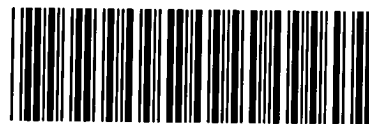


Company Registration No. 10859744 (England and Wales)

**GENIE ENERGY UK LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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# GENIE ENERGY UK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr M M Stein	
	Mr S Ritter	(Appointed 6 June 2019)
	Mr A Goldin	(Appointed 6 June 2019)
<b>Company number</b>	10859744	
<b>Registered office</b>	C/o Sable International 13th Floor, One Croydon 12-16 Addiscombe Road Croydon CR0 0XT	
<b>Auditor</b>	HJS (Reading) Limited Chartered Accountants and Statutory Auditors 3 Richfield Place Richfield Avenue Reading Berkshire RG1 8EQ	
<b>Business address</b>	St Dunstan's House 201 Borough High Street London SE1 1JA	

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# **GENIE ENERGY UK LIMITED**

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# GENIE ENERGY UK LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present the strategic report and financial statements for the year ended 31 December 2018.

### Review of the business

The principal activity of the Group for the year under review was the marketing and supply of energy to residential customers in Great Britain.

The Directors are pleased with the progress made during the year having successfully met the requirements of the Controlled Market Entry process in the first half of 2018, and in parallel with this, put in place a wholesale energy supply deal with Shell Energy Europe Limited.

This unique early relationship has allowed Group companies to provide stable prices and peace of mind to our customers from our first year of supply.

### Principal risks and uncertainties

The Risk Management committee, considers the below to be the principal risks.

#### Wholesale market Risk

Wholesale energy market volatility continues to be the most significant risk to an energy supply business in the UK. Genie Energy UK Group manages and mitigates this risk through its key relationship with Shell Energy Europe Ltd. Through this relationship is able to and does fully hedge its forecast customer demandly hedges its customers energy requirements.

#### Credit Risk

Genie Energy UK Group will manage bad debt risk through a combination of products, technology and a high proportion of Direct Debit customers.

#### Operational Risk

Genie Energy UK Group has built its platform to minimise operational risk by working with market leading partners with deep experience in the UK energy market.

Genie Energy UK Group through its Risk management committee reviews its operational risks on a regular basis to ensure that any risk which falls outside of its tolerance, is actioned and monitored until it has been brought back within its appetite.

#### Financing

Genie Energy UK Group has operated within its funding requirements for 2018 and has in place substantial funding commitments to meet its future growth plans.

#### Future developments

The Group successfully met the requirements of the Controlled Market Entry process in the first half of 2018 and the Directors expect the Group to continue to grow.

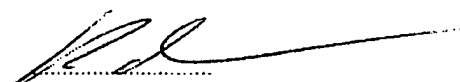
The Directors have put in place wholesale energy supply deal with Shell Energy Europe Limited. This partnership will support sustainable growth through continuity of supply for all Genie Energy UK Group customers.

#### KPIs

##### Growth:

Turnover has increased to £1.9m in the first active year of supplying customers

On behalf of the board



Mr M M Stein  
Director  
July 11, 2019

# GENIE ENERGY UK LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their annual report and financial statements for the year ended 31 December 2018.

### Results and dividends

The results for the year are set out on page 6.

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

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

### Directors

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

Mr M M Stein

Mr S Ritter

Mr A Goldin

(Appointed 6 June 2019)

(Appointed 6 June 2019)

### Supplier payment policy

The group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

### Auditor

HJS (Reading) Limited were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### 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.

On behalf of the board



Mr M M Stein

Director

Date:

July 11, 2019

## **GENIE ENERGY UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

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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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the group and company's ability to continue as a going concern.

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.

# GENIE ENERGY UK LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF GENIE ENERGY UK LIMITED

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#### Opinion

We have audited the financial statements of Genie Energy UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the income statement, the group statement of comprehensive income, the statement of financial position, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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.

#### 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.

## GENIE ENERGY UK LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GENIE ENERGY UK 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 group and 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.

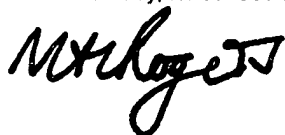
In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend 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.

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.



Mark Rogers FCCA (Senior Statutory Auditor)  
for and on behalf of HJS (Reading) Limited  
Chartered Accountants and Statutory Auditors  
3 Richfield Place  
Richfield Avenue  
Reading  
Berkshire  
RG1 8EQ

17/7/19.



# GENIE ENERGY UK LIMITED

## GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Revenue	4	1,908,510	-
Cost of sales		(1,926,716)	(6,469)
<b>Gross loss</b>		<b>(18,206)</b>	<b>(6,469)</b>
Administrative expenses		(3,212,565)	(820,753)
<b>Operating loss</b>	5	<b>(3,230,771)</b>	<b>(827,222)</b>
Investment revenues	6	26	195
Other gains and losses	8	(1,163,500)	-
<b>Loss before taxation</b>		<b>(4,394,245)</b>	<b>(827,027)</b>
Income tax expense		-	-
<b>Loss for the year</b>		<b>(4,394,245)</b>	<b>(827,027)</b>
Loss for the financial year is attributable to:			
- Owners of the parent company		(2,958,553)	(537,567)
- Non-controlling interests		(1,435,692)	(289,460)
		<b>(4,394,245)</b>	<b>(827,027)</b>

The income statement has been prepared on the basis that all operations are continuing operations.

# GENIE ENERGY UK LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Loss for the year	<u>(4,394,245)</u>	<u>(827,027)</u>
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Revaluation of intangible assets	<u>-</u>	<u>1</u>
Total comprehensive income for the year	<u>(4,394,245)</u>	<u>(827,026)</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	<u>(2,958,553)</u>	<u>(537,567)</u>
- Non-controlling interests	<u>(1,435,692)</u>	<u>(289,459)</u>
	<u>(4,394,245)</u>	<u>(827,026)</u>

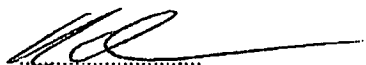
# GENIE ENERGY UK LIMITED

## GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
<b>Non-current assets</b>			
Intangible assets	9	100,000	1,263,500
Property, plant and equipment	10	42,779	22,042
		<u>142,779</u>	<u>1,285,542</u>
<b>Current assets</b>			
Trade and other receivables	13	1,064,366	1,756,538
Cash and cash equivalents		1,375,555	2,065,587
		<u>2,439,921</u>	<u>3,822,125</u>
<b>Total assets</b>		<u>2,582,700</u>	<u>5,107,667</u>
<b>Current liabilities</b>			
Trade and other payables	15	5,860,371	3,121,093
<b>Net current (liabilities)/assets</b>		<u>(3,420,450)</u>	<u>701,032</u>
<b>Total liabilities</b>		<u>5,860,371</u>	<u>3,121,093</u>
<b>Net (liabilities)/assets</b>		<u>(3,277,671)</u>	<u>1,986,574</u>
<b>Equity</b>			
Called up share capital	17	100	100
Revaluation reserve		1	1
Retained earnings		(3,496,121)	(537,568)
<b>Equity attributable to owners of the parent company</b>		<u>(3,496,020)</u>	<u>(537,467)</u>
<b>Non-controlling interests</b>		<u>218,349</u>	<u>2,524,041</u>
		<u>(3,277,671)</u>	<u>1,986,574</u>

The financial statements were approved by the board of directors and authorised for issue on July 11, 2019 and are signed on its behalf by:



Mr M M Stein  
Director

Company Registration No. 10859744

# GENIE ENERGY UK LIMITED


## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
<b>Non-current assets</b>			
Investments	11	4,005,000	5,225,000
<b>Total assets</b>		<u>4,005,000</u>	<u>5,225,000</u>
<b>Current liabilities</b>			
Trade and other payables	15	4,004,900	5,224,900
<b>Net current liabilities</b>		<u>(4,004,900)</u>	<u>(5,224,900)</u>
<b>Total liabilities</b>		<u>4,004,900</u>	<u>5,224,900</u>
<b>Net assets</b>		<u>100</u>	<u>100</u>
<b>Equity</b>			
Called up share capital	17	<u>100</u>	<u>100</u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company did not trade during the period and didn't make a profit or a loss.

The financial statements were approved by the board of directors and authorised for issue on July 11, 2019 and are signed on its behalf by:



Mr M M Stein  
Director

Company Registration No. 10859744

# **GENIE ENERGY UK LIMITED**

## **GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018**

		Share capital	Revaluation reserve	Retained earnings	Total controlling interest	Non-controlling interest	Total
	Notes	£	£	£	£	£	£
<b>Balance at 11 July 2017</b>		-	-	-	-	-	-
<b>Period ended 31 December 2017:</b>							
Loss for the period		-	-	(537,568)	(537,568)	(289,459)	(827,027)
Other comprehensive income:							
Revaluation of intangible assets		-	1	-	1	-	1
Total comprehensive income for the period		-	1	(537,568)	(537,567)	(289,459)	(827,026)
Issue of share capital	17	100	-	-	100	-	100
Acquisition of non-controlling interests		-	-	-	-	2,813,500	2,813,500
<b>Balance at 31 December 2017</b>		100	1	(537,568)	(537,467)	2,524,041	1,986,574
<b>Year ended 31 December 2018:</b>							
Loss and total comprehensive income for the year		-	-	(2,958,553)	(2,958,553)	(1,435,692)	(4,394,245)
Reduction in investment		-	-	-	-	(870,000)	(870,000)
<b>Balance at 31 December 2018</b>		100	1	(3,496,121)	(3,496,020)	218,349	(3,277,671)

# GENIE ENERGY UK LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

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	Notes	Share capital £
Balance at 11 July 2017		-
Period ended 31 December 2017:		
Issue of share capital	17	100
Balance at 31 December 2017:		<u>100</u>
Year ended 31 December 2018:		<u>          </u>
Balance at 31 December 2018		<u><u>100</u></u>

# GENIE ENERGY UK LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	21	213,982		538,172	
<b>Net cash inflow from operating activities</b>		213,982		538,172	
<b>Investing activities</b>					
Purchase of intangible assets		-	(1,263,499)		
Purchase of property, plant and equipment		(34,040)	(22,881)		
Purchase of non controlling interest		(870,000)	2,813,500		
Interest received		26	195		
<b>Net cash (used in)/generated from investing activities</b>		(904,014)		1,527,315	
<b>Financing activities</b>					
Proceeds from issue of shares		-	100		
<b>Net cash (used in)/generated from financing activities</b>		-		100	
<b>Net (decrease)/increase in cash and cash equivalents</b>		(690,032)		2,065,587	
Cash and cash equivalents at beginning of year		2,065,587		-	
Cash and cash equivalents at end of year		1,375,555		2,065,587	

# GENIE ENERGY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

#### Company information

Genie Energy UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is C/o Sable International, 13th Floor, One Croydon, 12-16 Addiscombe Road, Croydon, CR0 0XT.

The group consists of Genie Energy UK Limited and all of its subsidiaries.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements have been prepared on the historical cost basis, except for the revaluation of . The principal accounting policies adopted are set out below.

#### 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.

The consolidated financial statements incorporate those of Genie Energy UK Limited 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 31 December 2018. 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.

#### 1.3 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.



# GENIE ENERGY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.5 Intangible 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 cost or value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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:

- The Directors have agreed that there has been no change to the fair value of the initial setup and as such no amortisation is required at 31 December 2018.

#### 1.6 Property, plant and equipment

Property, plant and equipment 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	20% straight line
Computers	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

#### 1.7 Impairment of tangible and intangible assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

# GENIE ENERGY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

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.

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.

#### 1.8 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents 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.

#### 1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

#### *Loans and receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

# GENIE ENERGY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those at FVTPL, 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 of the investment have been affected.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### **1.11 Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### **Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

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

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### **1.12 Equity instruments**

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

#### **1.13 Hedge accounting**

Trading companies within the Group mitigates the risk versus volatile wholesale markets by forward buying energy in line with its customers' requirements.

The company accordingly classifies these forward hedges as "matched" with our requirements to supply this energy to our customers.

No energy is forward bought on a speculative basis, and as such these purchases are outside of the scope of IAS39.

# GENIE ENERGY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 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 inventories or non-current 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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income 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 lease asset are consumed.

### 2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 15	Revenue from contracts with customers
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IFRS 9	Financial Instruments
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#### Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 16	Leases
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## GENIE ENERGY UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

#### 3 Critical accounting estimates and judgements

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

##### Critical judgements

##### Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable.

Revenue for the supply of energy includes an assessment of the value of energy supplied to customers including an estimated value of the volume between the date of the last invoice and the end of the period. Revenue is estimated using consumption patterns on a meter by meter basis, taking into account weather patterns, forecasts and the difference between actual meter readings returned and system estimates. Revenue is presented net of sales tax, returns, rebates and discounts.

The judgements applied and the underlying assumptions are considered to be appropriate at the balance sheet date.

##### Valuation of intangible assets

Industry accreditation licences were acquired via a dormant company for £100,000 on 24 July 2017. The directors consider the fair value of these licences at 31 December 2018 remains as £100,000.

A company in the Group capitalised its development costs incurred to 31 December 2017 as an intangible asset. The company undertake an annual review of the fair value of intangible assets and at 31 December 2018 it is considered that the development costs have a valuation of nil and consequently the value has been written down to that value.

##### Useful economic lives of assets

The annual depreciation charge on fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets, and these are reassessed annually.

##### Deferred tax asset

The deferred tax asset arising from Group tax losses incurred over the past two financial years which are available to be carried forward and offset against future profits have not been recognised at 31 December 2018 due to the uncertainty concerning the exact timescale as to its recoverability. The losses can be carried forward indefinitely and have no expiry date.

# GENIE ENERGY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 4 Revenue

	2018 £	2017 £
<b>Revenue analysed by class of business</b>		
Energy supplies	1,908,510	-
	<u>          </u>	<u>          </u>
	2018 £	2017 £
<b>Other significant revenue</b>		
Interest income	26	195
	<u>          </u>	<u>          </u>

### 5 Operating loss

	2018 £	2017 £
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	20,000	-
Depreciation of property, plant and equipment	13,303	839
	<u>          </u>	<u>          </u>

### 6 Investment income

	2018 £	2017 £
<b>Interest income</b>		
Bank deposits	26	-
Other interest income	-	195
	<u>          </u>	<u>          </u>
<b>Total interest revenue</b>	26	195
	<u>          </u>	<u>          </u>

Total interest income for financial assets that are not held at fair value through profit or loss is £26 (2017 - £-).

### 7 Employees

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

	Group 2018 Number	Company 2018 Number	Group 2017 Number	Company 2017 Number
Sales and administration	19	-	3	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# GENIE ENERGY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 7 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Wages and salaries	700,636	-	66,337	-
Social security costs	75,803	-	8,107	-
Pension costs	7,706	-	-	-
	<u>784,145</u>	<u>-</u>	<u>74,444</u>	<u>-</u>

### 8 Other gains and losses

	2018 £	2017 £
Amounts written off fair value through profit or loss	<u>(1,163,500)</u>	<u>-</u>

### 9 Intangible assets

	Industry accreditation licences £	Development costs £	Total £
<b>Cost or valuation</b>			
Additions	99,999	1,163,500	1,263,499
Revaluation	1	-	1
At 31 December 2017	<u>100,000</u>	<u>1,163,500</u>	<u>1,263,500</u>
Disposals	-	(1,163,500)	(1,163,500)
At 31 December 2018	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<b>Carrying amount</b>			
At 31 December 2018	<u>100,000</u>	<u>-</u>	<u>100,000</u>
At 31 December 2017	<u>100,000</u>	<u>1,163,500</u>	<u>1,263,500</u>

The industry accreditation licenses have been valued at £100,000 the original purchase price of dormant company with the active licenses on 24 July 17. The directors consider the fair valuation at 31 December 18 to be £100,000.

At 31 December 2018, had the licences been carried at historical cost less accumulated amortisation and accumulated impairment losses, their carrying amount would have been £nil.

The revaluation surplus is disclosed in note 16. This is non distributable.

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

# **GENIE ENERGY UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2018**

### **10 Property, plant and equipment**

	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>			
Additions	983	21,898	22,881
At 31 December 2017	983	21,898	22,881
Additions	3,637	30,403	34,040
At 31 December 2018	4,620	52,301	56,921
<b>Accumulated depreciation and impairment</b>			
Charge for the year	9	830	839
At 31 December 2017	9	830	839
Charge for the year	746	12,557	13,303
At 31 December 2018	755	13,387	14,142
<b>Carrying amount</b>			
At 31 December 2018	3,865	38,914	42,779
At 31 December 2017	974	21,068	22,042

The company had no property, plant and equipment at 31 December 2018 or 31 December 2017.

### **11 Investments**

	Company Current 2018 £	2017 £	Company Non-current 2018 £	2017 £
Investments in subsidiaries	-	-	4,005,000	5,225,000

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

#### **Fair value of financial assets carried at amortised cost**

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.



## GENIE ENERGY UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 12 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Country of incorporation	Ownership interest (%)	Nature of business
Shoreditch Energy Limited	England & Wales	67.33	Holding company
Orbit Energy Limited	England & Wales	67.33	Energy supplier

The investment in subsidiaries are all stated at amortised cost.

Orbit Energy Limited is indirectly owned by virtue of Shoreditch Energy Limited's 100% share holding.

#### 13 Trade and other receivables

	Group Current 2018 £	Company Current 2018 £	Group Current 2017 £	Company Current 2017 £
Other receivables	941,011	-	1,688,970	-
VAT recoverable	82,538	-	67,568	-
Prepayments	40,817	-	-	-
	<u>1,064,366</u>	<u>-</u>	<u>1,756,538</u>	<u>-</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

#### 14 Trade receivables - credit risk

##### Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

The company has no allowances for doubtful debts at 31 December 2018 or 31 December 2017

# GENIE ENERGY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 15 Trade and other payables

	Group Current 2018 £	Company Current 2018 £	Group Current 2017 £	Company Current 2017 £
Trade payables	73,119	-	66,370	-
Accruals	922,467	-	-	-
Social security and other taxation	37,905	-	9,814	-
Other payables	4,826,880	4,004,900	3,044,909	5,224,900
	<u>5,860,371</u>	<u>4,004,900</u>	<u>3,121,093</u>	<u>5,224,900</u>

### 16 Retirement benefit schemes

#### Defined contribution schemes

The group 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.

The total costs charged to income in respect of defined contribution plans is £7,706 (2017 - £-).

17 Share capital	2018 £	2017 £
Ordinary share capital <i>Issued and fully paid</i> 100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

### 18 Capital risk management

Externally imposed capital requirements to which the company is subject have been complied with in the period.

### 19 Operating lease commitments

#### Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Minimum lease payments under operating leases	<u>249,513</u>	<u>-</u>	<u>21,088</u>	<u>-</u>

# GENIE ENERGY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 19 Operating lease commitments

(Continued)

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

	Group 2018 £	Company 2018 £	Group 2017 £	Company 2017 £
Within one year	323,150	-	175,868	-
Between two and five years	500,822	-	-	-
	<u>823,972</u>	<u>-</u>	<u>175,868</u>	<u>-</u>

### 20 Related party transactions

The following amounts were outstanding at the reporting end date:

	Group 2018 £	Company 2018 £	Amounts owed to related parties Group 2017 £	Company 2017 £
Parent company	4,004,900	4,004,900	2,984,900	2,984,900
Subsidiaries	-	-	1,650,000	2,240,000
	<u>4,004,900</u>	<u>4,004,900</u>	<u>4,634,900</u>	<u>5,224,900</u>

No guarantees have been given or received.

### 21 Cash generated from operations

	2018 £	2017 £
Loss for the year after tax	(4,394,245)	(827,027)
Adjustments for:		
Investment income	(26)	(195)
Depreciation and impairment of property, plant and equipment	13,303	839
Other gains and losses	1,163,500	-
Movements in working capital:		
Decrease/(increase) in trade and other receivables	692,172	(1,756,538)
Increase in trade and other payables	2,739,278	3,121,093
Cash generated from operations	<u>213,982</u>	<u>538,172</u>