 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. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from these estimates. The directors consider the valuation of investment in subsidiary companies to be a critical estimate and judgement applicable to the financial statements.

3. ANALYSIS OF TURNOVER

Analysis of turnover by country of destination :	2016 £	2015 £
Europe	-	9,989
Central America	37,102	-

4. OPERATING LOSS

The operating profit is stated after charging :

	2016 £	2015 £
Amortisation of intangible assets, including goodwill	-	1,244,814

The company has no employees other than directors. The directors received emoluments in the form of fees and share issues which are disclosed within note x to the financial statements.

5. INTEREST RECEIVABLE

	2016 £	2015 £
Interest Receivable	3	-

6. INTANGIBLE ASSETS

Group

	Development £	Goodwill	Total
<u>Cost</u>			
As at 1 January 2016	184,011	1,192,378	1,376,389
Additions	1,104	-	1,104
<u>Amortisation</u>			
Charge for the year	-	-	-
<u>Net Book Value</u>			
As at 31 December 2016	185,115	1,192,378	1,377,493
As at 31 December 2015	184,011	1,192,378	1,376,389

Company

	Development £
<u>Cost</u>	
As at 1 January 2016	164,055
Additions	1,104
<u>Net Book Value</u>	
As at 31 December 2016	165,159
As at 31 December 2015	165,159

7. PARENT COMPANY PROFIT FOR THE YEAR

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent company for the year was £335,262 (2015 loss £4,834,758)

8. FIXED ASSET INVESTMENTS - SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Domicile	Share Class	Holding	Principial activity
City Windmills Ltd.	UK	Ordinary	100%	Proprietary Windmills
City Windmills Inc.	USA	Ordinary	100%	Proprietary Windmills
City Windmills (Suisse) SA.	Switzerland	Ordinary	100%	Proprietary Windmills

Cost or valuation	£
At 1 January 2016	845,687
At 31 December 2016	707,867

9. DEBTORS : Due within one year

	group 2016 £	group 2015 £	company 2016 £	company 2015 £
Trade debtors	1	13,513	1	-
Amounts owed by group undertakings	-	-	241,197	259,915
Prepayments and accrued income	-	-	-	-
	<u>1</u>	<u>13,513</u>	<u>241,198</u>	<u>259,915</u>

10. CASH AND CASH EQUIVALENTS

	group 2016 £	group 2015 £	company 2016 £	company 2015 £
Cash at bank and in hand	945	222	445	-
Less: Bank overdrafts	-	(111)	-	-
	<u>945</u>	<u>111</u>	<u>445</u>	<u>-</u>

11. CREDITORS

	group 2016 £	group 2015 £	company 2016 £	company 2015 £
Debenture loans	369,117	131,040	369,117	131,040
Bank overdrafts	-	111	-	-
Trade creditors	113,028	56,721	28,587	28,587
Amounts owed to group undertakings	-	-	6,491	23,691
Other creditors	275,390	214,897	89,570	171,409
Accruals and deferred income	-	72,425	-	-
	<u>757,535</u>	<u>475,194</u>	<u>493,765</u>	<u>354,727</u>

12. RESERVES**Share Premium**

Amount subscribed for share capital in excess of the nominal value.

Merger Reserve

represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in an acquisition made by the issue of shares

Profit and Loss accounting

Includes all current and prior period retained profits and losses.

13. SHARE CAPITAL

Allotted, called up and fully paid	2016	2015
	£	£
1,766,275 (2015: - 1,714,640) Ordinary Shares of £1 each	1,766,275	1,714,640

On 14 January 2016, the company issued 18,568 £1 ordinary shares for a total consideration of £41,996.

On 21 March 2016, the company issued 3,000 £1 ordinary shares for a total consideration of £11,509.

On 22 March 2016, the company issued 2,000 £1 ordinary shares for a total consideration of £7,726.

On 12 April 2016, the company issued 12,041 £1 ordinary shares for a total consideration of £48,022.

On 13 July 2016, the company issued 8,613 £1 ordinary shares for a total consideration of £36,339.

On 1 November 2016, the company issued 7,413 £1 ordinary shares for a total consideration of £33,464.

14. RELATED PARTY TRANSACTIONS

D Mapley is a majority shareholder in Shimoda Capital Partners. The group was charged £162,839 (2015: £247,119) by Shimoda Capital Partners in the period. An amount totalling £162,839 (2015: £291,945) was due to Shimoda Capital Partners at the period end.

E Green is an affiliate of Orange Power and Light Inc. The group was charged £13,846 (2015: £27,301) by Orange Power and Light in the period. No Balance was outstanding at the period end.

The group paid consultancy fees and reimbursed business expenses incurred by company director M Cunningham totalling £1,750 during the period. No amount was outstanding at the period end.

The group paid consultancy fees and reimbursed expenses incurred by J Cunningham an immediate family member of company director M Cunningham totalling £30,000 during the period. An amount of £20,000 was outstanding at the period end.

During the period the Directors received 46,635 (2015: 188,514) ordinary £1 shares in lieu of salary at a consideration of £ 159,821 (2015: £ 454,549).

Advantage has been taken of exemptions available under FRS 8 "Related Party Disclosures" not to disclose transactions between wholly owned subsidiary companies of City Windmills Holdings PLC.

15. POST BALANCE SHEET EVENTS

In early 2017 City Windmills (Suisse) SA was wound up due to lack of local business prospects.

16. CONTROLLING PARTY

The directors are of the opinion that there is no ultimate controlling party.