

Registered number:
08241751

GREEN NETWORK UK PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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GREEN NETWORK UK PLC

COMPANY INFORMATION

Directors	Sabrina Corbo David Tuomey Jamie Bradshaw
Company secretary	Blakelaw Secretaries Limited
Registered number	08241751
Registered office	New Kings Court Tollgate Chandler Ford Eastleigh SO53 3LG
Independent auditors	PricewaterhouseCoopers LLP The Atrium 1 Harefiled Road Uxbridge UB8 1EX

GREEN NETWORK UK PLC

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GREEN NETWORK UK PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

The directors present their strategic report and the audited financial statements for the year ended 31 December 2017.

Business review

The year under review presents the first full trading year where Green Network UK Plc ("the company") supplied its subsidiary, Green Network Energy Ltd ("the subsidiary"), with physical trades of power and gas for sale to the UK market. In addition, the company continued with the financial trading activity on the energy markets.

The main contribution to turnover shifted primarily to the UK market with an exclusive purchase agreement between the company and BP in order to secure supply for the UK subsidiary. Turnover for 2018 is expected to grow off the back of the strategic growth plans of the subsidiary's increase in customers served in the residential market and entry into the SME market.

Financial key performance indicators

The Key Performance Indicators of the company are turnover, TWh quantity and profit before taxation. A brief analysis of these is shown below:

	2017	2016	Variance
Turnover	€30,578,324	€31,452,728	(3%)
TWh quantity	0.79	1.02	(23%)
Operating loss	(€2,096,948)	(€5,644,876)	(62%)

Principal risks and uncertainties

The principal risk and uncertainties impacting the Group relate to the economic & political uncertainty in the global economy, in particular in Europe and the UK, the fluctuations in the Oil & Gas prices in the commodity and financial markets and the potential counterparty risk. While these risks are not new they continue to have an effect on all businesses in the energy trading sector.

The cost of the commodities (electricity and gas) and the volatility and exposure of future price increase. The UK is going to be more and more gas dependent whose cost is strongly influenced by renewable production both in the UK and other European markets and also by the sterling exchange rate, particularly unpredictable during this Brexit dealing period.

Gas price fluctuation, however, is both a potential risk and opportunity for the Group. The price of Oil continues fluctuate around the benchmark set at the start of the financial year, while this will have less of an effect directly on the business it will continue to be a potential risk to the wholesale market as a whole.

Besides the impact on gas price due to volatility of currency exchange rate, we do not expect material impact of Brexit deals in our business.

This report was approved by the board and signed on its behalf.


.....
Sabrina Corbo
Director

Date: 22/06/2018

GREEN NETWORK UK PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal activities

The principal activity of the company continued to be the trading of electrical energy.

The results for the year and the financial position at the end of the year were considered satisfactory by the directors who expect continued growth in the foreseeable future.

There are no qualifying indemnities in place in respect of directors.

Results and dividends

The profit for the financial year amounted to €1,200,268 (2016 - loss €5,556,383).

No dividends have been declared or paid during the year (2016: Nil).

GREEN NETWORK UK PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Directors

The directors who served during the year were:

Sabrina Corbo
Jamie Bradshaw
David Tuomey

Future developments

This information is contained in the Business review section set out on page 1 of The Strategic Report.

Financial instruments

Treasury operations and financial instruments

The company has various financial instruments arising from its activities and operations. The company does not trade speculatively or otherwise with regard to derivatives or similar instruments.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The company is exposed to fair value interest rate risk on any fixed rate borrowings and cash flow interest rate risk on any floating rate deposits, bank overdrafts and loans.

Foreign currency risk

The company's principal foreign currency exposures arise from funding from it's overseas parent.

Credit risk

Investment of cash surpluses and borrowings are made through banks and companies who must be approved by the Board. Debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Counterparty risk

The company is partially reliant on its subsidiary supplying power and gas in the UK market. The subsidiary, Green Network Energy Limited, supplies energy to mainly to the residential UK market with a recent entry into the SME supply market.

Price risk

The company hedges against the risk of adverse movement in energy prices by fixing the price of its purchases and sales of energy through the use of forward contracts.

GREEN NETWORK UK PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Going concern

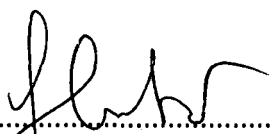
The directors have considered the business activities, together with the factors likely to affect its future development, its financial position, including its exposures to price, credit, liquidity and cash flow risk.

After making enquiries and as confirmed by group management, the directors have a reasonable expectation that the company and the Green Network Group have adequate resources to continue in operational existence for the foreseeable future and will have the support of the parent company. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution confirming their reappointment will be proposed at the Annual General Meeting.

This report was approved by the board and signed on its behalf.


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Sabrina Corbo
Director

Date: 22/06/2018

Independent auditors' report to the members of Green Network UK PLC

Report on the audit of the financial statements

Opinion

In our opinion, Green Network UK PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



John Dashwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
22 June 2018

GREEN NETWORK UK PLC
REGISTERED NUMBER: 08241751

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 €	2016 €
Turnover	4	30,578,324	31,452,728
Cost of sales	5	(27,865,367)	(31,708,597)
Gross profit/(loss)		<u>2,712,957</u>	<u>(255,869)</u>
Other operating income	6	6,737,536	115,421
Other operating expenses		(6,431,367)	-
Administrative expenses	7	(5,116,074)	(5,504,428)
Operating loss		<u>(2,096,948)</u>	<u>(5,644,876)</u>
Gain on financial instruments at fair value through profit and loss	21	3,771,311	934,197
Profit/(loss) before interest and taxation		<u>1,674,363</u>	<u>(4,710,679)</u>
Interest receivable and similar income	12	48	19
Interest payable and similar expenses	13	(474,143)	(829,043)
Profit/(loss) before taxation		<u>1,200,268</u>	<u>(5,539,703)</u>
Tax on profit/(loss)	14	-	(16,680)
Profit/(loss) for the financial year		<u><u>1,200,268</u></u>	<u><u>(5,556,383)</u></u>

There was no other comprehensive income for 2017 (2016 - loss €5,556,383)

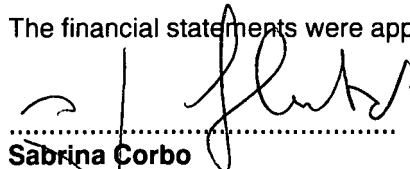
The notes on pages 10 to 27 form part of these financial statements.

GREEN NETWORK UK PLC
REGISTERED NUMBER: 08241751

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 €	2016 €
Fixed assets			
Intangible assets	15	95,500	159,750
Tangible assets	16	509,627	475,602
Investments	17	10,001	10,001
		<u>615,128</u>	<u>645,353</u>
Current assets			
Debtors: amounts falling due after more than one year	18	339,838	428,433
Debtors: amounts falling due within one year	18	38,938,827	23,654,477
Cash at bank and in hand	19	2,461,675	1,694,203
		<u>41,740,340</u>	<u>25,777,113</u>
Creditors: amounts falling due within one year	20	(40,565,700)	(29,832,966)
Net current assets/(liabilities)		<u>1,174,640</u>	<u>(4,055,853)</u>
Total assets less current liabilities		<u>1,789,768</u>	<u>(3,410,500)</u>
Net assets/(liabilities)		<u><u>1,789,768</u></u>	<u><u>(3,410,500)</u></u>
Capital and reserves			
Called up share capital	22	5,097,024	1,097,024
Profit and loss account	23	(3,307,256)	(4,507,524)
Total equity		<u><u>1,789,768</u></u>	<u><u>(3,410,500)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Sabrina Corbo
 Director

Date: 22/06/2018

The notes on pages 10 to 27 form part of these financial statements.

GREEN NETWORK UK PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2016	1,097,024	1,048,859	2,145,883
Loss for the financial year	-	(5,556,383)	(5,556,383)
At 31 December 2016	<u>1,097,024</u>	<u>(4,507,524)</u>	<u>(3,410,500)</u>

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2017	1,097,024	(4,507,524)	(3,410,500)
Increase in Share Capital	4,000,000	-	4,000,000
	<u>5,097,024</u>	<u>(4,507,524)</u>	<u>589,500</u>
Profit for the financial year	-	1,200,268	1,200,268
At 31 December 2017	<u>5,097,024</u>	<u>(3,307,256)</u>	<u>1,789,768</u>

During the year the loan from the parent company of €4,000,000 was converted into share capital.

The notes on pages 10 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. General information

Green Network UK Plc is a company registered in England and Wales under registration number 08241751. The registered office is New Kings Court Tollgate, Chandlers Ford, Eastleigh, SO53 3LG. Its principal trading address is 5th Floor St Martin's Court, 10 Paternoster Row, London, EC4M 7HP. The nature of the company's operations is the trading of electrical energy and gas.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirements to do so under section 400 Companies Act 2006 as it is a subsidiary undertaking of SC holdings Srl, a company incorporated in Italy, and is included in the consolidated financial statements of that company.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.
- the requirements of Section 11 & 12 financial instrument disclosures, paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29,

This information is included in the consolidated financial statements of SC Holdings Srl as at 31 December 2017 and these financial statements may be obtained from Rome, C.A.P 00198, Italy.

2.3 Going concern

The company meets its day to day working capital requirements through continued financial support from the parent company Green Network SpA. The financial support will be made available for a period of not less than 12 months from the date of signing these financial statements. The directors have received confirmation of this support. On the basis of this confirmation of support, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and as such, they continue to adopt the going concern basis of accounting in preparing the financial statements.

GREEN NETWORK UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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:

Revenue represents amounts receivable for electricity supplied net of VAT. Revenue is recognised on an accruals basis as and when the electricity is supplied.

2.5 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 ten years.

The estimated useful lives range as follows:

Computer software	-	4	years
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2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 25%	straight line
Office equipment	- 33%	straight line
Computer equipment	- 33%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.7 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.

2.8 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.

2.9 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.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, 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 debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the 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 out-right 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.

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 Statement of Comprehensive Income.

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

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.

The company enters into various contracts for the sale and purchase of energy and to mitigate price risks on their activities. Contracts which are for the forward purchase or sale of energy are treated as purchases and sales in the ordinary course of business and therefore not recognised as financial instruments, but are disclosed as commitments at the balance sheet date. Contracts entered into to manage price risk and which do not result in the physical delivery of energy are treated as financial instruments and are recognised at fair value with changes in value recognised directly in the statement of comprehensive income.

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The company does not hedge account for such transactions. The valuation method used to determine the fair value is described in note 3.

2.11 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.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Euros.

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 the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.16 Taxation

The taxation expense for the year comprises current tax recognised in the reporting period and is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income. Current taxation assets and liabilities are not discounted.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Financial instruments

The company enters into various contracts for the sale and purchase of energy and to mitigate price risks on their activities. Contracts entered into to manage price risk and which do not result in the physical delivery of energy are treated as financial instruments and are recognised at fair value with changes in value recognised directly in the statement of comprehensive income. These grant the company the right to buy or sell energy at a fixed price over the life of the contracts. The fair value of these contracts as at the balance sheet date has been calculated using a weighted average forward price for delivery over the life of the contracts as published by the European Energy Exchange. Any gain or loss is recognised in the Statement of Comprehensive Income.

GREEN NETWORK UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

4. Turnover

An analysis of turnover by geographic delivery location is as follows:

	2017 €	2016 €
Italy	-	2,044,996
Germany	-	29,407,732
United Kingdom	30,578,324	-
Total	<u>30,578,324</u>	<u>31,452,728</u>

All turnover arose from the company's principal activity.

5. Cost of sales

	2017 €	2016 €
Energy - UK	27,865,367	406,433
Energy - Germany	-	31,302,164
Total	<u>27,865,367</u>	<u>31,708,597</u>

6. Other operating income

	2017 €	2016 €
Recharge of Rent	660,619	115,421
Recharge of shipping cost	5,944,000	-
Recharge of trading fees	132,917	-
Total	<u>6,737,536</u>	<u>115,421</u>

GREEN NETWORK UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

7. Administrative expenses

	2017 €	2016 €
Administrative charges	202,038	1,284,107
Advertising and promotion	161,435	48,169
Auditors' remuneration	25,000	40,000
Bank charges	9,010	6,719
Companies House fees	-	1,796
Computer costs	146,747	228,058
Depreciation and amortisation	276,622	171,108
Directors salaries	824,103	350,660
Entertainment	25,273	3,383
Hotels, travel and subsistence	113,177	188,717
Internet costs	72,379	115,651
Legal and professional	499,489	690,427
Others	75,844	1,009
Printing and stationery	15,546	14,317
Rent - operating leases	1,013,802	812,731
Staff salaries	1,453,472	980,137
Staff training	2,109	7,882
Staff welfare	118,956	533,980
Telephone and fax	81,072	25,577
Total	<u>5,116,074</u>	<u>5,504,428</u>

GREEN NETWORK UK PLC

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2017 €	2016 €
Depreciation of tangible fixed assets	212,372	117,858
Amortisation of intangible assets, including goodwill	64,250	53,250
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	25,000	40,000
Exchange differences	82,923	133,054
Other operating lease rentals	<u>812,525</u>	<u>812,731</u>

9. Auditors' remuneration

	2017 €	2016 €
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	<u>25,000</u>	<u>40,000</u>

10. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 €	2016 €
Wages and salaries	1,241,769	1,182,401
Social security costs	211,704	148,396
Staff accommodation	118,956	533,980
Total	<u>1,572,429</u>	<u>1,864,777</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Administration – directors	3	3
Staff	11	14
Total	<u>14</u>	<u>17</u>

GREEN NETWORK UK PLC

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Directors' remuneration

	2017	2016
	€	€
Directors' emoluments	458,455	350,660
Directors' expenses	365,648	407,878
Total	<u><u>824,103</u></u>	<u><u>758,538</u></u>

The highest paid director received remuneration of €824,103 (2016 - €758,538).

12. Interest receivable and similar income

	2017	2016
	€	€
Other interest receivable	48	19
Total	<u><u>48</u></u>	<u><u>19</u></u>

13. Interest payable and similar expenses

	2017	2016
	€	€
Bank interest payable	9,467	19,856
Guarantees	215,250	502,820
Foreign exchange differences	82,923	133,054
Other interest payable	41,625	135,790
Interest payable to group undertakings	124,878	37,523
Total	<u><u>474,143</u></u>	<u><u>829,043</u></u>

14. Tax on profit/(loss)

	2017	2016
	€	€
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	-	(34,250)
Deferred tax	-	50,930
Tax on profit	<u><u>-</u></u>	<u><u>16,680</u></u>

GREEN NETWORK UK PLC

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Tax on profit/(loss) (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 €	2016 €
Profit/(loss) before taxation	<u>1,200,268</u>	<u>(5,539,703)</u>
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	231,052	(1,107,941)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	14,885	401,637
Capital allowances for year less than/(in excess) of depreciation	46,528	(22,050)
Deferred tax prior year	-	-
Unrelieved tax losses (utilised)/carried forward	(292,465)	694,521
Difference in tax rates	-	(417)
Current year deferred tax movement	-	50,930
Total tax (credit)/charge for the year	<u>-</u>	<u>16,680</u>

GREEN NETWORK UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

14. Tax on (loss)/profit (continued)

Factors that may affect future tax charges

The company has estimated tax losses of €5,646,685 (2016: €3,478,364) available for carry forward against future trading profits.

The Finance Act No. 2 includes legislation which will reduced the rate of tax to 19% and to 18% from 1 April 2020. The Finance Act (No. 2) 2015 was substantively enacted on 26 October 2015. Subsequent to this the Finance Act 2017 was substantively enacted on 6 September 2016 and includes legislation to further reduce the rate from 1 April 2020 to 17%.

15. Intangible assets

	Computer software €
Cost	
At 1 January 2017	257,000
At 31 December 2017	<u>257,000</u>
Accumulated amortisation	
At 1 January 2017	97,250
Charge for the year	64,250
At 31 December 2017	<u>161,500</u>
Net book value	
At 31 December 2017	<u><u>95,500</u></u>
At 31 December 2016	<u><u>159,750</u></u>

GREEN NETWORK UK PLC

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. Tangible assets

	Fixtures and fittings €	Office equipment €	Computer equipment €	Total €
Cost				
At 1 January 2017	316,854	235,711	84,345	636,910
Additions	211,481	10,709	24,207	246,397
At 31 December 2017	<u>528,335</u>	<u>246,420</u>	<u>108,552</u>	<u>883,307</u>
Accumulated depreciation				
At 1 January 2017	59,776	64,866	36,666	161,308
Charge for the year on owned assets	100,483	78,690	33,199	212,372
At 31 December 2017	<u>160,259</u>	<u>143,556</u>	<u>69,865</u>	<u>373,680</u>
Net book value				
At 31 December 2017	<u>368,076</u>	<u>102,864</u>	<u>38,687</u>	<u>509,627</u>
At 31 December 2016	<u>257,078</u>	<u>170,845</u>	<u>47,679</u>	<u>475,602</u>

17. Investments

	Investments in subsidiary companies €
Cost or valuation	
At 1 January 2017	10,001
Additions	-
At 31 December 2017	<u>10,001</u>
Net book value	
At 31 December 2017	<u>10,001</u>
At 31 December 2016	<u>10,001</u>

GREEN NETWORK UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

17. Investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Green Network Power & Gas Limited	Ordinary (Dissolved 28/01/2018)	100%	Supply of gas and electricity to UK residential electricity and gas customers
Green Network Energy Limited	Ordinary	100%	Supply of gas and electricity to UK residential electricity and gas customers

The address of the registered office of Green Network Energy Limited is New Kings Court Tollgate, Chandlers Ford, Eastleigh, Hants, England, SO53 3LG.

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves €	Profit/(loss) €
Green Network Energy Limited	<u>(8,839,834)</u>	<u>(6,301,434)</u>

GREEN NETWORK UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

18. Debtors

	2017 €	2016 €
Due after more than one year		
Trade deposits	339,838	428,433
Total	<u>339,838</u>	<u>428,433</u>
	2017 €	2016 €
Due within one year		
Amounts owed by group undertakings	3,045,144	2,728,590
Accrued income from group undertakings	7,471,067	3,442,565
Other debtors	29,367	29,367
Amounts recoverable on long term contracts	-	234,908
Deferred taxation	772,657	-
Financial instruments	24,514,969	15,922,738
Prepayments and accrued income	3,105,623	1,296,309
Total	<u>38,938,827</u>	<u>23,654,477</u>

Debtors due in more than one year relate to trading deposits held by third parties until the termination of the trading relationship. Therefore, since there is no fixed date of redemption, these balances have not been discounted.

Amounts owed by group and associated undertakings are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

19. Cash at bank and in hand

	2017 €	2016 €
Cash at bank and in hand	2,461,675	1,694,203
Total	<u>2,461,675</u>	<u>1,694,203</u>

GREEN NETWORK UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

20. Creditors: Amounts falling due within one year

	2017	2016
	€	€
Trade creditors	2,073,573	3,327,328
Amounts owed to group undertakings	6,839,866	6,960,343
Corporation tax	-	-
Other taxation and social security	169,569	86,805
Accrued costs from group undertakings	1,294,746	135,850
Financial instruments - derivative financial instruments	20,448,351	15,511,407
Accruals and deferred income	9,739,595	3,811,233
Total	<u>40,565,700</u>	<u>29,832,966</u>

Amounts owed to group undertakings and the loan from the parent company are unsecured, interest-free, have no fixed date of repayment and repayable on demand. Therefore, these balances have not been discounted.

GREEN NETWORK UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

21. Financial instruments

The table below sets out the company's FRS 102 classification of each of its financial assets and liabilities at 31 December 2017. All amounts not held at fair value are stated at their carrying value which approximates to fair value.

	2017 €	2016 €
Financial assets		
Equity instruments measured at cost less impairment	10,001	10,001
Financial assets at fair value through profit or loss	24,514,969	15,922,738
Debt instruments measured at amortised cost	15,978,373	9,590,129
Total	<u>40,503,343</u>	<u>25,522,868</u>

Financial liabilities

Financial liabilities at fair value through profit or loss	(20,448,351)	(15,511,407)
Financial liabilities measured at amortised cost	(19,168,295)	(14,234,754)
Total	<u>(39,616,646)</u>	<u>(29,746,161)</u>

Financial assets at amortised cost comprise cash, short-term deposits, short term and long term trade and other debtors, including amounts owed by group companies, and accrued income. Financial liabilities at amortised cost comprise short term trade and other creditors, including amounts owed to group companies and accruals. Financial assets at fair value include derivative financial contracts which replicate the forward sale of energy. Financial liabilities at fair value include derivative financial contracts which replicate the forward purchase of energy.

The company mitigates the risk of adverse movements in energy prices by using derivative financial instruments in the form of derivative contracts which replicate the forward purchase and sale of energy. These grant the company the right to buy or sell energy at a fixed price over the life of the contracts. The fair value of these contracts as at the balance sheet date has been calculated using a weighted average forward price for delivery over the life of the contracts as published by the European Energy Exchange. Any gain or loss is recognised in the Statement of Comprehensive Income.

GREEN NETWORK UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

The company enters into various contracts for the sale and purchase of energy and to mitigate price risks on their activities. Contracts which are for the forward purchase or sale of energy are treated as purchases and sales in the ordinary course of business and therefore not recognised as financial instruments, but are disclosed as commitments at the balance sheet date. Contracts entered into to manage price risk and which do not result in the physical delivery of energy are treated as financial instruments and are recognised at fair value with changes in value recognised directly in the statement of comprehensive income. The company does not hedge account for such transactions. At the balance sheet date the company had recognised financial liabilities with a fair value of €20,448,351 (2016: €15,511,407) in relation to these contracts. The amount that the company is contractually obliged to pay on maturity in respect of these contracts recognised as financial liabilities as at 31 December 2017 was €142,532,686 (2016: €44,132,411). In addition, at the balance sheet date the company had recognised financial assets in relation to contracts with third parties with a fair value of €24,514,969 (2016: €15,922,738). The amount that the company is contractually entitled to receive in respect of these contracts was €119,475,208 (2016: €46,982,524). The income recognised in the income statement in respect of these fair value adjustments was a gain of €3,771,311 (2016: €934,197). These contracts all require delivery within one year.

At the balance sheet date the amount that the company was contractually obliged to pay on maturity in respect of the physical contracts for the forward purchase and sale of energy was €58,069,129 (2016: €31,996). The amount that the company was contractually entitled to receive in respect of these contracts was €11,012,271 (2016: €8,110). These contracts all require delivery within one year.

	2017	2016
	€	€
22. Called up share capital		
Allotted, called up and fully paid		
5,097,024 (2016: 1,097,024) Ordinary shares of €1 each	<u>5,097,024</u>	<u>1,097,024</u>

23. Profit and loss account

The profit and loss account comprises the balance of profits accumulated over the life of the company.

24. Commitments under operating leases.

The Company had no commitments under the non-cancellable operating leases as at the balance sheet date.

GREEN NETWORK UK PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

25. Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 not to disclose transactions entered into between two or members of a group, as the company is a wholly owned subsidiary of the group to which it is a party to the transactions.

The company had the following transactions with Orsa Saiwai Limited, a company incorporated in the United Kingdom, of which the director, David Tuomey, is also a director: administrative fees payable were €28,000 (2016: €144,620) including an accrual at the year end of €28,000 (2016: €35,522).

26. Controlling party

The immediate parent company is Green Network SpA, a company incorporated in Italy. The ultimate parent company is SC Holdings Srl, a company incorporated in Italy. The ultimate controlling party is the director Sabrina Corbo.

The smallest and largest group in which the results of Green Network UK Plc are consolidated is that headed by SC Holdings Srl. The consolidated financial statements of SC Holdings Srl are available to the public from:

SC Holdings Srl
Rome
C.A.P 00198
Italy