

Registration number: 07442414

Ecotalk Limited

Directors' Report and Unaudited Financial Statements

for the Year Ended 30 April 2020

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Ecotalk Limited

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Ecotalk Limited

Company Information

Directors during the year	Dale Vince Asif Rehmanwala
Registered office	Lion House Rowcroft Stroud Gloucestershire GL5 3BY

Ecotalk Limited

Director's Report for the Year Ended 30 April 2020

The Director presents his report and the financial statements for the year ended 30 April 2020.

Principal activity

The principal activity of the Company is the provision and sale of mobile phone services.

Directors of the Company

The Directors who held office during the year were as follows:

Dale Vince

Asif Rehmanwala

Dividends

The Directors do not recommend the payment of a dividend (2019: £Nil).

Charitable donations

The Company made charitable donations of £15,000 (2019: £Nil) in the year.

Going concern

The company made a loss before taxation of £219,649 in the year. The company relies on support from its ultimate parent company, Ecotricity Group Limited and has received written confirmation from Ecotricity Group Limited that it intends to continue to support the company as necessary.

The Directors have obtained forecasts for the group and these demonstrate that the group will generate sufficient cash flows to provide support for the next 12 months, however these are reliant on cash inflows which will come from a combination of shareholder funding and a government backed Coronavirus Large Business Interruption Loan. A combination of one or more of these sources of funding is expected to be in place in the near future sufficient to mitigate projected funding shortfalls. However, these sources of funding are not yet concluded. As such there is a material uncertainty that may cast significant doubt on the group's ability to continue to provide the required support. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

In parallel to the accounts being prepared, the Directors of Ecotricity Group Limited are reviewing the group's cash flow forecast to reflect a longer national lockdown and further deterioration in the economy than originally forecast. This forecast is not yet completed and signed off by the Directors of Ecotricity Group Limited, but initial indications show further uncertainty caused by the pandemic being longer lasting. Principle risks being the volatility in the purchase price of energy, and customers' debt not being realised as cash.

Notwithstanding the material uncertainty, the Directors of the Company have a reasonable expectation that the group will continue to be able to support its subsidiary companies as necessary by concluding soon on additional funding. Alongside this, group management is undertaking a strategic review of its business lines and reviewing projections for cost reductions, reduced capital investment and a focus on working capital efficiency to support the group's position during this difficult period. However, at this point, these plans are not yet ready and, therefore, have not been factored into the base case cash flow forecast or any sensitivities.

Ecotalk Limited

Director's Report for the Year Ended 30 April 2020

Small companies provision statement

The Company has taken advantage of the small companies exemption provided in section 414B in preparing the Strategic Report.

Approved by the Board on 26/3/21 and signed on its behalf by:



Asif Rehmanwala
Director

Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

Ecotalk Limited

Statement of Director's Responsibilities

The Director is responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has 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 Director must not approve the financial statements unless he is 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 Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Ecotalk Limited

Profit and Loss Account for the Year Ended 30 April 2020

	Note	2020 £	2019 £
Turnover	3	445,396	231,712
Cost of sales		<u>(413,100)</u>	<u>(141,682)</u>
Gross profit		32,296	90,030
Administrative expenses		(254,214)	(272,728)
Other operating income		<u>2,269</u>	<u>-</u>
Loss before taxation on ordinary activities		(219,649)	(182,698)
Taxation on profits on ordinary activities	8	<u>191</u>	<u>(4,533)</u>
Loss for the financial year		<u><u>(219,458)</u></u>	<u><u>(187,231)</u></u>

The notes on pages 9 to 17 form an integral part of these financial statements.

Ecotalk Limited

Statement of Other Comprehensive Income for the Year Ended 30 April 2020

	Note	2020 £	2019 £
Loss for the year		(219,458)	(187,231)
Other comprehensive income for the year, net of income tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(219,458)</u>	<u>(187,231)</u>

The notes on pages 9 to 17 form an integral part of these financial statements.

Ecotalk Limited

(Registration number: 07442414)
Balance Sheet as at 30 April 2020


	Note	2020 £	2019 £
Fixed assets			
Intangible assets	9	8,444	13,510
Tangible assets	10	<u>192,291</u>	<u>248,827</u>
		<u>200,735</u>	<u>262,337</u>
Current assets			
Debtors	11	361,253	78,807
Cash at bank and in hand	12	<u>88,113</u>	<u>10,128</u>
		449,366	88,935
Creditors: Amounts falling due within one year	13	<u>(1,930,786)</u>	<u>(1,412,499)</u>
Net current liabilities		<u>(1,481,420)</u>	<u>(1,323,564)</u>
Net liabilities		<u>(1,280,685)</u>	<u>(1,061,227)</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account		<u>(1,280,785)</u>	<u>(1,061,327)</u>
Total equity		<u>(1,280,685)</u>	<u>(1,061,227)</u>

For the financial year ending 30 April 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved and authorised by the director on 24/3/21



Asif Rehmanwala

Director

Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

The notes on pages 9 to 17 form an integral part of these financial statements.

Ecotalk Limited

Statement of Changes in Equity for the Year Ended 30 April 2020

	Share capital £	Profit and loss account £	Total £
At 1 May 2019	100	(1,061,327)	(1,061,227)
Loss for the year	-	(219,458)	(219,458)
At 30 April 2020	<u>100</u>	<u>(1,280,785)</u>	<u>(1,280,685)</u>

	Share capital £	Profit and loss account £	Total £
At 1 May 2018	100	(874,096)	(873,996)
Loss for the year	-	(187,231)	(187,231)
At 30 April 2019	<u>100</u>	<u>(1,061,327)</u>	<u>(1,061,227)</u>

The notes on pages 9 to 17 form an integral part of these financial statements.

Ecotalk Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

1 General information

The company is a private company limited by share capital incorporated in the UK. The presentation currency of these financial statements is sterling.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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 years presented, unless otherwise stated.

Statement of compliance

These 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").

Basis of preparation

These financial statements have been prepared using the historical cost convention.

Name of parent of group

These financial statements are consolidated in the financial statements of the company's ultimate parent undertaking, Ecotricity Group Limited.

The financial statements of Ecotricity Group Limited may be obtained from Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY

In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

Ecotalk Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

2 Accounting policies (continued)

Going concern

The company made a loss before taxation of £219,649 in the year. The company relies on support from its ultimate parent company, Ecotricity Group Limited and has received written confirmation from Ecotricity Group Limited that it intends to continue to support the company as necessary.

The Directors have obtained forecasts for the group and these demonstrate that the group will generate sufficient cash flows to provide support for the next 12 months, however these are reliant on cash inflows which will come from a combination of shareholder funding and a government backed Coronavirus Large Business Interruption Loan. A combination of one or more of these sources of funding is expected to be in place in the near future sufficient to mitigate projected funding shortfalls. However, these sources of funding are not yet concluded. As such there is a material uncertainty that may cast significant doubt on the group's ability to continue to provide the required support. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

In parallel to the accounts being prepared, the Directors of Ecotricity Group Limited are reviewing the group's cash flow forecast to reflect a longer national lockdown and further deterioration in the economy than originally forecast. This forecast is not yet completed and signed off by the Directors of Ecotricity Group Limited, but initial indications show further uncertainty caused by the pandemic being longer lasting. Principle risks being the volatility in the purchase price of energy, and customers' debt not being realised as cash.

Notwithstanding the material uncertainty, the Directors of the Company have a reasonable expectation that the group will continue to be able to support its subsidiary companies as necessary by concluding soon on additional funding. Alongside this, group management is undertaking a strategic review of its business lines and reviewing projections for cost reductions, reduced capital investment and a focus on working capital efficiency to support the group's position during this difficult period. However, at this point, these plans are not yet ready and, therefore, have not been factored into the base case cash flow forecast or any sensitivities.

Turnover

Turnover comprises of the sale of mobile phone airtime usage, messaging data, and associated services. Turnover is shown net of value added tax.

Government grants

Income from grants is recognised in the profit and loss account when the related costs are incurred.

Ecotalk Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

2 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises of 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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

Tangible assets

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

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

At the end of each financial period, the Company assesses whether tangible fixed assets are impaired.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Computer equipment

Depreciation method and rate

3 years on a straight line basis.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, 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 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Ecotalk Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

2 Accounting policies (continued)

Trade debtors

Trade debtors include amounts due from customers for services provided sold in the ordinary course of business.

Trade debtors are recognised initially at the transaction price less attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors include obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised in the balance sheet when the Company 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.

Share capital

Ordinary shares are classified as equity as they include no contractual obligations upon the Company. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension scheme

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 the services are rendered by employees.

3 Turnover

Turnover consists of sales wholly in the United Kingdom arising on the following continuing activities:

	2020 £	2019 £
Mobile income	<u>445,396</u>	<u>231,712</u>

4 Operating loss

Arrived at after charging

	2020 £	2019 £
Depreciation expense	56,536	47,206
Amortisation expense	<u>5,066</u>	<u>5,067</u>

Ecotalk Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

5 Government grants

The grants receivable relate to the Coronavirus Job Retention Scheme.

The amount of grants recognised in the financial statements was £2,269 (2019 - £Nil).

6 Staff costs

The aggregate payroll costs were as follows:

	2020 £	2019 £
Wages and salaries	20,725	2,428
Social security costs	1,667	180
Pension costs, defined contribution scheme	583	-
	<u>22,975</u>	<u>2,608</u>
	2020 No.	2019 No.
Administration and support	<u>1</u>	<u>-</u>

7 Directors' remuneration

Directors' remuneration is in respect of qualifying services to other entities in the Group and was borne by the ultimate parent company, Ecotricity Group Limited, in both years.

Ecotalk Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income, equity:

	2020 £	2019 £
Current taxation		
UK corporation tax	-	-
	-	-
Deferred taxation		
Origination and reversal of timing differences	690	4,759
Effect of tax rate change on opening balance	(1,709)	-
Adjustments in respect of prior periods	828	(226)
Total deferred taxation	(191)	4,533
Total tax (receipt)/expense	(191)	4,533

	2020			2019		
	Current Tax £	Deferred tax £	Total tax £	Current tax £	Deferred tax £	Total tax £
Taxation						
Recognised in profit and loss account	-	(191)	(191)	-	4,533	4,533

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019: the same as the standard rate of corporation tax in the UK) of 19% (2019: 19%).

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	(219,649)	(182,698)
Corporation tax at standard rate	(41,733)	(34,713)
Effect of expense not deductible in determining taxable profit (tax loss)	2,878	-
Group relief surrendered	39,545	40,031
Adjustments to tax charge in respect of previous periods	(881)	(785)
Total tax (credit)/charge included in profit and loss	(191)	4,533

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A subsequent rate increase to 19% (effective 1 April 2020) was enacted on 11 March 2020.

Ecotalk Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

9 Intangible assets

	Other intangible assets £	Total £
Cost or valuation		
At 1 May 2019	25,331	25,331
At 30 April 2020	25,331	25,331
Amortisation		
At 1 May 2019	11,821	11,821
Amortisation charge	5,066	5,066
At 30 April 2020	16,887	16,887
Carrying amount		
At 30 April 2020	8,444	8,444
At 30 April 2019	13,510	13,510

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2019: £Nil).

10 Tangible assets

	Computer equipment £	Assets under construction £	Total £
Cost			
At 1 May 2019	403,941	87,061	491,002
At 30 April 2020	403,941	87,061	491,002
Depreciation			
At 1 May 2019	242,175	-	242,175
Charge for the year	56,536	-	56,536
At 30 April 2020	298,711	-	298,711
Carrying amount			
At 30 April 2020	105,230	87,061	192,291
At 30 April 2019	161,766	87,061	248,827

Ecotalk Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

11 Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	106,361	782
Amounts owed by related parties	209,380	-
Other debtors	-	623
Prepayments and accrued income	29,969	62,050
Deferred tax assets	15,543	15,352
	<u>361,253</u>	<u>78,807</u>

12 Cash and cash equivalents

	2020 £	2019 £
Cash at bank	<u>88,113</u>	<u>10,128</u>

13 Creditors

	2020 £	2019 £
Due within one year		
Trade creditors	-	890
Amounts due to group undertakings	1,837,373	1,396,328
Social security and other taxes	44,770	1,915
Other payables	-	8,366
Accrued expenses	48,643	5,000
	<u>1,930,786</u>	<u>1,412,499</u>

14 Deferred tax

Analysis of deferred tax

	2020 £	2019 £
Accelerated capital allowances	<u>15,543</u>	<u>15,352</u>

The Company currently holds a deferred tax asset as a result of accelerated capital allowances. The Directors have assessed that the asset is recoverable despite historic losses because the product has been under development and therefore not open to customers. The Company has now opened its services to existing Ecotricity customers and therefore will be looking to generate taxable profits in the near future.

Ecotalk Limited

Notes to the Financial Statements for the Year Ended 30 April 2020

15 Capital and reserves

Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

16 Related party transactions

The Company has taken advantage of the exemptions contained in FRS 102.33 and has not disclosed transactions or balances with wholly owned subsidiaries which form part of the Group.

17 Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. There are no key sources of estimation uncertainty.

18 Ultimate parent undertaking and controlling party

The Company's immediate and ultimate parent undertaking is Ecotricity Group Limited, a Company incorporated in England and Wales. The ultimate controlling party of the Company is D Vince, the only shareholder of Ecotricity Group Limited.

The largest Group in which the results of the Company are consolidated is that headed by Ecotricity Group Limited. No other financial statements include the results of the Company. Consolidated financial statements may be obtained from Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

19 Non adjusting events after the financial period

On 1 May 2020, the Directors of the ultimate parent undertaking enacted a change in structure of the wider group and as such the immediate became Ecotricity New Ventures Limited, a Company incorporated in England and Wales, and ultimate parent undertaking became Green Britain Group Limited, a Company incorporated in England and Wales. There was no financial impact on the Company.