

Company registration number 09812682 (England and Wales)

**SQUEAKY CLEAN ENERGY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

# SQUEAKY CLEAN ENERGY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	C S Bowden J Stokes
<b>Secretary</b>	S Franks
<b>Company number</b>	09812682
<b>Registered office</b>	151 Wardour Street London W1F 8WE
<b>Auditor</b>	Alliotts LLP Imperial House 8 Kean Street London WC2B 4AS

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# **SQUEAKY CLEAN ENERGY LIMITED**

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# **SQUEAKY CLEAN ENERGY LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present the strategic report for the year ended 31 December 2021.

#### **Fair review of the business**

##### ***Principal activities***

The principal activity of Squeaky Clean Energy Limited is the supply of clean electricity from wind, solar and hydro generators to business and public sector energy consumers.

There have not been any significant changes in the company's principal activities during the year under review.

The company's mission is to help accelerate the world's transition to clean energy. Squeaky prides itself on being at the forefront of the development of services that support the transition to a clean energy system and is the only pure play clean energy supplier operating in the industrial and commercial sector.

(<https://www.squeaky.energy/blog/energy-suppliers-and-greenwashing>).

Squeaky is committed to having a positive impact on society and the environment and as part of this commitment continued its certification as the only Industrial and Commercial (I&C) supplier certified as a BCorp. Out of 5,000 Certified B Corporations worldwide, Squeaky was recently voted among the top 5% BCorps in the Governance impact area.

##### ***Trading Performance***

During 2021 the company continued to execute the strategy of running down its microbusiness supply book and successfully marketed and sold the remaining Micro-business book in a deal with another Energy Supplier towards the end of the year. This sale has enabled the business to focus on its primary strategic opportunities in the I&C supply market and growing the Corporate PPA business.

In I&C supply, the rally in power prices during the year caused many corporates to extend with their existing supplier as they laid down hedges for future years. As a result, there was very little churn by corporates away from their incumbent supplier. The rally also increased wholesale trading risks and caused collateral requirements for trading to increase significantly. Whilst the business was not directly affected due to our trading arrangements this did put pressure on our trading agents' margins with a commensurate impact on our pricing. In addition, it became increasingly hard to secure credit insurance on I&C consumers as our insurer reduced cover across the board and pulled cover entirely from some sectors. As a result, and in spite of our CPPA product which kept us in the game on a number of tenders, new retail supply contract wins were hard to come by during the year.

During the period, company turnover increased from £48.9m (2020) to £66.1m (2021), predominantly due to higher electricity consumption by our customers driven by the impact of the pandemic and higher wholesale commodity prices towards the end of the year.

Gross Margin grew slightly year on year to £0.42m (2021) from £0.37m (2020) due to the increase in volume with the vast majority of direct costs passed through to customers.

Operating losses increased slightly year on year with a loss of £1.6m during the year (2020: £1.5m) despite the increase in revenue and gross margin as investment in our supply platform and the team to deliver the directors' long-term strategy to be the leading supplier of clean energy to the corporate market accelerated.

##### ***Balance sheet and working capital***

The balance sheet for the year reflects the continued investment in our technology platform and business development with current net liabilities of £4.5m (2020: £2.8m).

Debtors increased due to the timing and value of invoices towards the end of the year as market wholesale price volatility drove higher pass through commodity costs. Cash decreased slightly year on year at the financial year end due to timings of receipts around the year end. The provision for doubtful debts remains minimal at £0.1m (2020: £0.1m) and wholly related to the legacy microbusiness base with historic debts recovered or written off post year end. This reflects the company's low risk approach to credit control with the vast majority of payment exposure covered by credit insurance and specific insurance policies in relation to our corporate customers.

Creditors increased year on year, reflecting the increase in consumption to normal levels following the Covid pandemic and higher commodity prices driving higher value direct costs which are passed through to customers.

# **SQUEAKY CLEAN ENERGY LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Principal risks and uncertainties**

The company faces a number of risks and uncertainties. The directors believe that the key risks are in respect of wholesale market prices, competition, and availability of credit cover.

#### ***Wholesale market prices***

The company operates a sophisticated risk management approach that insulates it from exposure to changes in the wholesale market by transferring this risk to our trading agent. That said the company is indirectly impacted by the rising costs of collateral and volatility faced by our trading agent which translates into higher risk premiums on our hedging arrangements. In addition, as prices during the year continued to rise many prospective customers in our sales pipeline extended with their incumbent supplier.

#### ***Competition***

The company operates in a highly competitive environment and I&C consumers are typically supplied under long term arrangements that infrequently come up for renewal. Whilst Squeaky has a strong proposition, has no legacy fossil fuel generation or contracts, and offers a clean only supply product for the I&C market backed by PPAs and associated REGOs with clean generators, the larger integrated suppliers have the advantage of scale and this translates into lower risk premiums.

#### ***Availability of credit insurance***

Squeaky only takes on supply customers where we can obtain payment credit insurance. During 2021 cover requirements rose due to higher energy costs whilst credit insurers reduced the maximum limits on many customers. This double whammy had the affect of reducing the available customers the company could quote for new supply. To mitigate this risk the company has developed alternative credit insurance options which should alleviate some of these constraints, but the outlook for this remains challenging.

#### ***Recovery of doubtful debts***

The company takes a low risk approach to doubtful debts with the vast majority of its potential exposure covered by credit insurance on both its legacy microbusiness portfolio and corporate customer base. The directors regularly review the company's remaining exposure and apply a prudent policy of provisioning for bad and doubtful debts.

#### ***Liquidity and cashflow***

Liquidity and cashflow risk is the risk that the company will not be able to meet it's financial obligations in the future as they fall due from it's available cash resources. Detailed cashflow forecasts and analysis are prepared and reviewed by management on a weekly basis. Cashflow is monitored and controlled closely by management and the directors consider that the company will meet it's expected commitments in the foreseeable future from existing cash and future operating cashflows.

### **Key performance indicators**

The management team responsible for the operation of the business uses a number of financial KPIs in order to manage and develop the business to achieve the Company's strategic objectives. The Company has a wide range of metrics which are measured on a periodic basis.

The Company's main KPIs include both financial targets which are reviewed periodically:

#### ***Financial KPIs***

Gross Margin % - Value from our contracts is regularly compared to forecasts and reviewed by management. The company achieved a gross margin % of 0.7% during the period. A slight decrease on 0.8% achieved during 2020 due to the balance of pass through costs and Squeaky's Management fees.

Operating profitability - The Company assesses operating profit as profit before tax and interest. During the year, the Company made an operating loss of £1.6 million in the year (2020 - £1.5 million loss) reflecting the accelerated development of our EOS platform and investment in developing our CPPA business.

# **SQUEAKY CLEAN ENERGY LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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### **Future Developments**

The current environment of historically high and extremely volatile power prices has the potential to fundamentally reshape the UK energy supply market. The exit of two large suppliers Orsted and Scottish Power from the industrial and commercial market, highlights the challenges faced by the industry. There is a real need to address the problems of unsustainable margins, high-cost bases to support complex supply products and significant increases in risk and capital costs. Squeaky is meeting this challenge by innovating in both the systems and processes to deliver supply at a very low cost and developing products that significantly reduce the risks and capital costs of industrial and commercial supply.

During 2021, the board decided to pursue two new business lines, firstly the licensing of our systems to other market participants and secondly the development of a wholesale power trading platform. It was necessary due to our current arrangements with our trading agent to separate these activities into new companies.

As such we created a group structure with Squeaky Clean Energy Group Limited at the top and 3 subsidiaries underneath.

1. Squeaky Clean Energy Limited
2. Squeaky Clean Energy Trading Limited
3. EOS Technologies Limited

Whilst plans are currently in place to develop these businesses the recent market volatility and some other factors outside our control has meant that the growth of these businesses has been slower than predicted.

On behalf of the board

C S Bowden  
**Director**

30 September 2022

# **SQUEAKY CLEAN ENERGY LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The directors present their annual report and financial statements for the year ended 31 December 2021.

### **Principal activities**

The principal activity of the company continued to be that of the supply of electricity.

### **Directors**

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

C S Bowden  
J Stokes

### **Results and dividends**

The results for the year are set out on page 10.

The Directors have not declared a dividend during the period. The directors have continued their policy of re-investment in the future growth of the business and increasing shareholder value.

Squeaky continued and is committed to having a positive impact on society and the environment and as part of this commitment continued its certification as the only industrial and commercial supplier certified as a B-Corp.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual 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.

### **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, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# **SQUEAKY CLEAN ENERGY LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Going concern**

The accounts show a net current liabilities and net liabilities position. The Directors have considered this when assessing the appropriateness of the going concern basis of the preparation of the financial accounts.

The Directors are confident that the Group and the Company will have sufficient funds to continue to meet its liabilities as they fall due in the foreseeable future and therefore have prepared the financial statements on a going concern basis.

Like other energy suppliers, the key risk to the going concern basis of preparation is a lack of working capital to manage the seasonality of the business' cash flows. The Company has developed a sophisticated cashflow analysis tool that enables it to forecast daily cash balances under various scenarios.

These scenarios are a combination of price and demand-based impacts reflecting the current extreme volatility in the wholesale market plus the recent interventions by BEIS on the cap to wholesale prices. All scenarios are based on the contractual payment terms that we have negotiated with our, trading agent, other suppliers, and customers. In addition, the Company has payment insurance cover for all its customers. The worst-case scenario test prudently assumes no further acquisition of new customers or the retention of existing customers beyond their current contract end dates.

Looking to the future, the Company has performed a going concern review, forecasting out until September 2023, considering both a base case and worst-case scenario using various externally provided scenarios. The scenarios were provided by Ofgem in July 2022 as part of their review into the financial stability of UK Energy suppliers. Having reviewed this forecast, and having applied various stress tests, the cash position of the Company remains sufficient to meet all commitments as they fall due without additional mitigations being implemented. That said, if the Directors felt it was necessary to reduce the Companies cash burn there are a number of mitigants that could be implemented that would not put the day-to-day operation of the business at risk.

The Company has demonstrated significant progress in the development of its operating platform and expects this to be complete by the end of 2022. This will enable the Company to deliver on its strategic objective of being the lowest cost operator in the I&C market.

In addition, with the roll out of a new wholesale product for generators and corporate customers that benefits from the volatility in the wholesale price the Company is in a strong position to grow its customer base and revenues in the years ahead.

Detailed cashflow modelling has been completed for the company which has confirmed that there are sufficient funds in place to sustain operational targets for the immediate period. In addition, the Company continues to have the support of its investors and to attract interest from a number of institutional investors. The Company continues to weigh up its options and constantly review its capital requirements to meet its ambitious growth targets.

On behalf of the board

C S Bowden

**Director**

30 September 2022



# **SQUEAKY CLEAN ENERGY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBER OF SQUEAKY CLEAN ENERGY LIMITED**

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#### **Opinion**

We have audited the financial statements of Squeaky Clean Energy Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our 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.

# **SQUEAKY CLEAN ENERGY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF SQUEAKY CLEAN ENERGY LIMITED**

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#### **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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

# **SQUEAKY CLEAN ENERGY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF SQUEAKY CLEAN ENERGY LIMITED**

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#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the green energy sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including environmental legislation, renewable energy certification, electricity licensing and the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal and regulatory correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the company's remuneration policies.

#### **Audit response to risks identified**

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **SQUEAKY CLEAN ENERGY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF SQUEAKY CLEAN ENERGY LIMITED**

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#### **Use of our report**

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

**Christopher Mantel**  
**Senior Statutory Auditor**  
**For and on behalf of Alliotts LLP**

30 September 2022

**Chartered Accountants**  
**Statutory Auditor**

Imperial House  
8 Kean Street  
London  
WC2B 4AS

## SQUEAKY CLEAN ENERGY LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	66,116,764	48,966,065
Cost of sales		(65,650,098)	(48,591,690)
<b>Gross profit</b>		<b>466,666</b>	<b>374,375</b>
Administrative expenses		(2,075,679)	(1,872,775)
<b>Operating loss</b>	4	<b>(1,609,013)</b>	<b>(1,498,400)</b>
Interest receivable and similar income		819	954
Interest payable and similar expenses	7	(234,890)	-
<b>Loss before taxation</b>		<b>(1,843,084)</b>	<b>(1,497,446)</b>
Tax on loss	8	133,517	284,657
<b>Loss for the financial year</b>		<b>(1,709,567)</b>	<b>(1,212,789)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# SQUEAKY CLEAN ENERGY LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	9		15,989		13,405
<b>Current assets</b>					
Debtors	10	11,268,978		4,126,338	
Cash at bank and in hand		9,699,144		11,714,652	
		<u>20,968,122</u>		<u>15,840,990</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(25,531,203)</u>		<u>(18,691,920)</u>	
<b>Net current liabilities</b>			<u>(4,563,081)</u>		<u>(2,850,930)</u>
<b>Net liabilities</b>			<u>(4,547,092)</u>		<u>(2,837,525)</u>
<b>Capital and reserves</b>					
Called up share capital	13		175		175
Share premium account			2,376,141		2,376,141
Profit and loss reserves			<u>(6,923,408)</u>		<u>(5,213,841)</u>
<b>Total equity</b>			<u>(4,547,092)</u>		<u>(2,837,525)</u>

The financial statements were approved by the board of directors and authorised for issue on 30 September 2022 and are signed on its behalf by:

C S Bowden  
Director

Company Registration No. 09812682

# SQUEAKY CLEAN ENERGY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Share premium account	Profit and loss reserves	Total
Notes	£	£	£	£
<b>Balance at 1 January 2020</b>	169	2,376,141	(4,001,052)	(1,624,742)
<b>Year ended 31 December 2020:</b>				
Loss and total comprehensive income for the year	-	-	(1,212,789)	(1,212,789)
Issue of share capital	6	-	-	6
<b>Balance at 31 December 2020</b>	175	2,376,141	(5,213,841)	(2,837,525)
<b>Year ended 31 December 2021:</b>				
Loss and total comprehensive income for the year	-	-	(1,709,567)	(1,709,567)
<b>Balance at 31 December 2021</b>	175	2,376,141	(6,923,408)	(4,547,092)

# **SQUEAKY CLEAN ENERGY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

Squeaky Clean Energy Limited is a private company limited by shares incorporated in England and Wales. The registered office is 151 Wardour Street, London, W1F 8WE.

#### **1.1 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 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Squeaky Clean Energy Group Limited. These consolidated financial statements are available from its registered office, 151 Wardour Street, London, England, W1F 8WE.



# SQUEAKY CLEAN ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.2 Going concern

The financial statements have been prepared on the going concern basis as the Directors have assessed that there is a reasonable expectation that the Company will be able to continue in operation and meet its commitments as they fall due over the going concern period.

Like other energy suppliers, the key risk to the going concern basis of preparation is a lack of working capital to manage the seasonality of the business' cash flows. The Company has developed a sophisticated cashflow analysis tool that enables it to forecast daily cash balances under various scenarios.

These scenarios are a combination of price and demand-based impacts reflecting the current extreme volatility in the wholesale market plus the recent interventions by BEIS on the cap to wholesale prices. All scenarios are based on the contractual payment terms that we have negotiated with our, trading agent, other suppliers, and customers. In addition, the Company has payment insurance cover for all its customers. The worst-case scenario test also assumes no further acquisition of new customers or the retention of existing customers beyond their current contract end dates.

Looking to the future, the Company has performed a going concern review, forecasting out until September 2023, considering both a base case and worst-case scenario using various externally provided scenarios. The scenarios were provided by Ofgem in July 2022 as part of their review into the financial stability of UK Energy suppliers. Having reviewed this forecast, and having applied various stress tests, the cash position of the Company remains sufficient to meet all commitments as they fall due without additional mitigations being implemented. That said, if the Directors felt it was necessary to reduce the Company's cash burn there are a number of mitigants that could be implemented that would not put the day-to-day operation of the business at risk.

The Company has demonstrated significant progress in the development of its operating platform and expects this to be complete by the end of 2022. This will enable the Company to deliver on its strategic objective of being the lowest cost operator in the I&C market.

In addition, with the roll out of a new wholesale product for generators and corporate customers that benefits from the volatility in the wholesale price the Company is in a strong position to grow its customer base and revenues in the years ahead.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover is recognised on a monthly basis according to consumption volumes.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Tangible fixed assets

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

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

Plant and equipment	25% straight line
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# SQUEAKY CLEAN ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

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.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet 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.

##### **Basic financial assets**

Basic financial assets, which include debtors 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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# SQUEAKY CLEAN ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **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 creditors, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the 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.

# SQUEAKY CLEAN ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.11 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 the cost of stock or fixed assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# SQUEAKY CLEAN ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 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.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Revenue recognition

Revenue includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the period end. This is calculated by reference to the data received through third party settlement systems, together with estimates of consumption not yet processed through settlements and selling price estimates. These estimates are sensitive to the assumptions used in determining the portion of sales not billed and based on meter readings at the reporting date.

### 3 Turnover and other revenue

The company has one class of turnover, that being the supply of electricity, and one geographical market, the UK.

	2021	2020
	£	£
<b>Turnover</b>		
Supply of clean electricity	66,116,764	48,966,065

	2021	2020
	£	£
<b>Other significant revenue</b>		
Interest income	819	954

### 4 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging:		
Research and development costs	446,910	557,272
Fees payable to the company's auditor for the audit of the company's financial statements	42,000	22,950
Depreciation of owned tangible fixed assets	7,016	7,646
Loss on disposal of tangible fixed assets	667	547

# SQUEAKY CLEAN ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 Employees

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

	2021 Number	2020 Number
Management	4	4
Admin	7	7
Total	11	11

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	740,378	744,750
Social security costs	83,782	83,818
Pension costs	43,727	9,272
	867,887	837,840

### 6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	276,154	277,083
Company pension contributions to defined contribution schemes	38,472	2,039
	314,626	279,122

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	145,833	190,000
Company pension contributions to defined contribution schemes	1,319	1,314

# SQUEAKY CLEAN ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Interest payable and similar expenses

	2021 £	2020 £
Interest on invoice finance arrangements	234,890	-
	<u>234,890</u>	<u>-</u>

### 8 Taxation

	2021 £	2020 £
<b>Current tax</b>		
Other tax reliefs	(149,045)	(284,657)
	<u>(149,045)</u>	<u>(284,657)</u>
<b>Deferred tax</b>		
Adjustment in respect of prior periods	15,528	-
	<u>15,528</u>	<u>-</u>
Total tax credit	<u>(133,517)</u>	<u>(284,657)</u>

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Loss before taxation	(1,843,084)	(1,497,446)
	<u>(1,843,084)</u>	<u>(1,497,446)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(350,186)	(284,515)
Tax effect of expenses that are not deductible in determining taxable profit	1,943	21,167
Gains not taxable	(14,356)	-
Unutilised tax losses carried forward	474,331	373,947
Permanent capital allowances in excess of depreciation	(2,400)	(2,225)
Depreciation on assets not qualifying for tax allowances	1,055	1,453
Research and development tax credit	(110,387)	(109,827)
Research and development tax relief - current year	(149,045)	(148,288)
Research and development tax relief - prior year	15,528	(136,369)
	<u>(133,517)</u>	<u>(284,657)</u>
Taxation credit for the year	<u>(133,517)</u>	<u>(284,657)</u>

Research and development tax relief totalling £149,045 has been claimed in the current year.

The company has tax losses of £5,058,090 (2020: £3,640,706). A deferred tax asset has not been recognised as it is not considered sufficiently probable that they will be recovered against the reversal of future taxable profits.

# SQUEAKY CLEAN ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Tangible fixed assets

	Plant and equipment £
<b>Cost</b>	
At 1 January 2021	26,871
Additions	10,267
Disposals	(2,179)
At 31 December 2021	34,959
<b>Depreciation and impairment</b>	
At 1 January 2021	13,466
Depreciation charged in the year	7,016
Eliminated in respect of disposals	(1,512)
At 31 December 2021	18,970
<b>Carrying amount</b>	
At 31 December 2021	15,989
At 31 December 2020	13,405

### 10 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	4,167,462	2,604,817
Corporation tax recoverable	418,174	284,657
Amounts owed by group undertakings	100	-
Other debtors	949,314	1,224,770
Prepayments and accrued income	5,733,928	12,094
	11,268,978	4,126,338

The company utilises an invoice discounting facility on a proportion of the trade receivables and the facility is secured against those trade receivable balances.

### 11 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	739,348	2,752,500
Taxation and social security	2,917,148	4,752,991
Other creditors	5,867	13,265
Accruals and deferred income	21,868,840	11,173,164
	25,531,203	18,691,920



# SQUEAKY CLEAN ENERGY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	43,727	9,272

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.

### 13 Share capital

	2021	2020	2021	2020
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of 0.01p each	1,673,318	1,673,318	167	167
Ordinary A shares of 0.01p each	78,941	78,941	8	8
	<u>1,752,259</u>	<u>1,752,259</u>	<u>175</u>	<u>175</u>

The shares rank pari passu in all respects except that the directors may at any time resolve to declare a dividend on one class of shares and not the other class and to pay different amounts of dividends on each class.

### 14 Directors' transactions

In 2019 a loan was made at market rate to an employee who subsequently became a director.

Interest has been charged on this loan in line with the rate agreed.

Along with other expenses paid for by the company on behalf of the directors, the balance owed by the directors is £63,066 as at 31 December 2021 (2020: £18,820).

### 15 Ultimate controlling party

The immediate parent is Squeaky Clean Energy Group Limited, a company registered at 151 Wardour Street, London, England, W1F 8WE.

In the opinion of the directors no one person has overall control.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.