

Company Registration No. 04194006 (England and Wales)

GREEN ENERGY (UK) PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2017



GREEN ENERGY (UK) PLC

COMPANY INFORMATION

Directors	D Stewart Sir P Thompson T J Smith C Crossley Cooke
Secretary	Aldbury Associates Limited
Company number	04194006
Registered office	Black Swan House 23 Baldock Street Ware Hertfordshire SG12 9DH
Auditor	Mercer & Hole Silbury Court 420 Silbury Boulevard Central Milton Keynes Buckinghamshire MK9 2AF

GREEN ENERGY (UK) PLC

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GREEN ENERGY (UK) PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 APRIL 2017

Highlights

Turnover static at £13.9m, last year £13.8m

Profit down by 21% from £599k to £471k

Customer Numbers up by 27%

This year's results are set out in the report and for the first time since 2006 I am disappointed to be reporting a reduction in earnings and a static turnover.

Whilst our customer numbers have increased significantly, the results are an indication of the margin pressure the company has been under, partly as a result of government policy costs and media attention but also from the costs required to serve our customers appropriately becoming a higher proportion of our turnover.

I'm pleased to say that we have no intention of changing our values or the way we serve our customers so we will continue to find ways to grow under the current regulatory regime that are fair to our customers and fair to the business also.

It's a good set of results considering the volatile economy and regulatory climate we have faced and the results of the long awaited Competition and Markets Authority (CMA) report.

It is however pleasing to note that we continue to grow customer numbers significantly in, despite what you read in the news, an increasingly competitive market. There is now a record number of 58 fully licensed domestic suppliers, but many experts suggest this can't last.

Indeed the demise of GB energy during the year was expected to be followed by more failures but that has yet to come to pass. What we have seen is second tier suppliers complaining about the sustainability of the tariffs being offered in the market, an opinion we share, and the beginnings of the predicted consolidation with the take over of GB energy supply's customers and Vattenfall buying ISupply. In addition we have seen Engie, a French giant, move into the UK market.

Our gas portfolio has achieved steady growth and it still offers the company the opportunity to grow further over the next few years. As a result of the changes in the wholesale market, we are now not only the only company offering a 100% green gas tariff we have improved our electricity fuel mix to 100% renewable for the next year again with no incremental charge so we have a fully renewable energy offering – unique in the market at present.

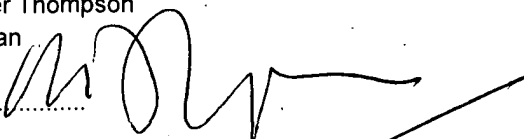
I commented last year that we hoped common sense would prevail and we might see the repeal of some of the unintended consequences of Ofgem's Retail Market Review. As a result of the CMA report into the energy industry, which was finally published in June 2016, it appears that that might finally happen. The CMA report is covered in more detail in the CEO's report.

And I am personally delighted to advise that our share scheme has helped realise our original aims and we are in sight of delivering its full potential as the customer share scheme reaches full maturity.

That means that my lifelong belief in different ownership models is maintained and our share scheme remains a demonstration of our ethics and values, ensuring our customers will always remain core to our business.

Can I once again thank our customers and shareholders for their continuing support, and I am sure you would again want me to recognise the hard work and tireless dedication of our staff, without which, these results would not be possible.

Sir Peter Thompson
Chairman

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GREEN ENERGY (UK) PLC

CHIEF EXECUTIVE OFFICER'S STATEMENT

FOR THE YEAR ENDED 30 APRIL 2017

Another political year! While we run a commercial enterprise in the form of an energy company, politics seems to affect us at every turn, and I always seem to be drawn to talk about it. If it's not government policy, it's regulation brought about by it, or as is often the case, the media's reaction to it or the rhetoric surrounding the industry. A political football is not what we signed up for but it's what we have to consider when making commercial decisions.

Let's just recap, as if we needed to:

- The CMA published its long awaited report on the energy market.
- The British public voted to leave the EU
- The Prime Minister despite assurances to the contrary resigned as a result and the country, well the Conservative Party, chose a new Prime Minister
- and Donald Trump against all the odds won the US presidential election

When you read that back it doesn't look like a road map for stability and funnily enough it wasn't.

Indeed, in the last month of the period under review Theresa May called a snap election and we now know the result of that, which is far from stable either!

So that's the backdrop against which we had run our business over the period under review.

As the Chairman pointed out we have grown the business in terms of customer numbers but profit and turnover have suffered. To date our growth has been steady and sustainable and largely through good service, recommendation, branding and web presence. But it had become increasingly obvious as we tried different approaches to using the web that we couldn't ignore the opportunity it presented and the fact we were perhaps missing an opportunity by not embracing the internet quite as widely as perhaps we should.

So, during the year we made the decision to bring our web activity in-house deploying new resources into our digital marketing and social media strategy, recruiting a digital marketing manager and employing some digital platforms for the first time.

Specifically we reviewed our website to revise and improve what the 'techies' refer to as the customer journey; we also reduced our efforts on twitter, maintained our activities on Facebook but deployed google to an extent we have not hitherto tried in an effort to improve reach and encourage growth.

This is still in its infancy but after 12 months we believe it was the right decision based on the increased level of sign ups, reach and recognition which we now have metrics for. This has led to an increase in overheads both in terms of headcount and marketing spend, which depressed margins last year but the late surge that increased customer numbers will translate into better revenues next year.

We've seen supplier failure, increasing prices from the second tier suppliers who made their name undercutting the Big Six and a plethora of new suppliers entering the market and undercutting them.

We've had price increases both in the wholesale market and at retail levels but what is very different about the pricing this year is that government policy costs continue to rise and have begun to bite.

Taken as a macro phenomenon, government policy costs can appear quite benign – if you agree with the green agenda, as we do, and some think of it as a small part of the picture.

However these policy costs, in addition to the Renewable Obligation and Feed in Tariffs that have been on the public agenda for some time, now encompass RMR (retail market review) costs of Capacity Margins and Contracts for Difference (CFDs) which in lay terms means industry participants bearing costs which are forced upon them to guarantee the lights stay on and that investors in generation get rewarded and protected. To date they have largely been absorbed, but as they increase, participants need to pass them on to consumers.

GREEN ENERGY (UK) PLC

CHIEF EXECUTIVE OFFICER'S STATEMENT

FOR THE YEAR ENDED 30 APRIL 2017

We also have the costs of smart metering starting to sting, and by that I don't just mean the cost of fitting new meters. There is a whole new infrastructure being built to manage the readings which we have been paying for, for some time even though we have had no benefit, and those costs are beginning to come home to roost!

We are supportive of the long term benefits of smart metering but we have been critical of the way the programme has been implemented and communicated to the consumer. The downstream benefits of smart metering will allow for demand and supply side management, balancing the grid through battery and storage facilities, and a smoothing of peaks and troughs around daytime and seasonal consumption.

All of these play to our desire for a greener generation base, a better handling of the intermittency that comes with renewable energies and a more sustainable network, along with the ability of consumers to modify their consumption behaviour to make savings. But the message coming from the establishment is that this will all be free and simply by being aware of what their energy is costing them in the moment, a quick glance at their in home display and hey presto consumers will save money. That requires human intervention which has proven not to work in many experiments and in many industries. What does work is automation which is possible with smart grids and smart appliances all of which need the smart meter programme - but that's not how it's being sold to the consumer.

It's an expensive project that the government have suggested won't cost the consumer anything. But anyone who's ever been close to a business knows nothing is free, its costs are borne ultimately by the consumer.

But as I said we are very supportive of the aims of smart metering and a strong demonstration of that was evidenced in a bold and unique move we made to introduce a time of day tariff for domestic consumers. Called Tide it is designed to benefit from the introduction of smart meters and encourages consumers to take control of their consumption.

This dovetails into the smart meter programme and data and allows consumers to vary the cost of their usage by time of day, which is an approximation of how the wholesale market operates.

It's not for everyone, as it charges more for peak-time electricity and less for night-time, but for those with semi smart appliances like programmable dishwashers, washing machines and tumble dryers it provides savings if they divert their usage away from those peak times. And for the electric car driver whose car lies idle all night and can be programmed only to charge after a certain time there's a win there too.

It's our way of demonstrating there's more to smart metering than GAZ and LECCY and that the smart grid when it arrives is a good thing; and by adopting that stance it allows us to continue to be critical of the programme's rollout foibles.

Prices were once again on the agenda in the latter part of the financial year; Ofgem were saying there was no reason to increase prices and the entire industry was at odds with that opinion and everyone increased their prices citing policy costs as the main determinant, even the cheapest defied Ofgem's view, with the notable exception of British Gas, who delayed action until August.

While we were beginning to see the fruits of some of our digital marketing activity, the round of Big Six price increases led to a significant rise in switching activity and we seemed to benefit significantly this year, in large part due to our TAP tariff aimed at simplifying bills with no standing charge. These tariffs were withdrawn by the big 6 and therefore, being one of the few to offer that type of tariff, we benefited from people looking around.

We increased our prices late in the day, after the end of the period under review as we tried steadfastly to stick to our fairer pricing model and not burden our customers with winter price increases; this was in some part responsible for our reduced profitability as the costs we have defrayed in the increase were being borne throughout the winter!

GREEN ENERGY (UK) PLC

CHIEF EXECUTIVE OFFICER'S STATEMENT

FOR THE YEAR ENDED 30 APRIL 2017

We also used the opportunity to simplify our tariffs to take account of the fact that renewable energy no longer commands a premium in the wholesale market (the premium for green electricity had all but disappeared) to turn all our energy green. In so doing we were able to achieve a number of things for the future of the business in the next year.

- Turn all our energy renewable – both gas and electricity now come from fully certified green sources
- Remove the need for both a low carbon and a renewable tariff – so one tariff
- Pass on a 5% saving in gas to all our customers
- Reward those customers paying by DD with rates that are better than non DD payers'

So, we streamlined our offering to only provide renewable energy at no price premium and our dual fuel offering is still cheaper than 'BGs frozen till August price'.

Future Outlook

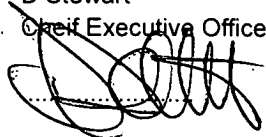
The CMA reported in June 2016, but further regulatory interference is still very much on the agenda following the Conservative manifesto pledge to introduce a price cap. While that mechanism has slipped from BEIS immediate agenda, Greg Clark has asked Ofgem for proposals and at the time of writing, Ofgem have suggested a number of measures it might introduce which will have an effect with our business plans, and the way we run our business. They are mostly concerned with those in greatest need, but they are proposing changing the rules for switching sites, making switching easier, and trialling a 'check your energy deal' service. Once again tinkering around the edges of switching rather than looking at systemic changes that would actually help the most vulnerable. That said we will continue to work with the regulator and one of the things we are very supportive of is the principle based regulation that came out of the CMA report. This centres around treating customers fairly, which we feel we have a good grip on and is line with our Customer Service mantra of 'what's the right thing to do'.

We have seen an upward swing in our growth with sign ups increasing over the year so we should see that additional revenue evidence itself as we move through the 17—18 financial year. We are budgeting conservatively in the knowledge that policy cost are biting hard and that the media rhetoric continues to support unsustainable tariffs that put the whole industry's margins under pressure. If you tell people a loss making tariff is the best deal for everyone eventually people believe you – it's important to note that GB energy who failed in November 2016 promised to consistently deliver the cheapest price. They did, right up to the point they went spectacularly bust owing some £20m in just 18 months.

Regulation and the media aside, we will continue to refine our digital strategy, look carefully at our systems and the efficiencies we can gain without compromising on service, and support our staff to deliver a first class service to our customers. We will also look at other areas of cost within the business to offset the continuing pressure on our margins. We envisage a tough winter with uncertainty coming from a number of areas, both commercially and politically.

We feel the business is in better shape than many to weather that storm and think that consolidation may take place as early as the back end of this year as new entrants with the same loss making tariffs and business plans struggle to attract sufficient customers and achieve scale.

D Stewart
Chief Executive Officer



12-09-2017

GREEN ENERGY (UK) PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2017

The directors present the strategic report for the year ended 30 April 2017.

Fair review of the business

Highlights include:

- Turnover static at £13.9m, last year £13.8m
- Profit down by 21% from £599k to £471k
- Customer numbers up by 27%

The company has continued to perform well throughout the year with a strong growth in customer numbers. Turnover is up slightly and underlying profitability remains solid although the impact of holding prices across the winter has created a fall back in profits for this year.

The company has focused on maintaining the strength of its balance sheet and has been able to improve its credit position. Full details of the company's performance and future developments can be found in the Chief Executive Officer's Statement.

Principal risks and uncertainties

Principal risks and uncertainties facing the company are outlined below:

Energy price volatility

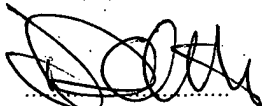
The company's turnover from energy sales may be affected by fluctuations in wholesale electricity and gas prices. The company has adopted a cautious strategy to mitigate this whereby forward hedges for power are secured to fix wholesale prices. During the reporting year the long term hedge that was purchased in the previous year which yielded lower prices allowed the company to offset a number of other industry costs.

Balancing Risk

The company manages its risk by using short, medium and long term volume forecasts to allow it to buy a mixture of short, medium and long term hedges. This gives certainty to the wholesale price of electricity and gas but does create the risk of imbalance charges if there is a significant change both up and down in total customer volumes.

The company pro-actively seeks to grow at a steady rate to mitigate this risk and ensure a smooth and controlled growth in customer numbers.

On behalf of the board



D Stewart

Director

12th September 2017

GREEN ENERGY (UK) PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2017

The directors present their annual report and financial statements for the year ended 30 April 2017.

Principal activities

The principal activity of the company is that of domestic and commercial electricity and gas supply.

The directors are satisfied with the results for the year and expect significant further growth in the following year.

Green energy

The company's policy is to purchase its green electricity only from fully renewable generators and generators who provide certified good quality CHP (Combined Heat and Power). Green gas is only purchased with an associated green gas certificate.

Directors

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

D Stewart
Sir P Thompson
T J Smith
C Crossley Cooke

Results and dividends

The results for the year are set out on page 11.

The directors do not recommend payment of an ordinary dividend.

Financial instruments

Commodity price risk

The company's operations results in exposure to fluctuations in electricity and gas prices. Management monitors electricity and gas prices and analyses supply and demand volumes to manage exposure to this risk. The company has entered into forward contracts in order to mitigate some of its exposure to these fluctuations.

If the wholesale market moves significantly up or down, the price risk to the company will depend on a number of factors including the excess or deficiency of power being supplied by Renewable Power Purchase contracts in place at the time. The company may be required to pass on the price risk to customers. Retail prices can be amended with 30 days advance notification to customers. Management closely monitors wholesale market movements and assesses trends in order to take action when necessary.

Liquidity risk

The company's policy in respect of liquidity risk is to maintain a mixture of short term debt finance and readily accessible bank deposit accounts, to ensure the company has sufficient funds for operations. The cash deposits are held in current accounts which earn interest at a floating rate. Debt is maintained at fixed and floating interest rates.

Credit risk

The company's exposure to credit risk arises from amounts due from customers. The company's policy in respect of credit risk is to require appropriate credit checks on potential customers and to provide for doubtful debts based on estimated irrecoverable amounts determined by reference to specific circumstances and past default experience. At the balance sheet date the directors have provided for all known specific doubtful debts and believe that there is no further credit risk.

GREEN ENERGY (UK) PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

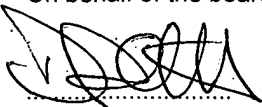
Auditor

In accordance with the company's articles, a resolution proposing that Mercer & Hole be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the board



D Stewart

Director

12 September 2017

GREEN ENERGY (UK) PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2017

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GREEN ENERGY (UK) PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GREEN ENERGY (UK) PLC

We have audited the financial statements of Green Energy (UK) Plc for the year ended 30 April 2017 set out on pages 11 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion 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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

GREEN ENERGY (UK) PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GREEN ENERGY (UK) PLC

Matters on which we are required to report by exception

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

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


Paul Maberly FCA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

Chartered Accountants
Statutory Auditor

18 September 2017

Silbury Court
420 Silbury Boulevard
Central Milton Keynes
Buckinghamshire
MK9 2AF

GREEN ENERGY (UK) PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	2016 £
Turnover	3	13,929,915	13,792,045
Cost of sales		(10,957,523)	(10,833,877)
Gross profit		2,972,392	2,958,168
Administrative expenses		(2,503,833)	(2,357,556)
Operating profit	4	468,559	600,612
Interest receivable and similar income	8	4,426	2,689
Interest payable and similar expenses	9	(1,577)	(4,097)
Profit before taxation		471,408	599,204
Tax on profit	10	(99,502)	(124,978)
Profit for the financial year	24	371,906	474,226

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

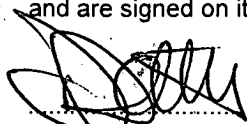
GREEN ENERGY (UK) PLC

BALANCE SHEET

AS AT 30 APRIL 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Intangible assets	11		49,999		49,999
Tangible assets	12		374,902		423,607
Investments	13		4		4
			<u>424,905</u>		<u>473,610</u>
Current assets					
Debtors	16	2,640,098		1,841,950	
Cash at bank and in hand		2,116,908		2,184,657	
		<u>4,757,006</u>		<u>4,026,607</u>	
Creditors: amounts falling due within one year	17	(2,156,951)		(1,758,798)	
Net current assets			<u>2,600,055</u>		<u>2,267,809</u>
Total assets less current liabilities			<u>3,024,960</u>		<u>2,741,419</u>
Creditors: amounts falling due after more than one year	18		-		(78,075)
Provisions for liabilities	20		(24,722)		(36,512)
Net assets			<u><u>3,000,238</u></u>		<u><u>2,626,832</u></u>
Capital and reserves					
Called up share capital	23		56,413		54,913
Capital redemption reserve	24		585		585
Profit and loss reserves	24		2,943,240		2,571,334
Total equity			<u><u>3,000,238</u></u>		<u><u>2,626,832</u></u>

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



D Stewart
Director



T J Smith
Director

Company Registration No. 04194006

GREEN ENERGY (UK) PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2017

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 May 2015		54,913	585	2,097,108	2,152,606
Year ended 30 April 2016:					
Profit and total comprehensive income for the year		-	-	474,226	474,226
Balance at 30 April 2016		54,913	585	2,571,334	2,626,832
Year ended 30 April 2017:					
Profit and total comprehensive income for the year		-	-	371,906	371,906
Issue of share capital	23	1,500	-	-	1,500
Balance at 30 April 2017		56,413	585	2,943,240	3,000,238

GREEN ENERGY (UK) PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	28	191,193		1,635,495	
Interest paid		(1,577)		(4,097)	
Income taxes paid		(116,236)		(96,671)	
Net cash inflow from operating activities		<u>73,380</u>		<u>1,534,727</u>	
Investing activities					
Purchase of tangible fixed assets		(40,757)		(10,621)	
Proceeds on disposal of tangible fixed assets		13,242		-	
Interest received		4,426		2,689	
Net cash used in investing activities		<u>(23,089)</u>		<u>(7,932)</u>	
Financing activities					
Proceeds from issue of shares		1,500		-	
Payment of finance leases obligations		(119,540)		(35,665)	
Net cash used in financing activities		<u>(118,040)</u>		<u>(35,665)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(67,749)</u>		<u>1,491,130</u>	
Cash and cash equivalents at beginning of year		2,184,657		693,527	
Cash and cash equivalents at end of year		<u><u>2,116,908</u></u>		<u><u>2,184,657</u></u>	

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

Company information

Green Energy (UK) Plc is a public company limited by shares incorporated in England and Wales. The registered office is Black Swan House, 23 Baldock Street, Ware, Hertfordshire, SG12 9DH.

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 has taken advantage of the exemption under section 405 (2) of the Companies Act 2006 not to prepare consolidated accounts as the directors consider the subsidiaries result are not material. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

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

1.3 Turnover

Revenue comprises revenue from the sale of electricity and gas to commercial and domestic customers. Revenue excludes Value Added Tax. Revenue from the sale of electricity and gas to commercial and domestic customers is recognised when earned on the basis of a contractual agreement with the customer. It reflects the value of the volume supplied, including an estimated value of the volume supplied to customers, between the date of their last meter reading and the year end.

Power supply

Revenue for the supply of electricity is based on industry data flows and national grid data. These include an estimate of power used based on the estimated annual consumption of each customer. This information is reconciled over a 14 month period as customer and industry meter reads are received and estimates adjusted to actual usage. The company takes a prudent assumption of revenue based on the latest available data flow, with a final 'true-up' once the final industry supplied data flow is available, approximately 14 months after supply.

Revenue for the supply of gas is accrued based on information received from the company's gas shipper, which includes details of all the sites held, their estimated annual quantities of gas used adjusted by a pre-determined weather correction factor. This information is subsequently adjusted, and invoiced based on customer and industry meter reads.

Payment is collected either as a direct debit, paid on receipt of bill in arrears or in advance for those customers on prepayment meters. Overdue amounts are reviewed regularly for impairment and provision made as necessary.

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

(Continued)

Feed-in Tariff (FIT) administration services

Green Energy (UK) Plc provide FIT administration services to micro-generators who are signed up to the FIT scheme. For FIT services, revenue is earned from OFGEM for administering the scheme. For FIT services, revenue is recognised in two parts: there is the initial fee paid by OFGEM for taking on a generator, and then an ongoing amount that is received annually for provision of FIT services. The initial fee is spread over the 'take on' period for a new customer and the ongoing fee that is received is spread over the 12 month compliance period.

1.4 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 if the fair value 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:

Power Supply Licences	10% straight line
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1.5 Tangible fixed assets

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

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

Leasehold improvements	Over the life of the lease
Plant and machinery	33.33% straight line
Fixtures, fittings & equipment	20% straight line
Computer equipment	33.33% straight line
Motor vehicles	25% straight line

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

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1.7 Impairment of fixed assets

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

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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.

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.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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.

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

(Continued)

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 company 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 company after deducting all of its liabilities.

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.

Other financial liabilities

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

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

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.10 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.

1.11 Derivatives

The company uses commodity purchase contracts to hedge its exposures to fluctuations in electricity commodity prices. When commodity purchase contracts have been entered into as part of the company's normal business activity, the company classifies them as 'own use' contracts and outside the scope of FRS102, Section 12.

This is achieved when:

- A physical delivery takes place under all such contracts;
- The volumes purchased or sold under contracts corresponds to the company's operating requirement; and
- The contracts are not considered as written options as defined by the standard.

1.12 Taxation

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

Current tax

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

Deferred tax

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

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

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

1 Accounting policies

(Continued)

1.13 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.

1.14 Retirement benefits

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

1.15 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.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including 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 Judgements and key sources of estimation uncertainty

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

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

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

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.

Revenue recognition

Revenue calculated from energy sales includes an estimate of the value of electricity and gas supplied to customers between the date of the last meter reading and the end of the reporting period. This will have been estimated using historical consumption patterns and data available, and takes into consideration industry reconciliation processes, upon which the company takes a prudent position until final reconciliation data is available from the industry.

Power purchase costs

Electricity purchase costs can typically take 14 months to be finalised due to the processes that the energy market has to complete in order to finalise generation and consumption data for any one particular month. Therefore there is an element of electricity costs that needs to be estimated based on a combination of in-house and industry data that is available at any particular point in time.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover analysed by class of business		
Electricity	13,119,772	13,282,650
Gas	810,143	509,395
	<u>13,929,915</u>	<u>13,792,045</u>

	2017 £	2016 £
Other significant revenue		
Interest income	4,426	2,689
	<u>4,426</u>	<u>2,689</u>

	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	13,929,915	13,792,045
	<u>13,929,915</u>	<u>13,792,045</u>

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	71,107	25,225
Depreciation of tangible fixed assets held under finance leases	-	39,686
Loss on disposal of tangible fixed assets	5,113	-
Operating lease charges	41,388	40,128
	<u>117,613</u>	<u>105,039</u>

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	16,344	12,650
For other services		
Other assurance services	7,485	6,250
Taxation compliance services	1,508	1,600
All other non-audit services	7,214	4,647
	16,207	12,497

6 Employees

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

	2017 Number	2016 Number
Number of employees	30	27

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,212,248	1,189,270
Social security costs	135,875	132,022
Pension costs	48,060	45,599
	1,396,183	1,366,891

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	400,125	404,765
Company pension contributions to defined contribution schemes	31,200	29,400
	431,325	434,165

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

7 Directors' remuneration

(Continued)

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

	2017 £	2016 £
Remuneration for qualifying services	192,531	180,000
Company pension contributions to defined contribution schemes	14,400	16,200
	<u> </u>	<u> </u>

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	4,426	2,689
	<u> </u>	<u> </u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	4,426	2,689
	<u> </u>	<u> </u>

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	1,577	4,097
	<u> </u>	<u> </u>

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	111,292	116,236
Adjustments in respect of prior periods	-	338
	<u> </u>	<u> </u>
Total current tax	111,292	116,574
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(11,790)	8,404
	<u> </u>	<u> </u>
Total tax charge	99,502	124,978
	<u> </u>	<u> </u>

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

10 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	471,408	599,204
Expected tax charge based on the standard rate of corporation tax in the UK of 19.92% (2016: 20.00%)	93,904	119,841
Tax effect of expenses that are not deductible in determining taxable profit	4,679	6,054
Adjustments in respect of prior years	-	339
Depreciation on assets not qualifying for tax allowances	1,283	1,288
Deferred tax adjustments in respect of prior years	-	(2,544)
Adjust deferred tax to average rate	(364)	-
Taxation charge for the year	99,502	124,978

From 1 April 2017, the main rate of corporation tax reduced to 20% and from 1 April 2015 the main rate reduced to 19%. In the Budget on 8 July 2015, the Chancellor announced additional an planned reduction to 18% from 1 April 2020. A further reduction to the corporation tax rate by 1% to 17% by 1 April 2020 was announced in the Chancellor's 2016 budget statement. This will reduce future current tax charge accordingly.

11 Intangible fixed assets

	Power Supply Licences £
Cost	
At 1 May 2016 and 30 April 2017	49,999
Amortisation and impairment	
At 1 May 2016 and 30 April 2017	-
Carrying amount	
At 30 April 2017	49,999
At 30 April 2016	49,999

The directors are of the opinion that the residual value of the power supply licence is at least the value included in the financial statements. No amortisation has been charged on this basis.

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

12 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 May 2016	320,000	28,238	44,940	119,231	184,599	697,008
Additions	-	-	-	40,757	-	40,757
Disposals	-	(28,238)	-	(32,023)	-	(60,261)
At 30 April 2017	320,000	-	44,940	127,965	184,599	677,504
Depreciation and impairment						
At 1 May 2016	55,467	9,412	42,437	114,560	51,525	273,401
Depreciation charged in the year	12,800	471	1,306	10,380	46,150	71,107
Eliminated in respect of disposals	-	(9,883)	-	(32,023)	-	(41,906)
At 30 April 2017	68,267	-	43,743	92,917	97,675	302,602
Carrying amount						
At 30 April 2017	251,733	-	1,197	35,048	86,924	374,902
At 30 April 2016	264,533	18,825	2,503	4,672	133,074	423,607

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts:

	2017 £	2016 £
Motor vehicles	-	133,074
Depreciation charge for the year in respect of leased assets	-	39,686

13 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	14	4	4

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2017

14 Subsidiaries

Details of the company's subsidiaries at 30 April 2017 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Garsington Energy Limited	1	Dormant	Ordinary	100.00	
Green Energy Electricity Limited	1	Dormant	Ordinary	100.00	
Green Energy Limited	1	Dormant	Ordinary	100.00	
Green Energy Gas Limited	1	Dormant	Ordinary	100.00	

Registered Office addresses:

- 1 Black Swan House, 23 Baldock Street, Ware, Hertfordshire SG12 9DH

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Garsington Energy Limited	-	1
Green Energy Electricity Limited	-	1
Green Energy Limited	-	1
Green Energy Gas Limited	-	1

15 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,297,341	1,713,331
Equity instruments measured at cost less impairment	4	4
Carrying amount of financial liabilities		
Measured at amortised cost	1,812,459	1,361,746

16 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	1,983,605	1,574,720
Other debtors	228,389	214,029
Prepayments and accrued income	428,104	53,201
	<u>2,640,098</u>	<u>1,841,950</u>

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

17 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Obligations under finance leases	19	-	41,465
Trade creditors		864,984	557,495
Corporation tax		111,292	116,236
Other taxation and social security		62,827	54,741
Other creditors		179,135	170,648
Accruals and deferred income		938,713	818,213
		<u>2,156,951</u>	<u>1,758,798</u>

18 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Obligations under finance leases	19	-	78,075

19 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Within one year	-	46,197
In two to five years	-	87,047
	-	133,244
Less: future finance charges	-	(13,704)
	-	<u>119,540</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	21	<u>24,722</u>	<u>36,512</u>

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	25,644	36,962
Short Term Timing Differences	(922)	(450)
	<u>24,722</u>	<u>36,512</u>
		2017
Movements in the year:		£
Liability at 1 May 2016		36,512
Credit to profit or loss		(11,790)
		<u>24,722</u>
Liability at 30 April 2017		<u>24,722</u>

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

22 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>48,060</u>	<u>45,599</u>

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

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

23 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
53,963,000 'A' Ordinary shares of 0.1p each	53,963	53,963
2,196,000 'D' Ordinary shares of 0.1p each	2,196	794
254,000 'C' Ordinary shares of 0.1p each	254	156
	<u>56,413</u>	<u>54,913</u>

During the year 98,500 (2016: 88,500) 'D' Ordinary shares were converted into 'C' Ordinary shares.

During the year 1,500,000 (2016: nil) 'D' Ordinary shares were issued at nominal value and set aside for allocation to customers.

'D' Ordinary shares hold a nominal value of £0.001 each. 'D' ordinary shares will be automatically converted into 'C' Ordinary shares on the earliest of the following:

- three and a half years after their allotment or when a successful offer to purchase a 90% or more of the issued equity share capital of the company is completed.

'D' Ordinary shares will be redeemed at the option of the company by written notice to the holder of the shares to be redeemed subject to the Companies Act 2006 for a total of one pence for the holder's entire holding of 'D' Ordinary shares.

If the customer does not remain a customer of the company for three consecutive calendar years after the date of allotment, 'D' Ordinary shares will be redeemed, at the option of the company, for a total of £0.01 for the customers entire shareholding.

The directors are personally responsible to pay up in full, the nominal value of customers 'D' Ordinary shares as and when they are allotted, without recourse to the customer. The directors will have no rights over the customer shares.

'A' Ordinary shares and 'C' Ordinary shares rank pari passu in respect of the distribution of profits. The 'D' Ordinary shares shall not be entitled to participate in the distribution of profits. Unlike the holders of 'A' and 'C' Ordinary shares, the 'D' Ordinary shareholders have no rights to receive any monies on the the winding up of the company. Full rights of each class of share are outlined in the company's Articles of Association.

Reconciliation of movements during the year:

	'A' Ordinary Number	'C' Ordinary Number	'D' Ordinary Number
At 1 May 2016	53,962,350	155,400	794,600
Issue of fully paid shares	-	-	1,500,000
Conversion of 'D' to 'C' shares	-	98,500	(98,500)
At 30 April 2017	<u>53,962,350</u>	<u>253,900</u>	<u>2,196,100</u>

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

24 Reserves

Capital redemption reserve

The capital redemption reserve is a reserve created when the company buys its own shares which reduces its share capital. This reserve is not distributable to shareholders.

Profit and loss reserves

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

25 Financial commitments, guarantees and contingent liabilities

The Company is committed to purchase electric power under various short and long-term electricity supply contracts. At 30 April 2017 the estimated future commitment for the purchase of electricity under all these contracts totalled £2,808,021 (2016: 2,485,719)

At the year end the Company had also bought electricity under fixed rate forward contracts. At the year end they had committed to buying 31,458 MWh (2016: 50,943 MWh) for £1,629,135 (2016: £2,488,542).

The Company's bankers have a fixed and floating charge over the undertaking and all property and assets present and future for all monies due or to become due from the Company to the chargee on any account whatsoever.

26 Operating lease commitments

Lessee

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

	2017 £	2016 £
Within one year	30,000	30,000
Between two and five years	120,000	120,000
In over five years	402,500	432,500
	<u>552,500</u>	<u>582,500</u>

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>442,479</u>	<u>462,025</u>

GREEN ENERGY (UK) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2017

27 Related party transactions

(Continued)

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2017	2016	2017	2016
	£	£	£	£
Key management personnel	7,721	17,259	-	-
Other related parties	18,203	5,830	228,020	194,025

28 Cash generated from operations

	2017	2016
	£	£
Profit for the year after tax	371,906	474,226
Adjustments for:		
Taxation charged	99,502	124,978
Finance costs	1,577	4,097
Investment income	(4,426)	(2,689)
Loss on disposal of tangible fixed assets	5,113	-
Depreciation and impairment of tangible fixed assets	71,107	64,911
Movements in working capital:		
(Increase)/decrease in stocks	-	377,278
(Increase)/decrease in debtors	(798,148)	430,934
Increase in creditors	444,562	161,760
Cash generated from operations	191,193	1,635,495