Company Registration No. 09523024 (England and Wales)

BUSINESS POWER AND GAS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2019

BUSINESS POWER AND GAS LIMITED

COMPANY INFORMATION

Directors	Mr D R S Priestley Mr C M Jones Mr T D Ellis Mr M E Abbott
Company number	09523024
Registered office	Jubilee House East Beach Lytham St. Annes Lancashire FY8 5FT
Auditor	RSM UK Audit LLP Chartered Accountants Bluebell House Brian Johnson Way Preston Lancashire PR2 5PE

BUSINESS POWER AND GAS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their Strategic report on the company for the year ended 30 September 2019.

Principal activities

Business Power and Gas Limited is a licensed supplier of electricity and gas, specialising in supplying business customers in the commercial and industrial sector.

Fair review of the business

Trading performance

In the year ended 30 September 2019 the company continued its growth by servicing a number of new customer contracts that commenced in the year. Revenue generated in respect of its operations was £42.5m (2018: £17.1m).

Overall gross profit has increased during the year by 80% to £1.2m (2018: £0.7m). Gross profit margin has reduced to 2.9% (2018: 4.0%) reflective of larger customer contracts won that typically are at lower margin, combined with the variability of energy costs consumed by customers.

The company's pre-tax profit for the year amounted to £0.5m (2018: profit of £0.2m). The current year tax charge was £0.09m after relief of brought forward losses incurred when the business was being established (2018: £0.03m).

The company made a profit after tax in the financial year of £0.4m (2018: £0.1m).

Financial position

The company's net assets amounted to £26,000 (2018: net liabilities of £400,000) at the year end.

Cash balances held at the year-end reduced to £1.6m from £2.5m due to the timing of payments to suppliers.

Key performance indicators ("KPI's")

The main financial KPI's used by the directors in assessing performance are Revenue and EBITDA. For the purpose of assessing the performance of the business, comparatives are provided for the year ended 30 September 2018.

As stated above, EBITDA increased to £0.5m (2018: £0.2m) due to securing a number of new customers in the period.

	Year ended 30 Sept 2019 £000s	Year ended 30 Sept 2018 £000s
Revenue	42,464	17,112
EBITDA	529	197

Principal risks and uncertainties

Credit risk – customers do not pay their bills

With the continued growth in the business, the wider economic environment, and the inherent risk that customers may not be able to pay, there is a risk of the company incurring losses due to the non-payment of invoices.

All new customers are credit checked ahead of the supply contract being signed and credit insurance is sought for all customers. Where credit insurance cannot be attained, other credit risk migration is established, which includes but is not limited to, measures such as security deposits and advance payments.

Volatility in commodity prices

The energy commodity market can be volatile, which could lead to significant variations in the price that the company pays for the energy it supplies. The company adopts a prudent approach to commodity price risk. The trading team at the company is highly experienced and operates a robust and timely commodity purchasing strategy to ensure the company maintains an efficient and effective hedge which protects against energy price rises.

When the commodity market falls, under a number of its wholesale counterparty trading arrangements there is a potential cash liquidity risk, as the mark-to-market position the business holds with its commodity trading counterparties leads to an increased likelihood of a "cash call" for additional trading security.

The company holds appropriate cash balances and funding arrangements, allowing the business to provide collateral to its trading counterparties, ensuring the company can continue to hedge in volatile market conditions. The Board will continue to identify further mitigation available, for example via alternative trading arrangements and additional counterparties.

Data Integrity

As with any energy supply business, the company is reliant on large amounts of data for the business to function effectively. If systems are unavailable for a prolonged period, there is a risk that the business would be unable to issue invoices to customers or to communicate electronically with the energy industry and so would be unable to collect the cash necessary to settle its liabilities or operate under its licence obligations.

To deal with the risk of system downtime, the business has a robust information technology infrastructure and business continuity plan. This involves system backups and measures to restore business operation as soon as possible.

Relationship with regulatory bodies

The company is a licensed gas and electricity supplier, and therefore has a direct regulatory relationship with the various regulatory bodies within the industry, in particular Ofgem, the Office of Gas and Electricity Markets. If the company fails to maintain an effective relationship with these regulatory bodies and comply with its licence obligations, it could be subject to fines or ultimately, to the removal of its licences.

The company has a management team and senior staff with extensive industry experience and broad experience in dealing effectively with the various regulatory bodies. The company continuously monitors and takes appropriate actions in relation to complying with regulations.

BUSINESS POWER AND GAS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Post balance sheet events

Since the financial year end, the global COVID-19 pandemic has had a significant impact on day to day life resulting in the company having to adapt to an unprecedented and complex set of circumstances. Despite the challenging conditions, the company's operations have not been significantly affected with service provision to customers remaining consistent with pre COVID-19 levels following the successful and rapid implementation of working from home measures.

Technological solutions have been fully utilised to maintain, or in a significant number of cases, increase contact and engagement with customers, in order to assist in dealing with their energy needs during the COVID-19 outbreak.

The main impact on the company of the COVID-19 outbreak was that in many cases customer energy consumption reduced during the COVID-19 lockdown period which resulted in lower than expected profitability and a fall in wholesale energy prices caused an increased requirement for cash collateral to be placed to support the hedged energy. The company has demonstrated sufficient financial resilience to withstand these challenges and continues to meet all payment obligations in full and on time.

During the lockdown period the management team have improved the commercial terms of its key supplier arrangements and in August 2020 the company secured a further £3.5m of funding under flexible arrangements from a leading UK bank which has further strengthened the liquidity of the company and positions it for future growth.

The directors have considered the impact of COVID-19 on the operations of the business and following this review, at the time of approving the financial statements, believe the group in which the company is a member is in a strong position to withstand the resulting economic impacts of COVID-19. The company holds sufficient liquid assets to service current liabilities and the potential for any losses. The management team are regularly completing impact assessments and updating forecasts and projections to ensure that the directors are in a strong position to react to the ever-changing situation and to take the necessary actions needed to safeguard the company.

As such the directors have deemed it appropriate to adopt the going concern basis of preparation for the accounts.

Future Outlook

Contracted revenue for FY 2020 was £60m at 30 September 2019 and the Board therefore expects revenues to exceed the level recognised in FY 2019.

On behalf of the board

....
Mr T D Ellis
Director

Date: 29/9/2020

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their annual report and financial statements for the year ended 30 September 2019.

Principal activities
The principal activity of the company continued to be that of supplying electricity and gas to business customers.

On 6 June 2019, the company allotted 99 Ordinary shares with a par value of £1.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D R S Priestley
Mr C M Jones
Mr T D Ellis
Mr M E Abbott (Appointed 16 April 2019)

Results and dividends
The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Post reporting date events
On 1 October 2019, EHG Limited purchased all of the issued share capital of the company. From this date Energia Holdings Limited is no longer deemed to be the ultimate parent company.

Subsequent to the year end, the global COVID-19 pandemic has occurred. This is considered to be a non-adjusting post balance sheet event and is further discussed in the strategic report.

Auditor
RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Strategic report
The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

T D Ellis
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Mr T D Ellis
Director

Date: 29/9/2020..............................

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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. They 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUSINESS POWER AND GAS LIMITED

Opinion

We have audited the financial statements of Business Power and Gas Limited (the 'company') for the year ended 30 September 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

RSM UK Audit LLP

Anthony Steiner FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire, PR2 5PE

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29 September 2020

BUSINESS POWER AND GAS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	42,464,395	17,112,174
Cost of sales		(41,222,861)	(16,423,196)
Gross profit		1,241,534	688,978
Administrative expenses		(733,487)	(510,055)
Operating profit	6	508,047	178,923
Interest receivable and similar income	7	2,139	-
Profit before taxation		510,186	178,923
Tax on profit	8	(86,667)	(30,851)
Profit for the financial year		423,519	148,072

Company Registration No. 09523024

BUSINESS POWER AND GAS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	9		102,049		109,599
Tangible assets	10		91,916		37,436
			193,965		147,035
Current assets					
Debtors	11	13,561,410		6,502,954	
Cash at bank and in hand		1,602,360		2,534,698	
		15,163,770		9,037,652	
Creditors: amounts falling due within one year	12	(15,326,254)		(9,582,528)	
Net current liabilities			(162,484)		(544,876)
Total assets less current liabilities			31,481		(397,841)
Provisions for liabilities	13		(5,704)		-
Net assets/(liabilities)			25,777		(397,841)
Capital and reserves					
Called up share capital	16		100		1
Profit and loss reserves	17		25,677		(397,842)
Total equity			25,777		(397,841)

The financial statements were approved by the board of directors and authorised for issue on 29/9/2020 and are signed on its behalf by:

Mr T D Ellis
Director

BUSINESS POWER AND GAS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2017		1	(545,914)	(545,913)
Year ended 30 September 2018:				
Profit and total comprehensive income for the year		-	148,072	148,072
Balance at 30 September 2018		1	(397,842)	(397,841)
Year ended 30 September 2019:				
Profit and total comprehensive income for the year		-	423,519	423,519
Issue of share capital	16	99	-	99
Balance at 30 September 2019		100	25,677	25,777

1 Accounting policies

Company information

Business Power and Gas Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Jubilee House, East Beach, Lytham St. Annes, Lancashire, FY8 5FT.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Energia Holdings Limited. These consolidated financial statements are available from its registered office, Jubilee House, East Beach, Lytham St. Annes, Lancashire, FY8 5FT.

1 Accounting policies (Continued)

Going concern

The directors have considered the impact of COVID-19 on the operations of the business and following this review, at the time of approving the financial statements, believe the group in which the company is a member is in a strong position to withstand the resulting economic impacts of COVID-19. The company holds sufficient liquid assets to service current liabilities and the potential for any losses.

The group management team are regularly completing impact assessments and updating group forecasts and projections to ensure that the directors are in a strong position to react to the ever-changing situation and to take the necessary actions needed to safeguard the company. The forecasts have been stress tested to consider the potential impact of future disruption to the economy from a full lockdown, based on the experience of the activity in March and April 2020. The availability of cash is monitored at both a company and group level by the group management team.

Confirmation has been received that amounts owed to two directors, will not be requested to be repaid unless sufficient funds are available to facilitate this, without impacting upon the ability of the business to continue to operate as a going concern.

Confirmation has also been received that amounts owed within the group will not be requested by other group companies for payment until such time as sufficient funds are available. Whilst the intergroup support is non-binding, the directors do not consider there to be any uncertainty regarding either of the aforementioned confirmations received.

As such the directors have deemed it appropriate to adopt the going concern basis of preparation for the accounts.

Turnover

The company enters into contracts to supply gas and electricity to its customers. Revenue represents the fair value of the consideration received or receivable from the sale of actual and estimated gas and electricity supplied during the year, net of discounts and value-added tax. For both electricity and gas supplied, revenue is recognised on consumption.

Revenue is recognised when the associated risks and rewards of ownership have been transferred, to the extent that it is probable that the economic benefits associated with the transaction will flow to the company, and where the revenue can be measured reliably.

The majority of the volume of the electricity and gas supplied by the company relates to supplies where automated regular data is available to the company through half hourly energy meters. This consumption data is used to accurately calculate the consumption of the site and the associated turnover.

In the minority of cases sites supplied do not have a half hourly energy meter and therefore, consistent with industry practice, turnover includes the directors' best estimate of differences between sales and billed sales. The company invests in ensuring that physical meter readings are made at the commencement of the customer contract and shortly into the supply contract to ensure that reasonable estimates of consumption for that supply can be made. This estimate is complimented by available industry data, and also seasonal usage curves based on historic usage data.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

1 Accounting policies (Continued)

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	20% straight line
Electricity supply licence	Straight line over 35 years

The useful economic life of the electricity supply licence (the licence) is 35 years from 1 October 2016. The licence can be revoked after 10 years by the Gas and Electricity Markets Authority by providing a minimum of 25 years written notice.

Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	5% straight line
Office equipment	10% - 20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

The estimated useful life of office equipment has been changed from 25% reducing balance to straight line over five to ten years due to a change in the pattern of consumption of the asset. Consequently, the net book value brought forward is to be depreciated using the revised depreciation method. The impact on the profit and loss account this year is depreciation charged has reduced by £2,510. Tangible fixed assets have also been affected by this change.

Impairment of fixed assets
At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash and cash equivalents
Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held with banks.

Financial instruments
The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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 Accounting policies (Continued)

Basic financial assets
Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments
Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Derivatives
The company uses commodity purchase contracts to hedge its exposures to fluctuations in gas and electricity commodity prices.

The majority of commodity purchase contracts are expected to be delivered entirely to the company's customers and therefore the company classifies them as "own use" contracts. This is achieved when:

- a physical delivery takes place under all such contracts;
- the volumes purchased or sold under the contracts correspond to the company's operating requirements; and
- no part of the contract is settled net in cash.

This classification as "own use" allows the company not to recognise the commodity purchase contracts on its balance sheet at the year end.

The commodity purchase contracts that do not meet the criteria listed above are recognised at fair value, in accordance with FRS 102.

The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors consider that there are no significant judgements or estimates required in the preparation of these financial statements.

3 Turnover and other revenue

	2019	2018
	£	£
Turnover analysed by class of business		
Electricity and gas supply	42,464,395	17,112,174

	2019	2018
	£	£
Other revenue		
Interest income	2,139	-

	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	42,464,395	17,112,174

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Operations	6	3
Administration	7	6
	13	9

4 Employees (Continued)

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	447,807	287,690
Social security costs	68,384	49,689
Pension costs	20,091	11,339
	536,282	348,718

5 Directors' remuneration

	2019	2018
	£	£
Remuneration paid to directors	11,468	-
Pensions	6,980	-
Sums paid to third parties for directors' services	18,927	12,772
	37,375	12,772

6 Operating profit

	2019	2018
Operating profit for the year is stated after charging:	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	15,900	15,900
Depreciation of owned tangible fixed assets	13,333	10,100
Loss on disposal of tangible fixed assets	150	-
Amortisation of intangible assets	7,550	7,713
Operating lease charges	41,200	31,977

7 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	2,139	-

8 Taxation

	2019	2018
	£	£
Deferred tax		
Origination and reversal of timing differences	86,667	30,851

8 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	510,186	178,923
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	96,935	33,995
Tax effect of expenses that are not deductible in determining taxable profit	287	485
Adjustment of deferred tax to average rate of 19.00%	(10,236)	(3,629)
Deferred tax not recognised	(340)	-
Fixed asset differences	21	-
Taxation charge for the year	86,667	30,851

9 Intangible fixed assets

	Software £	Electricity supply licence £	Total £
Cost			
At 1 October 2018 and 30 September 2019	23,465	100,000	123,465
Amortisation and impairment			
At 1 October 2018	8,152	5,714	13,866
Amortisation charged for the year	4,693	2,857	7,550
At 30 September 2019	12,845	8,571	21,416
Carrying amount			
At 30 September 2019	10,620	91,429	102,049
At 30 September 2018	15,313	94,286	109,599

10 Tangible fixed assets

	Leasehold Improvements	Office equipment	Total
	£	£	£
Cost			
At 1 October 2018	-	55,278	55,278
Additions	49,087	18,876	67,963
Disposals	-	(210)	(210)
At 30 September 2019	49,087	73,944	123,031
Depreciation and impairment			
At 1 October 2018	-	17,842	17,842
Depreciation charged in the year	1,584	11,749	13,333
Eliminated in respect of disposals	-	(60)	(60)
At 30 September 2019	1,584	29,531	31,115
Carrying amount			
At 30 September 2019	47,503	44,413	91,916
At 30 September 2018	-	37,436	37,436

11 Debtors

	2019	2018
Amounts falling due within one year:	£	£
Trade debtors	1,307,135	602,228
Amounts owed by group undertakings	32,741	9,539
Other debtors	5,419,747	3,854,604
Prepayments and accrued income	6,801,787	1,955,620
	13,561,410	6,421,991
Deferred tax asset	-	80,963
	13,561,410	6,502,954

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,801,007	1,087,732
Amounts owed to group undertakings	100,000	-
Taxation and social security	1,207,386	473,439
Other creditors	6,668,138	5,912,075
Accruals and deferred income	5,549,723	2,109,282
	15,326,254	9,582,528

Included within other creditors are amounts due to directors totalling £3,429,720 (2018: £3,429,720). Whilst falling due within one year, the directors have confirmed that the amounts or any elements will not be called in, to the extent that the viability of the business will be impacted.

13 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	14	5,704	-

14 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

Balances:	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Accelerated capital allowances	11,971	-	-	(8,543)
Tax losses	(4,438)	-	-	89,430
Short term timing differences	(1,829)	-	-	76
	5,704	-	-	80,963

Movements in the year:	2019 £
Liability/(Asset) at 1 October 2018	(80,963)
Charge to profit or loss	86,667
Liability at 30 September 2019	5,704

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

15 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	20,091	11,339

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the balance sheet date, included in other creditors was £9,954 (2018 - £1,007) owed in respect of unpaid pension contributions.

16 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and not fully paid		
100 (2018: 1) Ordinary shares of £1 each	100	1
	100	1

On 6 June 2019, the company allotted 99 Ordinary shares with a par value of £1. No consideration was paid for the shares during the year.

All shares rank pari passu.

17 Profit and loss reserves

Represents accumulated realised profits and losses, net of distributions to owners.

18 Operating lease commitments

Lessee
At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	54,208	10,311
Between one and five years	186,692	-
	240,900	10,311

19 Events after the reporting date

On 1 October 2019, EHG Limited purchased all of the issued share capital of the company. From this date Energia Holdings Limited is no longer deemed to be the ultimate parent company.

Since the financial year end, the global COVID-19 pandemic has had a significant impact on day to day life resulting in the company having to adapt to an unprecedented and complex set of circumstances. Despite the challenging conditions, the company's operations have not been significantly affected with service provision to customers remaining consistent with pre COVID-19 levels following the successful and rapid implementation of working from home measures.

The main impact on the company of the COVID-19 outbreak was that in many cases customer energy consumption reduced during the COVID-19 lockdown period which resulted in lower than expected profitability and a fall in wholesale energy prices caused an increased requirement for cash collateral to be placed to support the hedged energy. The company has demonstrated sufficient financial resilience to withstand these challenges and continues to meet all payment obligations in full and on time.

During the lockdown period the management team have improved the commercial terms of its key supplier arrangements and in August 2020 the company secured a further £3.5m of funding under flexible arrangements from a leading UK bank which has further strengthened the liquidity of the company and positions it for future growth.

This is a non-adjusting post balance sheet event, the impact of which cannot be quantified at this juncture.

20 Related party transactions

Included within other creditors under one year is £3,429,720 (2018: £3,429,720) relating to amounts owed to directors of the company. There have been no transactions in the year. The loans are interest free and have no fixed date for repayment.

During the year the company recharged a company related by common ownership £22,629 (2018: £5,348) and incurred recharges of £28,859 (2018: £20,803) from this company. The balances outstanding with the company at the year end were a debtor of £8,314 (2018: £nil) and a creditor of £2,387 (2018: £20,803).

During the year the company made commission payments of £9,112 (2018: £28,028) to an entity related by common ownership and incurred recharges of £707,353 (2018: £1,373,450) from this entity. The balance outstanding with the entity at the year end was a creditor of £30,032 (2018: £414,197).

During the year the company made commission payments of £4,227 (2018: £nil) to a company related by common ownership and incurred recharges of £803,709 (2018: £nil) from this company. The balance outstanding with the company at the year end was a creditor of £16,371 (2018: £nil).

During the year the company made commission payments of £34,592 (2018: £nil) to a company related by common ownership, recharged £87,579 (2018: £nil) to this company and incurred recharges of £194,311 (2018: £nil) from this company. The balance outstanding with the company at the year end was a creditor of £198,272 (2018: £nil).

21 Ultimate controlling party

The company's immediate and ultimate parent undertaking is Energia Holdings Limited, incorporated in England. Energia Holdings Limited prepares consolidated accounts which include this entity. Copies of Energia Holdings Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors consider the ultimate controlling party to be Mr D R S Priestley, by virtue of his majority shareholding in the immediate and ultimate parent company.