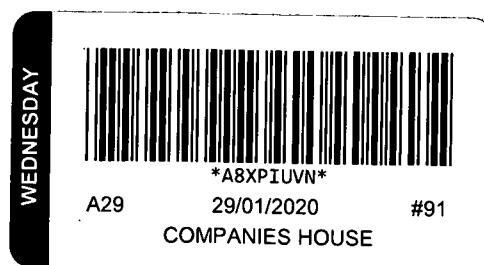


Company Registration No. 10126191 (England and Wales)

BES UTILITIES HOLDING LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2019



BES UTILITIES HOLDING LTD

COMPANY INFORMATION

Directors	M C Davidson A J Pilley
Company number	10126191
Registered office	Parkside Stand Fleetwood Town Football Club Park Avenue Fleetwood Lancashire FY7 6TX
Auditor	Cowgill Holloway LLP Regency House 45-53 Chorley New Road Bolton BL1 4QR
Bankers	Lloyds Bank Plc 2-12 Lord Street Liverpool Law Courts Merchants Court Liverpool Merseyside L2 1TS
Solicitors	Weightmans LLP 3 Picadilly Place Manchester M1 3BN

BES UTILITIES HOLDING LTD

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 8
Group statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Notes to the financial statements	15 - 33

BES UTILITIES HOLDING LTD

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 APRIL 2019

The directors present the strategic report for the Period ended 30 April 2019.

Business Review

The group has seen total gas consumption within the portfolio decline which is attributable to a combination of factors; long run decline in UK gas consumption; seasonal variation versus the previous year; slight decline in average customer size. However electricity has delivered another successful year.

The overall business performance was in line with the Directors' expectations. Turnover for the year was £108.8m (2018 continuing operations: £101.9m) an increase of 6.8%. Reported profit (excluding exceptional items) has remained largely comparable at £2.5m (2018: £2.6m). Profit has not increased with turnover due to decreased gross profit margins. This is largely due to the increasing cost of wholesale gas and electricity. The business model and target market remain consistent with the prior year, and the business offers Fixed Rate or Variable products to a predominantly SME and small corporate customer base.

The overall balance sheet value continues to remain strong at £14.4m (2018: £11.9m) and the directors are satisfied with this, believing it places the group in a strong and stable position financially for the future.

Objectives and Strategy

The objectives of the group are to deliver long term value to the owners through the supply of gas and electricity to UK businesses. The Board's strategy to achieve this is based upon the following principles:

- Continued growth by continuing to offer relevant, competitively priced products into core markets, underpinned by high quality service for customers.
- Commitment to the rollout of smart metering and other industry initiatives to improve the accuracy of billing and customer experience.
- To attract, retain and develop exceptional senior managers to continuously improve the organisation's capabilities and present challenge to the dominant suppliers in the market.
- Diversification into new market segments or adjacent markets to support and spread growth.

BES UTILITIES HOLDING LTD

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2019

Principal risks and uncertainties

The group seeks to manage risk through a combination of Board oversight, operational routines, and policies and the principal risks are aggregated as follows:

Commodity Risk

Commodity risk being the risk of volatility in the price of wholesale energy impacting customer margins. The company seeks to manage this risk by utilising forward energy contracts that align to the term and pricing of customer contracts.

Liquidity Risk

The risk that the company is unable to meet its financial obligations due to insufficient credit or cash reserves. This is managed on a short and long term basis with reference to internal working capital strategies and access to external funding.

Interest rate risk

The group finances its operations through a combination of retained profits and bank loans and overdrafts. The group exposure to interest rate fluctuations on its borrowings is minimal as based on LIBOR which is stable.

Credit risk

The risks of bad debt from the customer portfolio and the risk of failure of a counterparty or supplier to meet its contractual obligations. A credit onboarding process is followed for new customers, which predominantly included direct debit as the principal means of payment and trade debtors are monitored on an ongoing basis.

Brexit risk

Following the decision to leave the European Union, as a result of the referendum vote on 23 June 2016, uncertainty has increased surrounding the outlook of the UK economy. Although at present there appears to be minimal impact on consumer confidence, this uncertainty may ultimately impact on market confidence and as a result could potentially impact on the demand and price for products/services, which in turn may affect revenue, profit and cash flow.

Industry specific risks

The UK non-domestic supply market is highly competitive, and while risk is present in all markets, this continues to be an attractive place to do business.

Operating in a regulated market opens up regulatory and political risks as well as costs, and it is a feature of normal operations that such risks, costs and changes must be accommodated, albeit that they may cause disruption and/or prices changes for customers.

The business has continued to mitigate the risks noted above through the following strategies:

- Ensuring the business has the right skills and capabilities to monitor and maintain compliance with regulatory requirements.
- Offering products that pass or share risk with end users combined with comprehensive hedging strategies to reduce exposure.

BES UTILITIES HOLDING LTD

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2019

Other performance indicators

The company uses key financial performance indicators to monitor its business. These include the following excluding discontinued operations and exceptional items where applicable:

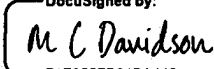
	2019	2018
Turnover:	£108,781,429	£101,856,906
Gross profit margin:	29.25%	34.00%
Profit/(Loss) before tax:	£3,019,970	£3,494,215

Future developments

The group is continuing to provide commercial gas and electricity, and related services. The group expects to continue with its current activities in future periods. It is not expected that the group will be directly impacted by 'Brexit' due to the nature and market of its customer base.

In December 2019, as part of the growth strategy, the group entered a long term trading arrangement with Axpo Solutions AG and plans to utilize this platform to support growth into adjacent sectors of the UK non-domestic gas and electricity supply market.

On behalf of the board

DocuSigned by:

 F1E355FD81BA442...
 M C Davidson
 Director

29/1/2020 1:31 PM GMT

BES UTILITIES HOLDING LTD

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 APRIL 2019

The directors present their annual report and financial statements for the Period ended 30 April 2019.

Principal activities

The principal activity of the company and group continued to be that of a commercial gas and electricity supplier. This activity is expected to continue in the future with no plans to venture into different markets.

Directors

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

M C Davidson
A J Pilley

Results and dividends

The results for the Period are set out on page 9.

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

Auditor

Cowgill Holloway LLP were appointed as auditor to the company and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

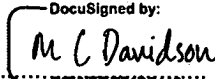
Statement of disclosure to auditor

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 auditor of the company 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 auditor of the company is aware of that information.

BES UTILITIES HOLDING LTD

DIRECTORS' REPORT (CONTINUED) **FOR THE PERIOD ENDED 30 APRIL 2019**

On behalf of the board

DocuSigned by:

.....FTE355FD918X442.....
M C Davidson
Director

29/1/2020 | 1:31 PM GMT
Date:

BES UTILITIES HOLDING LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BES UTILITIES HOLDING LTD

Opinion

We have audited the financial statements of BES Utilities Holding Ltd (the 'parent company') and its subsidiaries (the 'group') for the Period ended 30 April 2019 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2019 and of the group's profit for the Period 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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BES UTILITIES HOLDING LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BES UTILITIES HOLDING LTD

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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


A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BES UTILITIES HOLDING LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BES UTILITIES HOLDING LTD

Use of our report

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

DocuSigned by:

BEC50F6D80A8425...

Paul Stansfield (Senior Statutory Auditor)
for and on behalf of

29/1/2020 | 1:50 PM GMT
.....

Chartered Accountants
Statutory Auditor

BES UTILITIES HOLDING LTD**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 APRIL 2019**

				Period ended 30 April 2019 £			Year ended 30 April 2018 £
	Notes	Continuing operations £	Discontinued operations £		Continuing operations £	Discontinued operations £	
Turnover	3	108,781,429	-	108,781,429	101,856,906	394,449	102,251,355
Cost of sales		(76,967,059)	-	(76,967,059)	(67,216,477)	(214,208)	(67,430,685)
Gross profit		31,814,370	-	31,814,370	34,640,429	180,241	34,820,670
Administrative expenses		(28,740,736)	-	(28,740,736)	(30,844,025)	(124,086)	(30,968,111)
Other operating income		-	-	-	-	846,836	846,836
Exceptional item	4	-	-	-	(2,275,365)	-	(2,275,365)
Operating profit	5	3,073,634	-	3,073,634	1,521,039	902,991	2,424,030
Interest receivable and similar income	9	26,039	-	26,039	53,246	-	53,246
Interest payable and similar expenses	10	(379,703)	-	(379,703)	(355,434)	(1,081)	(356,515)
Profit/(loss) on disposal of subsidiary		300,000	-	300,000	-	-	-
Profit before taxation		3,019,970	-	3,019,970	1,218,851	901,910	2,120,761
Tax on profit	11	(533,942)	-	(533,942)	(858,550)	(10,464)	(869,014)
Profit for the financial Period		2,486,028	-	2,486,028	360,301	891,446	1,251,747


Profit for the financial Period is all attributable to the owners of the parent company.

Total comprehensive income for the Period is all attributable to the owners of the parent company.

BES UTILITIES HOLDING LTD**GROUP BALANCE SHEET****AS AT 30 APRIL 2019**

		2019		2018	
				as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	13	2,221,587		5,142,348	
Tangible assets	14	253,500		315,535	
		<u>2,475,087</u>		<u>5,457,883</u>	
Current assets					
Debtors	18	37,396,664		31,879,512	
Cash at bank and in hand		6,860,216		5,845,491	
		<u>44,256,880</u>		<u>37,725,003</u>	
Creditors: amounts falling due within one year	19	<u>(32,342,685)</u>		<u>(31,266,373)</u>	
Net current assets		<u>11,914,195</u>		<u>6,458,630</u>	
Total assets less current liabilities		<u>14,389,282</u>		<u>11,916,513</u>	
Provisions for liabilities	21	-		(13,259)	
Net assets		<u>14,389,282</u>		<u>11,903,254</u>	
Capital and reserves					
Called up share capital	23	400		400	
Profit and loss reserves		14,388,882		11,902,854	
Total equity		<u>14,389,282</u>		<u>11,903,254</u>	

The financial statements were approved by the board of directors and authorised for issue on 29/1/2020 | 1:31 PM GMT and are signed on its behalf by:

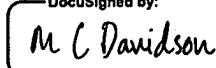
DocuSigned by:

 F1E355PD91BA#42:::
 M C Davidson
 Director

BES UTILITIES HOLDING LTD**COMPANY BALANCE SHEET****AS AT 30 APRIL 2019**

	Notes	2019 £	£	2018 £	£
Fixed assets					
Investments	15		8,193,000		8,193,000
Current assets					
Debtors	18	6,586,701		6,500,234	
Creditors: amounts falling due within one year	19	(12,240,107)		(12,177,743)	
Net current liabilities			(5,653,406)		(5,677,509)
Total assets less current liabilities			2,539,594		2,515,491
Capital and reserves					
Called up share capital	23		400		400
Other reserves	24		2,699,700		8,399,700
Profit and loss reserves			(160,506)		(5,884,609)
Total equity			2,539,594		2,515,491

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £24,103 (2018 - £753,426 profit).

The financial statements were approved by the board of directors and authorised for issue on 29/1/2020 | 1:31 PM GMT and are signed on its behalf by:

DocuSigned by:

 F1E355PD91BA442:::
 M C Davidson
 Director

Company Registration No. 10126191

BES UTILITIES HOLDING LTD**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 APRIL 2019**

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 May 2017	400	10,651,107	10,651,507
Year ended 29 April 2018:			
Profit and total comprehensive income for the year	-	1,251,747	1,251,747
Balance at 29 April 2018	400	11,902,854	11,903,254
Period ended 30 April 2019:			
Profit and total comprehensive income for the period	-	2,486,028	2,486,028
Balance at 30 April 2019	400	14,388,882	14,389,282

BES UTILITIES HOLDING LTD**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 APRIL 2019**

		Share capital	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 May 2017		400	8,399,700	(6,638,035)	1,762,065
Year ended 29 April 2018:					
Profit and total comprehensive income for the year		-	-	753,426	753,426
Balance at 29 April 2018		400	8,399,700	(5,884,609)	2,515,491
Period ended 30 April 2019:					
Profit and total comprehensive income for the period		-	-	24,103	24,103
Reduction of shares	23	(5,700,000)	-	5,700,000	-
Bonus issue of shares	23	5,700,000	(5,700,000)	-	-
Balance at 30 April 2019		400	2,699,700	(160,506)	2,539,594

BES UTILITIES HOLDING LTD**GROUP STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 APRIL 2019**

		2019		2018 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	30	770,879		3,151,840	
Interest paid		(379,703)		(356,515)	
Income taxes paid		(905,001)		(2,083,831)	
Net cash (outflow)/inflow from operating activities		(513,825)		711,494	
Investing activities					
Proceeds of disposal of business		300,000		-	
Purchase of intangible assets		-		(6,856,464)	
Proceeds on disposal of intangibles		2,420,408		-	
Purchase of tangible fixed assets		(31,100)		(73,196)	
Proceeds on disposal of tangible fixed assets		21,356		3,164	
Proceeds from other investments and loans		(541,489)		1,086,515	
Interest received		26,039		53,246	
Net cash generated from/(used in) investing activities		2,195,214		(5,786,735)	
Financing activities					
Proceeds from issue of shares		-		(100)	
Proceeds of new bank loans		-		7,500,000	
Repayment of bank loans		(666,664)		(416,666)	
Net cash (used in)/generated from financing activities		(666,664)		7,083,234	
Net increase in cash and cash equivalents		1,014,725		2,007,993	
Cash and cash equivalents at beginning of Period		5,845,491		3,837,498	
Cash and cash equivalents at end of Period		6,860,216		5,845,491	

BES UTILITIES HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 APRIL 2019

1 Accounting policies

Company information

BES Utilities Holding Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Parkside Stand, Fleetwood Town Football Club, Park Avenue, Fleetwood, Lancashire, FY7 6TX.

The group consists of BES Utilities Holding Ltd and all of its subsidiaries.

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.

The company is a qualifying entity for the purpose of FRS102 and has elected to take exemption under FRS102 paragraph 1.12 (b) not to present the company statement of cashflows.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of BES Utilities Holding Ltd and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 April 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

BES UTILITIES HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2019

1 Accounting policies

(Continued)

1.3 Going concern

The Directors have concluded that it is necessary to draw attention to the fact that the group had breached one of the four covenants in relation to the facility with Lloyds Bank plc at 30th June 2019 and 30th June 2018. The covenant breach is the Net Worth covenant, whereas the Leverage, Interest Cover and Cashflow Cover covenants continue to be within terms.

However at 23rd December 2019, as part of the growth strategy, the group entered a long term trading arrangement with Axpo Solutions AG and plans to utilize this platform to support growth into adjacent sectors of the UK non-domestic gas and electricity supply market.

This has allowed the facility with Lloyds to be repaid and therefore the covenant breach is no longer a factor in the going concern of the group. The group is therefore deemed to be able to continue as a going concern for the foreseeable future.

1.4 Reporting period

For alignment purposes with the subsidiaries of the group, the date that the accounts have been prepared to has been updated from 29 April 2019 to 30 April 2019, therefore making the official accounting period 366 days as opposed to one year.

1.5 Turnover

Turnover represents the fair value of the consideration received or receivable from the sale of actual and estimated gas and electricity supplied during the period, net of VAT and discounts. For gas and electricity supplied, the turnover is recognised on consumption. Due to the inherent nature of both the gas and electricity supply industry and its reliance upon estimated meter readings, gas and electricity turnover includes the directors' best estimate of differences between estimated sales and billed sales. The company makes estimates of customer gas and electricity consumption based on available industry data, and also seasonal usage curves that have been estimated through historical actual usage data.

Also included in turnover is other income arising from late payment fees and other site works and disconnection costs which are charged to the Company's customers.

1.6 Intangible fixed assets other than goodwill

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

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation 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:

Software	25% p.a. straight line
----------	------------------------

1.7 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:

Fixtures and fittings	15% p.a. reducing balance basis
Computer equipment	25% p.a. reducing balance basis

BES UTILITIES HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2019

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 recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

1.10 Cash and cash equivalents

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.

BES UTILITIES HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2019

1 Accounting policies

(Continued)

1.11 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

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.

Impairment of financial assets

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

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

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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 group after deducting all of its liabilities.

BES UTILITIES HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 goods or 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.

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments issued by the group 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 group.

1.13 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 group'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 if, and only if, there is 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.

BES UTILITIES HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2019

1 Accounting policies

(Continued)

1.14 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.

1.15 Retirement benefits

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

1.16 Leases

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

1.17 Change in presentation

The presentation of balances within debtors, cash at bank and in hand, and creditors: amounts falling due within one year, have been restated. This was in order to to correctly reflect net position of related party balances, the right of offset within the bank and to correctly classify trade and other debtors, cash at bank in hand, and trade and other creditors.

The change in presentation of these balances has had no effect on the previously reported profit or net assets as at 30 April 2018.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

BES UTILITIES HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2019

2 Judgements and key sources of estimation uncertainty

(Continued)

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.

Turnover and cost of sales

Turnover derived from the supply of gas includes an estimate of the value of gas and electricity supplied to customers between the date of the last meter reading and the end of the reporting period. Estimation of the number of units consumed but not yet processed through the settlement process are based on industry data until final reconciliation data is received.

Similarly purchase volumes are also subject to the same degree of estimation, with associated settlement costs dependent on the receipt of final reconciliation data.

Financial instruments

Trade and other debtors/ creditors which have no stated interest rate, do not constitute a financing transaction, and are due to be settled within one year and as such are initially and subsequently measured at the undiscounted amount of consideration expected to be received, net of impairment.

The group has long term commercial contracts in place for the purchase of gas and electricity. On the grounds that these contracts are held for the purpose of the delivery of a non-financial item in accordance with the group's expected purchase and sale requirements, the own use exemption has been applied. As a result, the agreements do not fall within the scope of Section 12 of FRS102 and are not accounted for as derivatives.

Impairment of trade debtors

Trade debtors are stated net of the allowance for the impairment of bad and doubtful debts. Debtor balances are provided against based on the date the invoice is raised. Receivables are categorised based on customer and account type, attributing varying risk profiles to each possibility. The percentages applied to each category of aged receivables is based on the average loss for that category, based on historic experience.

ROC recycle

Renewable Obligation Certificates (ROCs) are certificates used by suppliers to demonstrate that they have met their renewable obligations. The value of a ROC is determined by the buy out price, set by the market, and a recycle element of the final ROC value determined once all energy suppliers have demonstrated either compliance or non-compliance. The group estimates a recycle value based on industry data relating to the total output of renewable energy in the UK, generation capacity and demand, until a final value is determined.

BES UTILITIES HOLDING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 30 APRIL 2019**3 Turnover and other revenue**

	2019	2018
	£	£
Other significant revenue		
Interest income	26,039	53,246

	2019	2018
	£	£
Turnover analysed by geographical market		
United Kingdom	108,781,429	102,251,355

4 Exceptional item

	2019	2018
	£	£
Exceptional item	-	2,275,365

The exceptional item in the prior year relates to a release of a historic provision made for accrued income. Implementation of the new Junifer system and consequent improvements to Billing operations and accounting processes determined that this provision was no longer required.

5 Operating profit

	2019	2018
	£	£
Operating profit for the period is stated after charging:		
Depreciation of owned tangible fixed assets	71,779	107,591
Amortisation of intangible assets	500,353	1,714,116
Operating lease charges	7,679	1,172

6 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	7,500	15,000
Audit of the financial statements of the company's subsidiaries	42,500	50,000
	50,000	65,000

BES UTILITIES HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2019

7 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Staff	234	184	-	-
Directors	2	2	-	-
	<u>236</u>	<u>186</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	5,800,098	5,697,334	-	-
Social security costs	1,221,623	538,037	-	-
Pension costs	285,169	52,692	-	-
	<u>7,306,890</u>	<u>6,288,063</u>	<u>-</u>	<u>-</u>

8 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	<u>423,500</u>	<u>421,200</u>

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

	2019 £	2018 £
Remuneration for qualifying services	<u>211,750</u>	<u>195,000</u>

9 Interest receivable and similar income

	2019 £	2018 as restated £
Interest income		
Interest on bank deposits	14,376	13,429
Other interest income	11,663	39,817
Total income	<u>26,039</u>	<u>53,246</u>

BES UTILITIES HOLDING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 30 APRIL 2019**10 Interest payable and similar expenses**

	2019	2018
	£	as restated £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	213,659	168,230
Other interest on financial liabilities	164,661	149,725
	<u>378,320</u>	<u>317,955</u>
Other finance costs:		
Other interest	1,383	38,560
Total finance costs	<u>379,703</u>	<u>356,515</u>

11 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	620,379	722,430
Adjustments in respect of prior periods	51,829	140,160
Total current tax	<u>672,208</u>	<u>862,590</u>
Deferred tax		
Origination and reversal of timing differences	(138,266)	6,424
Total tax charge	<u>533,942</u>	<u>869,014</u>

BES UTILITIES HOLDING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 30 APRIL 2019**11 Taxation****(Continued)**

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

	2019	2018
	£	£
Profit before taxation	3,019,970	2,120,761
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	573,794	402,945
Tax effect of expenses that are not deductible in determining taxable profit	3,142	414,899
Adjustments in respect of prior years	51,828	-
Permanent capital allowances in excess of depreciation	-	(21,952)
Other non-reversing timing differences	68,674	-
Under/(over) provided in prior years	-	140,160
Deferred tax adjustments in respect of prior years	(163,496)	-
Dividend income	-	(104,500)
Other tax adjustments	-	31,038
Deferred tax	-	6,424
Taxation charge	533,942	869,014

12 Discontinued operations

On 2 August 2017 the investment BES Telecom Ltd was sold and so no longer forms part of the BES Utilities Holding Ltd group.

Deferred consideration of £300,000 was received on 18 February 2018 in relation to this sale. No provision was made for this amount in the previous financial year due to the contingent nature of the deferred consideration.

BES UTILITIES HOLDING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 30 APRIL 2019**13 Intangible fixed assets**

Group	Software £
Cost	
At 30 April 2018	6,856,464
Adjuster clause' reduction in cost	(2,441,764)
Transfers	28,475
At 30 April 2019	4,443,175
Amortisation and impairment	
At 30 April 2018	1,714,116
Amortisation charged for the Period	500,353
Transfers	7,119
At 30 April 2019	2,221,588
Carrying amount	
At 30 April 2019	2,221,587
At 29 April 2018	5,142,348

The company had no intangible fixed assets at 30 April 2019 or 29 April 2018.

The asset purchase agreement dated 29 September 2019 included an adjuster clause. The cost of intangibles acquired has been reduced in accordance with this agreement.

Transfers have been made from tangible fixed assets.

BES UTILITIES HOLDING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 30 APRIL 2019**14 Tangible fixed assets**

Group	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 30 April 2018	119,903	889,946	1,009,849
Additions	2,898	28,202	31,100
Transfers	-	(28,475)	(28,475)
At 30 April 2019	122,801	889,673	1,012,474
Depreciation and impairment			
At 30 April 2018	63,741	630,573	694,314
Depreciation charged in the Period	8,859	62,920	71,779
Transfers	-	(7,119)	(7,119)
At 30 April 2019	72,600	686,374	758,974
Carrying amount			
At 30 April 2019	50,201	203,299	253,500
At 29 April 2018	56,162	259,373	315,535

The company had no tangible fixed assets at 30 April 2019 or 29 April 2018.

Transfers have been made to tangible fixed assets.

15 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	16	-	-	8,193,000	8,193,000

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 30 April 2018 and 30 April 2019	8,193,000
Carrying amount	
At 30 April 2019	8,193,000
At 29 April 2018	8,193,000

BES UTILITIES HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2019

16 Subsidiaries

Details of the company's subsidiaries at 30 April 2019 are as follows:

Name of undertaking	Address	Class of shares held	% Held	
			Direct	Indirect
BES Commercial Electricity Ltd	1	Ordinary £1 shares	100.00	
Business Energy Solutions Ltd	1	Ordinary £1 shares	100.00	

Registered office addresses (all UK unless otherwise indicated):

1 Parkside Stand, Fleetwood Town Football Club, Park Avenue, Fleetwood, FY7 6TX

17 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	36,072,389	31,468,060	6,586,701	6,500,234
Carrying amount of financial liabilities				
Measured at amortised cost	28,494,145	27,850,474	12,042,717	12,169,314

18 Debtors

	Group 2019 £	2018 as restated £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	11,413,841	13,297,229	-	-
Unpaid share capital	100	100	100	100
Corporation tax recoverable	951,288	181,428	-	-
Amounts owed by group undertakings	-	-	6,586,601	6,500,134
Other debtors	24,658,448	18,187,372	-	-
Prepayments and accrued income	247,980	213,383	-	-
	37,271,657	31,879,512	6,586,701	6,500,234
Deferred tax asset (note 21)	125,007	-	-	-
	37,396,664	31,879,512	6,586,701	6,500,234

BES UTILITIES HOLDING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 30 APRIL 2019**19 Creditors: amounts falling due within one year**

		Group	2018	Company	
		2019	as restated	2019	2018
	Notes	£	£	£	£
Bank loans	20	6,416,670	7,083,334	6,416,670	7,083,334
Trade creditors		2,145,009	2,193,199	-	-
Amounts owed to group undertakings		-	-	5,618,547	5,085,980
Corporation tax payable		537,067	-	197,390	8,429
Other taxation and social security		3,311,473	3,415,899	-	-
Other creditors		19,932,466	18,573,941	7,500	-
		<u>32,342,685</u>	<u>31,266,373</u>	<u>12,240,107</u>	<u>12,177,743</u>

A bank loan of £5m was secured in the prior year to be repayable over 3 years by way of quarterly instalments of £416,666, repayable by December 2021. In addition there is a £2.5m revolving credit loan. Both facilities are subject to an interest rate which is variable at 2.25% above LIBOR. These are secured by an unlimited debenture upon the Group companies and related parties.

20 Loans and overdrafts

	Group	2018	Company	
	2019	£	2019	2018
	£	£	£	£
Bank loans	<u>6,416,670</u>	<u>7,083,334</u>	<u>6,416,670</u>	<u>7,083,334</u>
Payable within one year	<u>6,416,670</u>	<u>7,083,334</u>	<u>6,416,670</u>	<u>7,083,334</u>

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities	Liabilities	Assets	Assets
	2019	2018	2019	2018
Group	£	£	£	£
Accelerated capital allowances	-	13,259	123,794	-
Retirement benefit obligations	-	-	1,213	-
	<u>-</u>	<u>13,259</u>	<u>125,007</u>	<u>-</u>

The company has no deferred tax assets or liabilities.

BES UTILITIES HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 APRIL 2019

21 Deferred taxation (Continued)

	Group 2019 £	Company 2019 £
Movements in the Period:		
Liability at 30 April 2018	13,259	-
Credit to profit or loss	(138,266)	-
Asset at 30 April 2019	(125,007)	-

The deferred tax asset set out above is expected to reverse and relates to the utilisation of accelerated capital allowances and retirement benefit obligations against future expected profits of the same period.

22 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	285,169	52,692

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	Group and company 2019 £	2018 £
Ordinary share capital		
Issued and not fully paid		
400 Ordinary shares of £1 each	400	400

On 4 September 2018 a bonus issue of 2,700,000 Deferred shares of £1 each were issued from the merger reserve.

On 11 September 2018 a second bonus issue of 2,700,000 Deferred shares of £1 each were issued from the merger reserve.

On 14 September 2018 a third bonus issue of 300,000 Deferred shares of £1 each were issued from the merger reserve.

The 5,700,000 Deferred shares of £1 each were subsequently cancelled, resulting in a credit of £5,700,000 to the profit and loss reserve.

BES UTILITIES HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2019

24 Merger reserve

Company	£
At the beginning of the prior Period	8,399,700
At the end of the prior Period	8,399,700
Other movements	(5,700,000)
At the end of the current Period	2,699,700

The merger reserve was recognised on consolidation of the subsidiaries into the BES Utilities Holdings group on 30 September 2017. The merger reserve equated to the value of assets acquired above the nominal value of the share capital.

During September 2018 3 separate tranches of deferred shares totalling £5,700,000 were issued (as a bonus issue), from the merger reserves. These additional shares were subsequently cancelled, resulting in a credit of £5,700,000 to retained profit and loss reserves.

25 Financial commitments, guarantees and contingent liabilities

The group has entered into an unlimited cross guarantee covering the borrowings of all group companies and a related party, Commercial Power Ltd, in favour of Lloyds Bank plc. At the balance sheet date the potential added liability for the group under these cross guarantees is £2,548,208 (2018: £3,329,713).

At the balance sheet date the potential added liability for the company under these cross guarantees is £2,548,208 (2018: £4,490,149).

The group had committed at the year end to purchase wholesale electricity totalling £15,876,623 (2018: £18,565,634) and to sell wholesale electricity totalling £79,446 (2018: £200,453).

The group had committed at the year end to purchase wholesale gas totalling £9,967,929 (2018: £16,903,677) and to sell wholesale gas totalling £Nil (2018: £6,258,465).

The commitment to purchase wholesale gas and electricity extendeds to March 2022 (2018: March 2021).

26 Operating lease commitments

Lessee

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	34,504	34,504	-	-
Between two and five years	13,642	47,966	-	-
	<u>48,146</u>	<u>82,470</u>	<u>-</u>	<u>-</u>

BES UTILITIES HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 APRIL 2019

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	423,500	421,200

Transactions with related parties

During the year the group has recognised energy commissions due to Commercial Power Limited, a company under common control, of £8,003,382 (2018: £6,989,547) and other staff costs of £539,717 (2018: £Nil) within expenses and recharged £86,194 (2018: £89,589) for various services. During the year £1,490,000 (2018: £3,000,000) was advanced to Commercial Power, there are no official repayment terms, however it is expected to be repaid over a number of years and is non-interest bearing. At the year end an amount of £5,053,087 (2018: £2,222,445) was owed from Commercial Power Limited, this amount is included within other debtors.

During the year the group has recognised managed services due to BES Utilities LLP of £Nil (2018: £403,073) within expenses, also the group purchased an operating system from BES Utilities for £Nil (2018: £6,884,939) a partnership under common control.

During the year the group has recognised various managed services due to Fleetwood Wanderers Limited of £852,038 (2018: £1,147,079) within expenses and recharged £149,837 (2018: £140,911) for vehicle costs, gas and electricity to Fleetwood Wanderers Limited, a company under common control. During the year £1,320,000 (2018: £Nil) was advanced to Fleetwood Wanderers Limited, there are no official repayment terms, however it is expected to be repaid over a number of years and is non-interest bearing. At the year end an amount of £1,252,256 was owed by (2018 owed to: £13,110) was owed by Fleetwood Wanderers Limited, this amount is included within other debtors.

During the year the group received loan payments of £Nil (2018: £Nil) from Jaymel Limited, a company under common control. At the year end an amount of £8,083,700 (2018: £8,083,700) was owed from Jaymel Limited, this amount is included within other debtors. There are no official repayment terms, however it is expected to be repaid over a number of years and is non-interest bearing.

During the year the group has recognised accommodation services due to Breck Apartments LLP of £23,874 (2018: £11,190) and received £5,814 (2018: £9,027) for the supply of gas and electricity to Breck Apartments LLP, a partnership under common control. At the year end an amount of £11,948 (2018: £6,300) was owed to Breck Apartments LLP, this amount is included within other creditors.

During the year the group recognised various services due to Card Saver Limited, a company under common control, of £344,159 (2018: £254) and recharged vehicle and various other costs to Card Saver Limited amounting to £45,951 (2018: £69,417). During the year £1,390,000 (2018: 1,660,000) was advanced to Card Saver Limited. At the year-end an amount of £3,633,867 (2018: £2,049,746) was owed from Card Saver Limited, this amount is included within other debtors. There is no official repayment terms, however it is expected to be repaid over a number of years and is non-interest bearing.

During the year the group recognised various services due to Fleetwood Town Community Trust, a trust under common control, of £2,067 (2018: £865). At the year end an amount of £779 (2018: £Nil) was owed by Fleetwood Town Community Trust, this amount is included within other debtors.

During the year the group has recharged £5,077 (2018: £Nil) for various services to Pin Point Media Ltd, a company under common control. At the year end an amount of £2,621 (2018: £Nil) was owed from Pin Point Media Ltd, this amount is included within other debtors.

BES UTILITIES HOLDING LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE PERIOD ENDED 30 APRIL 2019**28 Directors' transactions**

Advances or credits have been granted by the group to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Director's loan account	2.50	(1,018,159)	812,846	(45,536)	(250,849)
Director's loan account	2.50	(2,294,391)	2,955,045	(123,739)	536,915
		<u>(3,312,550)</u>	<u>3,767,891</u>	<u>(169,275)</u>	<u>286,066</u>

Included within amounts repaid is interest paid to the directors at a rate of 10% p.a. on any balances owed to the director's throughout the year.

29 Controlling party

The ultimate controlling party is deemed to be A J Pilley by virtue of his majority shareholding.

30 Cash generated from group operations

	2019 £	2018 £
Profit for the Period after tax	2,486,028	1,251,747
Adjustments for:		
Taxation charged	533,942	869,014
Finance costs	379,703	356,515
Investment income	(26,039)	(53,246)
Gain on disposal of business	(300,000)	-
Amortisation and impairment of intangible assets	500,353	1,714,116
Depreciation and impairment of tangible fixed assets	71,779	107,591
Movements in working capital:		
Increase in debtors	(4,080,796)	(6,954,211)
Increase in creditors	1,205,909	5,860,314
Cash generated from operations	<u>770,879</u>	<u>3,151,840</u>