Pure Planet Limited

09735688

Annual report and financial statements

31 March 2020

Contents

Company Information

Chairman	Andrew Ralston
Directors	Andrew Ralston Christopher James Alliott
Registered number	09735688
Registered office	Cramer House The Square, Lower Bristol Road, Bath, BA2 3BH
Independent Auditor	KPMG LLP 66 Queen Square Bristol, Avon, BS1 4BE

Strategic report

Purpose

Pure Planet Limited ("the Company") is here to help everyone make a difference to the world. We're a for-purpose, for-profit business. We believe in using business to do good, for our Members, for wider society and for the environment. We are sustainable, smart and shared in everything we do.

We are a digital energy supply business offering 100% renewable electricity and 100% carbon-offset gas for less than power that pollutes. We've developed a new business model for energy supply to benefit our Members and our environment.

- **Digital platform.** Pure Planet has spent the last three years developing its proprietary energy service delivery platform, *BlueMarble™* to enable our Members to access their account through a digital account which contains everything needed to manage their energy service: joining, service, meter readings, direct debit, payment and rate information and Priority Services Register (PSR). This ensures our Members can always access their accounts and will enable Pure Planet to develop and deploy future energy services quickly and efficiently.
- **Membership model**. Our Members pay a low monthly fee per fuel to access our great value energy prices. We aim to make money on the service we provide, not on our Members' energy use so they are always on a great value rate.
- **100% Green**. All this means we can offer 100% renewable electricity and 100% carbon offset gas for a competitive rate. Clean, fresh energy for less than power that pollutes.

We aim to be open and transparent with our Members and with our team. We are building a culture that rewards collaboration, simplicity and treating others fairly.

Business Review

The Company's principal activity is the supply of electricity and gas to domestic customers in Great Britain.

During the year, the business continued to deliver significant improvements to its operational, technical and marketing capability. At the end of the year, the Company had 121,817 Members (2019: 109,931) on supply.

The business would not have been able to achieve the significant growth in its Membership without the effort of its team of employees, which increased from 60 at the beginning of the year to 92 by the end of it. Recognising that its people are its most valuable asset, the Company is a Living Wage Employer and a Disability Confident Employer. The Company was delighted to be ranked second in the Sunday Times' Best Small and Medium UK Companies to work for 2020.

During the year, the Company invested significantly in its service platform, marketing and customer acquisition, generating £157,319,906 (2019: £85,082,866) in revenues. The Company made a loss of £13,742,005 (2019: £17,046,485) in the year. As expected, current assets £21,029,017 (2019: £16,088,183) and current liabilities £56,915,824 (2019: £35,852,127) have both increased to support our growth. The Directors are confident that the Company will continue to deliver strong growth and future profitability.

To consolidate and improve on this growth Management is committed to use all the tools at its disposal to continue to drive affordable growth. These tools include pricing, brand recognition, its Member get Member scheme and third-party marketing channels such as price comparison websites as well as targeted digital marketing.

Risks and uncertainties

The business is still at an early stage in its development and the Directors are focusing on sustainable growth while managing costs. To manage the risks associated with the industry at this stage of the Company's life cycle, Key Performance Indicators are continuously reviewed to make sure action is taken to correct any deviation from plans where possible.

Strategic report Cont.

These KPIs include;

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Proportion of eligible switches completed within the specified timeframe*	**99.99%**	99.96%
Proportion of final bills issued within the specified timeframe*	**95.30%**	98.44%
Proportion of credit account balances refunded within the specified timeframe*	**98.40%**	98.81%
Gross margin	**1%**	(9%)
Cash and cash equivalents	**£313,041**	£246,665

*The above timeframes are specified by Energy Switch Guarantee and are for the last quarter of the year end.

The principal risks and uncertainties which the Company faces are:

Wholesale prices

As the business grows, commodity price risk is a principal area of financial risk and uncertainty. The Company sought to mitigate this risk from the outset with the preferred supply agreement it has signed with BP Gas Marketing Limited, a subsidiary of BP plc. This agreement allows the Company to access the wide range of wholesale products offered by bp along with enhanced working capital terms. The Company also operates a market risk policy, which provides a framework for suitably hedging its commodity price risk.

Bad debt

Bad debt is a risk for energy suppliers. The Company mitigates this risk by taking direct debits from its Members a month in advance, which limits the business' exposure to non-payment. The business operates a detailed, ongoing direct debit review process, which aligns Members' payments to their expected annual usage and recovers any outstanding sums due.

Competition

Competition in the GB domestic energy supply market remains intense. The Company believes that a combination of its digital, community-based, low-cost service model as well as its competitively priced, 100% green, pass-through offer puts it in a strong competitive position. Combining this with its ability to access wholesale products through bp puts the business in a strong position to compete with a differentiated product at a competitive price.

Liquidity risk

With significant cash movements throughout the year, the Company ensures it manages its liquidity risk closely. The Company maintains a detailed daily cashflow model, which forecasts the next 6-12 months expected cash requirements and is reviewed on a regular basis between the shareholders and also by the Board. The Company has identified two key risks to liquidity, which it manages closely. First, short-term working capital which, through a working capital arrangement it has in place with its indirect shareholder, BP Gas Marketing Limited, enables the Company to manage its short-term cash requirements. Second, Members' debt, where the Company has implemented a detailed direct debit review process to assess each account every 3-6 months and ensure that Members' direct debits are sufficient to cover their expected annual consumption.

In addition to the detailed cashflow model, the Company maintains a long-term business model for the next five years, which provides a forecast of the expected operating and financial performance and cash requirements. This gives the Company visibility into the longer-term expected cash requirements in order to plan and manage its capital.

Brexit

Management considered the potential impact of the United Kingdom's exit from the European Union and has concluded that, beyond the potential macroeconomic impact to the country, to which all businesses will be exposed, there are no specific risks to the Company. The Company's business is wholly based in Great Britain; there are not expected to be any impacts from the EU exit on power and gas prices which are specific to the Company; and all its other major suppliers are entirely domestic.

Strategic report Cont.

COVID-19 Pandemic

The Company remains vigilant on the impact Covid-19 is having on the economy and the business environment in general. The key risks for the Company as a result of the pandemic are:

- **Cashflow.** As an energy supplier collecting from its domestic Members through direct debit, the Company benefits from, arguably, a less risky position than many businesses. Indeed, the impact the Company initially felt as a result of direct debit cancellations and increased failure rates was limited. Nonetheless, following the start of the pandemic, we have implemented an increased focus on collections and changes to direct debits, with specific monitoring of direct debit cancellations and a much quicker collections response is in place.
- **Business continuity.** Our digital platform has meant that we were well-positioned to enable all our employees to work remotely. Attention has been focused on ensuring the effectiveness of teams remains high and that communication across the whole business is strong. To date this has worked well. Nonetheless, it will be necessary to continually monitor performance, as the impact of any lockdowns will affect our people in different ways.
- **Key suppliers.** The Company's key suppliers have also responded well to the necessary remote working thus far, and there has been little impact felt as a result of their change in working environments. We continue to monitor these suppliers as the situation evolves for any signs of weakening performance.

Greenhouse Gas Emissions Statement

The table below and supporting narrative summarise the Streamlined Energy and Carbon Reporting (SECR) disclosure in line with the requirements for a "large" group, as per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

	Year ended 31 Mar 2020
Emissions from electricity (scope 2)	**57,975 CO2e**
Emissions from business travel (scope 3)	**4,981 CO2e**
Total emissions	**62,956 CO2e**
Intensity: Emissions per full time equivalent (FTE) employee	**797 CO2e/FTE**

- **Methodology**

  The Directors have calculated the above greenhouse gas emission estimates to cover all material sources of emissions for which the Group is responsible. The methodology used was that of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015). Responsibility for emissions sources was determined using the operational control approach. All emissions sources required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are included.

  Therefore, emissions associated with our Members' energy usage, the activities of our Partners and the supply of energy from BP Gas Marketing Limited are not included in this statement as they are outside the Group's operational control.

  This estimate covers all the Group's operations that are included in the financial statements and the offices leased to conduct these operations. Raw data in the form of utility invoices and employee mileage claims has been used to estimate the energy and carbon used during the last financial year. Energy was converted to greenhouse gas estimates using the UK Government's GHG Conversion Factors for Company Reporting 2019.

- **Intensity metric**

  The directors have chosen to adopt the intensity ratio of CO_2 per employee, which we consider to be the most appropriate because usage is directly related to staff numbers.

- **Energy Efficiency Action**

  The Group moved into newly refurbished HQ premises in 2019. An energy efficient working environment was a key consideration of the refurbishment strategy.

Strategic report Cont.

We therefore adopted an open plan layout with limited enclosed meeting rooms in order to harvest as much daylight as possible, as well as maximizing the efficiency of the air conditioning. This was complimented with localized motion control LED lighting, which enables the use of focused control strategies for these specific areas and ensures we only provide lighting to areas in use.

We also seek to reduce our staff's carbon footprint by providing:

- flexible working hours;
- the option to work from home;
- carbon offsets for employees' travel to and from the office;
- an incentive for staff to use a green energy supplier at home via our member get member scheme;
- a bike and an electric car scheme; and
- an interest free season ticket loan scheme to encourage use of public transport.

The Group continues to seek opportunities to improve efficiency and will be lobbying our Landlord to install solar panels, electric charging stations and switch the supply of the building to renewable electricity supplier.

Section 172 Companies Act 2006 Statement

The Board welcomes the additional reporting requirement of Section 172. This is seen as opportunity to describe how we have performed in our duty to promote the long-term success of the Company for the benefit of all stakeholders.

The Directors have identified the Company's main stakeholders as the following:

- **Employees.** The Board believes people are the heart of the Company, and therefore endeavours to create an environment that is inspiring, motivating, and meaningful. This results in a positive, vibrant and engaging workplace where individuals are respected and treated like adults. They are all passionate about wanting to make the world a better and more sustainable place.
- **Members.** To support the Directors' objective of doing good for our Members, a digital community platform was established when the business was launched, allowing our Members to participate and collaborate much more closely with the Company than is typically the case. This community has grown significantly over the year with our Members now advocating on our behalf and providing peer-to-peer support, as well as engaging in much wider ranging conversations on topics such as sustainability and electric vehicles. We believe our zero mark-up, straightforward, transparent pricing also makes us appreciated by our Members. The Board continues to listen to its Members and take into account their suggestions for the future direction of the Company.
- **Suppliers and partners.** On behalf of the Company, the managers seek to maintain a constructive, partnership-based relationship with both suppliers and other business partners through their engagement with them and the focus on continuous improvement for both parties.
- **Shareholders and investors.** One of the principal considerations of the Board is whether the investment objective of the Company is continuing to meet shareholder expectations. These are discussed at all board meetings, which are held bi-monthly.
- **Society and the environment.** Our renewable electricity is from the sun and wind, arguably two of the most environmentally-friendly types of energy. All our gas is carbon offset which allows for investing in sustainable projects all over the world, including planting, preserving, and protecting projects in the Peruvian Amazon. Our renewable electricity is backed by REGOs and generated from the sun and wind, arguably two of the most environmentally-friendly types of energy. All our gas is carbon offset which allows for investing in sustainable projects all over the world. These can be verified on many fronts including our regulated submission of fuel mix each year and being a part of the BP's Advance Low Carbon accreditation programme for 2020, which was audited by the firm Deloitte. We believe in a clear, clean future. During the financial year our electricity mix was 89% wind, 11% sun and a very small amount of hydro. Through its managers the Board is kept proactively engaged with the changing regulatory landscape, and has recently worked closely with Ofgem and the industry to influence the development of new energy retail policies including Ofgem's Supplier Licensing Review.
- **Regulators and government.** We aim to build a positive, open and honest relationship with the Regulator to discuss regulatory and compliance issues as well as developing collaborative consumer-focused supply solutions. We have recently hired a dedicated Regulatory Lead to ensure the business remains well-informed on regulatory developments, to support the compliant implementation of regulatory change and to ensure the business remains compliant with Ofgem, and other regulations.

Strategic report Cont.

Throughout the year, during its discussions, the Board has taken due consideration and decision-making of the matters set out in section 172 and below is a description of the Directors have had regards to these matters when performing their duties;

- **Employee interest.**
  From the outset, the Board empowered the People Director to facilitate the development of a culture that tries to avoid being overly corporate or hierarchical but is based on trust and mutual respect among all colleagues. Research is continuously done though surveys, workshops and one to one discussions with each member of the team to better understand the best way to support individual members of staff and to create the desired culture. The following are just some of schemes which are now in place:
  - Employee share option scheme. Allowing employees to have a vested interest in the long-term success of the Company.
  - Training fund of £50 made available to all employees to be use at their discretion for personal development. This can be increased with the approval of Management.
  - Gender-neutral parental leave.
  - Unlimited annual leave.
  - Flexible working hours.
  - Sit-stand desks for better posture.

  We think above underlines the Board's commitment to its employees' interests. In addition, the following gives us confidence that we are on the right path:

  - We are winners of the Culture & Purpose EE (Employee Engagement) Awards in the UK and Europe for 2019, a recognition of our achievements in culture.
  - Staff turnover for the financial year was 1% and this was just one person who left with our blessing to set up his own business.
  - We are also very proud to be number two in The Sunday Times 100 best small and medium companies to work for 2020.
- **Business relationship**
  Relationship managers are assigned to key suppliers, who seek to develop each relationship to ensure we are in the best place to take advantage of any opportunities and mitigate any risk. The Directors also periodically meet with some of our suppliers to discuss key service delivery matters.

- **The Company's footprint**
  During the year, the Board reaffirmed the Company's commitment to adhere to the UN Global Compact and its ten principles regarding: human rights; freedom of labour; the environment and anti-corruption.

- **The Company's reputation**
  To make sure the Company maintains a reputation for high standards for business conduct. We invest in our people and empower them to set up systems and controls to minimise such risk. The Board also keeps a keen eye on customer satisfaction and notes that its Trustpilot score, on the basis of over 10,000 reviews, is considered "Excellent", averaging 4.6 stars out of 5. The Company was also delighted to be named a Which? recommended supplier during the year. We have a dedicated feedback channel in Slack where this feedback is posted so we can use it to improve our work practices. In September 2019, we were listed as 'One to Watch' in the Tech Track 100 table of Britain's fastest growing technology firms, published annually by the Sunday Times.

The Directors recognise their duty under s172 in their deliberation as a board on all matters. Decisions made by the Board take into account the interests of all the Company's key stakeholders and reflect the board's belief that the long-term sustainable success of the Company is linked directly to them.

This report was approved by the Board on 31 March 2021 and signed on its behalf by;

C.J. Alliott

Christopher James Alliott

Director
Cramer House The Square,
Lower Bristol Road, Bath, BA2 3BH.

Directors' report

Research and development

The Company has invested £1,322,080 (2019: £959,869) in its proprietary *BlueMarble™* information technology platform, which includes research and development of a number of technology components to enable the functioning of its digital account and operational infrastructure.

Financial instruments

The financial risk management objective and policies of the Company and the assessment of the Company's exposure to price, liquidity, credit and capital risk management is discussed in note 21 of these financial statements.

Going concern

Notwithstanding net liabilities of £37,768,857 (2019: £24,026,852) and a loss for the year of £13,742,005 (2019: 17,046,485), the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent Company, Blue Marble Holdings Limited, to meet its liabilities as they fall due for that period. This included the potential impact of the emergence and spread of COVID-19.

Blue Marble Holdings Limited has indicated its intention to continue to make available funds as are needed by the Company. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, the ability of Blue Marble Holdings Limited to continue to provide this support is dependent on them receiving financial support from BP Gas Marketing Limited. Based on these indications the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Proposed dividend

Dividend of £nil was paid during the year (2019: £nil). The Directors do not recommend the payment of a final dividend.

Directors

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

Andrew Ralston

Christopher James Alliott

Employees

From its inception the Company has focused on its team and creating a collaborative culture. It believes in results through people and strives to ensure all employees feel valued, are listened to and share knowledge.

The Company has an agile management structure that is not as rigid as a traditional corporate structure. This encourages cross-departmental collaboration and continuous learning for the team. All employees can share feedback on product, purpose and process. In a recent survey, all employees felt supported by the Company during the Coronavirus lockdown.

Directors' report Cont.

Diversity and equality are also very important to the Company and the Directors. The Company has committed to the UK Living Wage and is a Disability Confident Employer. It has also established a diversity forum comprised of 5 employees from minority backgrounds to provide help and guidance to the Management team in ensuring the Company's actions adhere to and improve its diversity goals. Every single employee, including the Directors, gets the same benefits, regardless of job title. The Company was delighted to be ranked number two in The Sunday Times 100 best UK small and medium companies to work for 2020.

Political contributions

The Company has not made any disclosable political donations or incurred any disclosable political expenditure during the year (2019: £nil).

Future developments

The Group continues to show good growth, with the Membership base continuing to expand during the year. We are targeting further rapid expansion of the Membership base in 2021, but will also focus on a number of significant internal developments such as:

- continued development of the website and app to provide excellent in-life support for Members,
- developing and ensuring support for the widest range of meter types,
- diversifying to reach more of the market, championed by our new fixed tariff,
- looking to introduce other tariff types to better meet our new and existing Members' requirements,
- marketing to our existing Member base to install Smart meters in 100,000 homes.

Each of these developments, as well as the ongoing continual improvement in processes, development of the community and a focus on building The Company's brand values, should ensure the Company becomes increasingly distinctive in what remains a highly competitive market.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information

We are now in the second year of the Ofgem's Supplier Licencing Review. The latest proposals aim to ensure that energy suppliers have appropriate risk and financial management processes in place to ensure sustainable growth and reduce consumer harm. It is hoped this will reduce instances of supplier failure, and the additional cost burdens through mutualisation this causes for the whole market.

Among Ofgem's proposals is a requirement for suppliers reaching a threshold of 200,000 customers (per fuel) to undertake a Milestone Assessment to demonstrate their preparedness to grow sustainably and meet certain regulatory and financial obligations. Ofgem is also proposing to obligate suppliers to provide further financial or operational information or conduct independent audits where Ofgem expresses some concern over suppliers' financial management or levels of service. The Regulator believes this will facilitate the identification of at-risk suppliers before they fail or 'crash out' of the market.

Additionally, Ofgem is looking to introduce a Fit and Proper requirement for all individuals in senior decision-making and Management roles, to reduce the risk of misconduct.

Directors' report Cont.

The Directors believe they are well placed to meet the obligations Ofgem has proposed. The Company has already established a number of robust governance and reporting systems to meet these new regulations. We also have a positive working relationship with the Regulator and consistently demonstrate a high level of service in complaints reporting to Ofgem and Energy Switch Guarantee Standards.

Independent auditor

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

This report was approved by the board on 31 March 2021 and signed on its behalf by;

C J Alliott

Christopher James Alliott

Director

Cramer House The Square,
Lower Bristol Road,
Bath,
BA2 3BH.

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's report to the Members of Pure Planet Limited

Opinion

We have audited the financial statements of Pure Planet Limited ("the company") for the year ended 31 March 2020 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement in Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

We draw attention to Note 2 to the financial statements which describes the uncertainties related to the ability of Blue Marble Holdings Limited to provide support.

These events and conditions, along with the other matters explained in Note 2, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

We have nothing to report in these respects.

Independent Auditor's report cont.

Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

James Ledward (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

66 Queen Square,

Bristol,

BS1 4BE

31 March 2021

Income Statement

For the year ended 31 March 2020

	Note	Year ended 31 Mar 2020 £	Year ended 31 Mar 2019 £
Revenue	3	**157,319,906**	85,082,866
Cost of sales		**(156,252,436)**	(92,395,014)
Gross profit / (loss)		**1,067,470**	(7,312,148)
Administrative expenses		**(13,560,440)**	(8,667,173)
Operating loss	4	**(12,492,970)**	(15,979,321)
Financial income	8	**3,106**	1,221
Financial expenses	8	**(1,266,911)**	(1,068,385)
Loss before taxation		**(13,756,775)**	(17,046,485)
Taxation	9	**14,770**	-
Loss for the financial year		**(13,742,005)**	(17,046,485)
Other comprehensive income		-	-
Total comprehensive income for the year		**(13,742,005)**	(17,046,485)

The results for the year all arose from continuing operations.

The notes on pages 19 to 30 form part of these financial statements.

Balance Sheet
As at 31 March 2020

	Note	2020 £	2019 £
Non-current assets			
Property, plant and equipment	10	**150,253**	183,625
Intangible assets	11	**2,712,395**	2,064,808
Right-of-use assets	12	**1,113,900**	-
Trade and other receivables	13	**6,673,652**	2,906,870
		10,650,200	5,155,303
Current assets			
Trade and other receivables	13	**20,701,206**	15,841,518
Tax receivable	9	**14,770**	-
Cash and cash equivalents	14	**313,041**	246,665
		21,029,017	16,088,183
Total assets		**31,679,217**	21,243,486
Current Liabilities			
Trade and other payables	15	**(56,741,928)**	(35,852,127)
Lease liabilities	12	**(173,896)**	-
		(56,915,824)	(35,852,127)
Non-current liabilities			
Other interest-bearing loans and borrowings	16	**(11,416,127)**	(9,418,211)
Lease liabilities	12	**(1,092,113)**	-
Provision		**(24,010)**	-
		(12,532,250)	(9,418,211)
Total Liabilities		**(69,448,074)**	(45,270,338)
Net Liabilities		**(37,768,857)**	(24,026,852)
Equity			
Share capital	19	**1**	1
Share premium account		-	-
Retained earnings		**(37,768,858)**	(24,026,853)
Equity attributable to the owners of the company		**(37,768,857)**	(24,026,852)

These financial statements on pages 15 to 30 were approved by the Board of Directors on 31 March 2021 and were signed on its behalf by:

C.J. Alliott

Christopher James Alliott

Director

Company registered number: 09735688

Statement of Changes in Equity
For the year ended 31 March 2020

	Share capital £	Share premium account £	Retained earnings £	Total equity £
Balance at 1 April 2018	1	-	(6,980,368)	(6,980,367)
Total comprehensive income for the year				
Result for the year	-	-	(17,046,485)	(17,046,485)
Total comprehensive income for the year	-	-	(17,046,485)	(17,046,485)
Transaction with owners, recorded directly in equity	-	-	-	-
Balance at 31 March 2019	**1**	**-**	**(24,026,853)**	**(24,026,852)**
Total comprehensive income for the year				
Result for the year	-	-	(13,742,005)	(13,742,005)
Total comprehensive income for the year	-	-	(13,742,005)	(13,742,005)
Transaction with owners, recorded directly in equity	-	-	-	-
Balance at 31 March 2020	**1**	**-**	**(37,768,858)**	**(37,768,857)**

Statement of Cash Flows
For the year ended 31 March 2020

	Notes	2020 £	2019 £
Cash flow from operating activities			
Loss after tax		**(13,742,005)**	(17,046,485)
Adjustments for:			
Depreciation	10	**104,164**	27,397
Amortisation of intangible assets	11	**674,493**	445,302
Interest income	8	**(3,106)**	(1,221)
Interest expense	8	**1,266,911**	1,068,385
Taxation	9	**(14,770)**	-
Non-cash adjustments arising from IFRSs 9 and 15		**-**	163,830
Changes in working capital			
Increase in receivables and prepayments	13	**(8,626,470)**	(16,534,674)
Increase in trade payables and accruals	15	**20,889,801**	31,396,504
Increase in provisions		**24,010**	-
		573,028	(480,962)
Interest paid		**(68,994)**	(460)
Tax received	9	**-**	48,811
Net cash from operating activities		**504,034**	(432,611)
Cash flow from investing activities			
Interest received	8	**3,106**	1,221
Acquisition of tangible fixed assets	10	**(70,792)**	(190,598)
Acquisition of intangible fixed assets	11	**(1,322,081)**	(959,869)
Disposal of tangible fixed assets	10	**-**	6,798
Net cash from Investing activities		**(1,389,767)**	(1,142,448)
Cash flow from financing activities			
Repayment of principal portion of lease liability	12	**152,109**	-
Proceeds from the issue of new debt	16	**800,000**	1,478,939
Net cash from financing activities		**952,109**	1,478,939
Net (decrease) /increase in cash and cash equivalents		**66,376**	(96,120)
Opening cash and cash equivalents		**246,665**	342,785
Closing cash and cash equivalents	14	**313,041**	246,665

Notes to the Financial Statement

1. General information

The Company is a private Company incorporated, domiciled and registered in England in the UK. The registered number is 09735688 and the registered address is The Square, Cramer House, Lower Bristol Road, Bath, BA2 3BH.

2. Accounting policies

The Company's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

Notwithstanding net liabilities of £37,768,857 (2019: £24,026,852) and a loss for the year of £13,742,005 (2019: 17,046,485), the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent Company, Blue Marble Holdings Limited, to meet its liabilities as they fall due for that period. This included the potential impact of the emergence and spread of COVID-19.

Blue Marble Holdings Limited has indicated its intention to continue to make available funds as are needed by the Company. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, the ability of Blue Marble Holdings Limited to continue to provide this support is dependent on them receiving financial support from BP Gas Marketing Limited. Based on these indications the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

New standards, interpretations and amendments

Certain new standards, interpretation and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2019. The applicable standard is IFRS 16 which have an effective date of 1 January 2019.

IFRS 16 Leases

The Group adopted IFRS 16 on 1 April 2019. The standard result in operating leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

The Group will apply the modified retrospective transition method. Under this method, comparative information will not be restated, but the impact of IFRS 16 will be recognised within opening balances as at 1 April 2019. The Group will recognise Right-of-use assets representing its right to use underlying assets, and corresponding Lease liabilities representing its obligation to make lease payments. Right-of-use assets will be valued as equal to Lease liabilities.

Accounting Policies Cont.

The lease term is calculated as the non-cancellable period of the lease contract, except where the Group is reasonably certain that it will exercise contractual extension options. Operating lease expenses will be replaced by a depreciation expense on the right-of-use assets recognised and an interest expense.

Where the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate will be used.

The Group has elected to use the following practical expedients allowed by the standard:

On initial application:

- the use of hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- the exclusion of initial direct costs from the measurement of the Right-of-use asset; and
- IFRS 16 will only be applied to contracts that were previously classified as leases.

Lease payments for contracts with a duration of 12 months or less and/or contracts for which the underlying asset is of a low value will continue to be expensed to the income statement on a straight-line basis over the lease term.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy.

Operating lease

Prior to adopting IFRS 16 Leases, payments (excluding costs for services and insurance) made under operating leases were recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received were recognised in the profit and loss account as an integral part of the total lease expense.

Taxation

Tax is recognised in the income statement, except a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity also recognised in other comprehensive income or directly in equity respectively. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

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 country where the Company operates and generates taxable income.

Accounting Policies Cont.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided for, is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Foreign currency translation

The Company's functional and presentational currency is GBP (£).

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables; cash and cash equivalents; loans and borrowings; and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- office equipment 3.0 years;
- leasehold improvement 1.5 years;
- computer equipment 3.0 years.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Accounting Policies Cont.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- capitalised development costs 5.0 years.

Employee benefits

Defined contribution plans

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

For defined contribution plans contributions are paid into publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Revenue

Revenue is the value of gas and electricity services supplied to external Members excluding value added tax.

Energy supply revenue is recognised during the period in which the Group transfers the energy service to the Member and the Member simultaneously receives and consumes the energy. This includes an estimate of the revenue to be recognised between the date of the last meter reading and the period end. These estimates are based on historical usage adjusted for known factors such as variations in weather.

Membership fee revenue is recognised over time as the benefit from Membership, the energy service, is consumed.

The Group also incurs upfront commissions on the introduction of new Members via external partners. These commissions are recognised as prepayments and amortised over the expected life of the Member

Financing income and expenses

Financing expenses are charged to the income statement 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. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Notes to the Financial Statement

3. Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows;

	2020 £	2019 £
Sales of electricity within the United Kingdom	**76,291,304**	38,631,399
Sales of gas within the United Kingdom	**63,371,407**	37,749,205
Member fees within the United Kingdom	**17,657,195**	8,702,262
	157,319,906	85,082,866

4. Operating loss

Arrived after charging

	2020 £	2019 £
Depreciation expense	**382,639**	27,397
Amortisation expense	**674,493**	445,302
Operating lease expense - property	**-**	289,067

From 1 April 2019 the Company has recognised right-of-use assets for the lease. See note 12 for further information.

Reconciliation of Depreciation is as follows;

	2020 £	2019 £
Property, plant and equipment (note 10)	**104,164**	27,397
Right-of-use assets (note 12)	**278,475**	-
	382,639	27,397

5. Auditor's remuneration

Included in profit/loss are the following:

	2020 £	2019 £
Audit of Company accounts	**43,500**	30,000
Taxation compliance services	**4,250**	10,000
All other services	**500**	14,925
	48,250	54,925

6. Staff costs and numbers

The average number of persons employed by the Company (including Directors) during the year, analysed by category are as follows;

	2020	2019
Directors	**3**	3
Other employees	**76**	40
	79	43

The aggregate payroll costs of these persons were as follows;

	2020 £	2019 £
Wages and salaries	**3,177,766**	2,148,259
Social security costs	**324,713**	242,521
Cost of defined contribution scheme	**111,002**	53,882
	3,613,481	2,444,662

Notes to the Financial Statement

7. Directors' remuneration

	2020	2019
	£	£
Wages and salaries	**525,000**	525,000
Social security costs	**66,800**	68,962
Cost of defined contribution scheme	**14,000**	10,879
	605,800	604,841

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid Director was £175,000 and Company pension contributions of £5,464 were made to a money purchase scheme on his behalf.

8. Finance income and expense

Recognised in profit or loss

	2020	2019
	£	£
Finance income		
Interest income on bank deposits	**3,106**	1,221
Finance costs		
Interest on bank overdrafts and borrowings	**(1,266,911)**	(1,068,385)
Net finance costs	**(1,263,805)**	**(1,067,164)**

9. Taxation

Recognised in the income statement

	2020	2019
	£	£
Current year tax charge	**(2,455,997)**	(3,235,407)
	(2,455,997)	(3,235,407)
Deferred tax movement not recognised	**2,441,227**	3,235,407
Total tax expense	**(14,770)**	-

Reconciliation of total tax charge

	2020	2019
	£	£
Loss for the year	**(13,756,775)**	(17,046,485)
Total tax expense	**14,770**	-
Loss excluding taxation	**(13,742,005)**	(17,046,485)
Tax using the UK corporation tax rate of 19% (2019: 19%)	**(2,613,787)**	(3,238,832)
Non-deductible expenses	**157,790**	3,425
Deferred tax movement not recognised	**2,441,227**	3,235,407
Total tax credit	**(14,770)**	-

The main rate of UK corporation tax for the year to 31 March 2020 was 19%. There is an unrecognised deferred tax asset of £2,441,227 (2019 - £3,235,407) from the year, relating to tax value of losses carried forward, which Management believe will not be utilised in the foreseeable future.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

No deferred tax assets have been recognised due to uncertainty concerning the timescale as to its recoverability.

Notes to the Financial Statement

10. Property, plant and equipment

	Office Equipment	Leasehold Improvement	Computer Equipment	Total
Cost	£	£	£	£
At 1 April 2019	114,192	50,204	55,219	219,615
Additions	27,478	2,520	40,794	70,792
At 31 March 2020	141,670	52,724	96,013	290,407
Depreciation				
At 1 April 2019	(8,574)	(5,578)	(21,838)	(35,990)
Charge for period on owned assets	(44,061)	(35,149)	(24,954)	(104,164)
At 31 March 2020	(52,635)	(40,727)	(46,792)	(140,154)
Net book value				
At 31 March 2020	**89,035**	**11,997**	**49,221**	**150,253**
At 1 April 2019	105,618	44,626	33,381	183,625

11. Intangible assets

	Development cost
Cost	£
At 1 April 2019	2,762,930
Additions	1,322,080
At 31 March 2020	**4,085,010**
Depreciation	
At 1 April 2019	(698,122)
Charge for period on owned assets	(674,493)
At 31 March 2020	**(1,372,615)**
Net book value	
At 31 March 2020	**2,712,395**
At 1 April 2019	2,064,808

12. Right-of-use assets and lease liabilities

The Company adopted IFRS 16 Leases, which set out the principles for the recognition, measurement, and disclosure of leases, for the period commencing after 1 January 2019. On adoption of IFRS16, the Company recognised lease liabilities in relation to leases which were previously classified as operating leases under the provisions of IAS 17 Leases.

The Company's only qualifying leases not exempt as short-term leases or low-value items is office property. The current rental contract for our office property expires in September of 2025. The financial effect of this new lease and adopting IFRS 16 resulted in an increase in recognised lease liability and right-of-use assets of £1,266,009 and £1,113,900 respectively.

Adjustments recognised on adoption of IFRS 16

In accordance with the transition provision in IFRS 16, the modified retrospective approach has been adopted with the cumulative effect of initially applying the new standard recognised on 1 April 2019. Comparatives for the 2019 financial year have not been restated. The impact of transition to IFRS 16 for the year end 31 March 2020 has been summarised within this note. In applying IFRS 16 for the first time, the Company has used the practical expedient permitted by the standard, relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 April 2020.

Notes to the Financial Statement

The Company has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying assets is of low value ("low-value assets"). The Company recognises lease expenses for these contracts on a straight-line basis as permitted by IFRS16.

	2019
	£
Operating lease commitments disclosed as at 31 March 2019	**393,240**
Add: adjustments as a result of a different treatment of extension	975,125
Lease Liability recognised as at 1 April 2019	**1,368,365**

Amounts recognised in the balance sheet

	2020	2019
	£	£
Lease liabilities		
Non-current	**1,092,113**	-
Current	**173,896**	-
	1,266,009	-

	2020	2019
	£	£
Right-of-use assets		
Property	**1,113,900**	-
	1,113,900	-

Amount recognised in the income statement

	2020	2019
	£	£
Depreciation charge	**278,475**	-
Interest expense (included in finance cost)	**68,418**	-

During the year ended 31 March 2020, the Company had a total cash outflow of £170,774 on qualifying leases.

A sensitivity analysis was performed to assess the impact of changes to the incremental borrowing rate of 5%, on the Company's lease liability and right-of-use asset balances. A 3% increase in the IBR would result in a decrease in right-of-use asset of £114,421 and lease liability of £113,417.

13. Trade and other receivables

	2020	2019
	£	£
Trade debtors	**8,490,471**	6,582,383
Amounts owed by group undertakings	**-**	144,947
Other debtors	**446,638**	845,432
Prepayments and accrued income	**18,437,749**	11,175,626
	27,374,858	18,748,388
Non-current	**6,673,652**	2,906,870
Current	**20,701,206**	15,841,518
	27,374,858	18,748,388

Included in Trade debtors is a provision for doubtful debts of £1,638,721 (2019: £851,141).

The IFRS 9 impairment model is applicable to the Company's financial assets including trade receivables, contract assets and other financial assets. As the majority of the relevant balances are trade receivables and contract assets to which the simplified model applies, the disclosure focuses on these balances. Trade receivables and contract assets are unrated.

Notes to the Financial Statement

The provision for credit losses for trade receivables and contract assets is based on an expected credit loss model that calculates the expected loss applicable to the receivable balance over its lifetime.

A matrix approach is employed for both trade receivables (billed members) and accrued income (unbilled members), considering historical loss experience and applying this knowledge within the provision matrix.

Factors included in the matrix are members, aged profile, payment method, account status and account type. These characteristics are used to determine the factors that have the greatest impact on the likelihood of default.

Sensitivity to changes in' assumptions.

The most significant assumption included within the expected credit loss provisioning model that gives rise to estimation uncertainty is that future performance will be reflective of past performance and there will be no significant change in the payment profile or recovery rates of trade receivables and accrued income. To address this risk, the Company review and update default rates, on a regular basis to ensure they incorporate the most up to date assumptions along with forward-looking information where available and relevant.

While forward-looking information is usually considered to be immaterial, the exception to this could be the forecast occurrence of a significant one-off event. The Company does not believe that Brexit and or the lock down due to Covid-19 virous will have a material impact.

This approach is considered appropriate as the Company's outstanding trade receivable and accrued income balances are made up of a high volume of individual with low value balances relative to the total outstanding debt. As a result, impairment losses on trade receivables and accrued income are more sensitive to macroeconomic events, rather than customer specific future events, which are unlikely to have a material impact.

14. Cash and cash equivalents

	2020	2019
	£	£
Cash and cash equivalents	**313,041**	246,665

15. Trade and other payables

	2020	2019
	£	£
Trade creditors	**25,408,669**	9,154,820
Other creditors	**7,059**	843,361
Accruals and deferred income	**31,326,200**	25,853,946
	56,741,928	35,852,127

16. Other interest-bearing loans and borrowings

	2020	2019
	£	£
As at 1 April 2019	**9,418,211**	6,871,348
Loan addition	**800,000**	1,478,939
Interest	**1,197,916**	1,067,924
As at 31 March 2020	**11,416,127**	9,418,211

The term of the loan is 6.25 years with a compound interest of 12%, repayable 19 December 2022. Please see note 22 for more information.

Notes to the Financial Statement

17. Financial instruments

	2020	2019
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	8,490,471	6,829,048
	8,490,471	6,829,048
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	25,408,669	9,154,820
	25,408,669	9,154,820

18. Employee benefits

Pension

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £111,002 (2019 - £53,882). The amount payable to the fund at the balance sheet date was £10,306 (2019 - £3,182).

19. Share Capital

	2020	2019
	£	£
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	1	1

20. Operating Lease

	2020	2019
	£	£
Within one year	-	274,890
Between one and five years	-	118,350
	-	393,240

The Company leases its Bath office under a non-cancellable operating agreement. From 1 April 2019 the Company has recognised right-of-use assets for the lease. See note 12 for further information.

21. Financial risk management

The Company's operations expose it to a variety of financial risks that included price risk, credit risk, liquidity risk and exchange rate risk. The Company regularly reviews its financial exposure and seeks to limit the adverse effects on its financial performance by monitoring these risks.

Price risk

The Company's overall risk management programme focuses on the unpredictability of commodity price markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company sought to mitigate this risk from the outset with the preferred supply agreement it has signed with BP plc. This agreement will allow it to access the wide range of wholesale products offered by BP.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fail to meet its contractual obligations and arises principally from the Company's receivables from customers and from security deposits and prepayments to suppliers and distributors.

The Company policy of taking direct debits from its Members a month in advance also helps to mitigate this risk.

Notes to the Financial Statement

Liquidity risk

With significant cash movements throughout the year, the Group ensures it manages its liquidity risk closely. The Group maintains a detailed daily cashflow model, which forecasts the next 12 months expected cash requirements and is reviewed on a regular basis between the shareholders and also by the Board. The Group has identified two key risks to liquidity, which it manages closely. First, short-term working capital, which the Group manages through a working capital arrangement it has in place with its shareholder, BP Gas Marketing Limited, enabling the management of short-term cash requirements. Second, Members' debt, where the Group has implemented a detailed direct debit review process to assess each account and ensure that Members' direct debits are sufficient to cover their expected annual consumption.

In addition to the detailed cashflow model, the Group maintains a long-term business model for the next five years, which provides a forecast of the expected operating and financial performance and cash requirements. This gives the Group visibility into the longer-term expected cash requirements in order to plan and manage its capital.

Exchange rate risk

A small portion of the Company's payables was in foreign currency. The Directors have decided that cost of hedging against such risk would outweigh any potential benefits.

22. Related parties

The Company entered into a loan agreement with its parent (Blue Marble Holdings Limited). The loan arises from the conversion of payables to Blue Marble Holdings Limited on the Company's behalf. The term of the loan was 5 years and subsequent to the year end has been extended to 6.25 years, repayable on 19 December 2022 with a compound interest of 12%. The amount outstanding at the balance sheet date inclusive of interest is £11,416,127 (2019: £9,418,211).

The Company have an arm's length trading relationship with Smart Metering Communications Body Limited. As at the balance sheet date £9,782.

23. Ultimate Parent Company

The Company is a subsidiary undertaking of Blue Marble Holdings Limited which is also the ultimate parent Company and controlling party.

The largest group in which the results of the Company are consolidated is that headed by Blue Marble Holdings Limited, registered at Cramer House, The Square, Lower Bristol Road, Bath, BA2 3BH. The consolidated financial statements of this group is available to the public and may be downloaded from Companies House at https://beta.companieshouse.gov.uk/Company/09881167.

24. Subsequent events

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

25. Accounting estimates and judgements

In the process of applying the Company's accounting policies, the Directors have made judgements, estimations and assumptions regarding the future. The judgements, estimations, and assumptions that have the most significant impact on the amounts recognised in the financial statements are detailed below.

Estimates and judgements are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In future, actual results may differ from these estimates and assumptions.

Notes to the Financial Statement

Significant estimates

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the year in which the estimates are revised and in any future years affected. The area involving significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year revenue.

Revenue for energy supply activities includes an assessment of the energy supplied to Members between the date of the last meter reading and the year end. This unread consumption is estimated using data form the industry and our billing systems, on a Member by Member basis.

Accrued income is £7,065,968 (2019: £8,784,868) and if estimated customer usage were to change by 5% this would result in a £319,038 change in the accrued income balance.

Significant judgements

There are no key judgements made by management in the process of applying the Company's accounting policies. The Company was required to apply IFRS 16 (Leases) for the first time during the year. The financial statements were not materially impacted.