

Registered number:  
08241751

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## GREEN NETWORK UK PLC

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### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

TUESDAY



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**GREEN NETWORK UK PLC**

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**COMPANY INFORMATION**

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<b>Directors</b>	Sabrina Corbo David Tuomey
<b>Company secretary</b>	Blakelaw Secretaries Limited
<b>Registered number</b>	08241751
<b>Registered office</b>	4 <sup>th</sup> Floor Victoria Street, London England SW1E 5JL
<b>Independent auditors</b>	PricewaterhouseCoopers LLP The Atrium 1 Harefield Road Uxbridge UB8 1EX

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## **GREEN NETWORK UK PLC**

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## GREEN NETWORK UK PLC

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Introduction

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

#### Business review

The year under review presents the second full trading year where Green Network UK Plc ("the company") supplied its subsidiary, Green Network Energy Ltd ("the subsidiary"), with physical trades of power and gas for sale to the UK market. In addition, the company continued with the financial trading activity on the energy markets.

The main contribution to turnover shifted primarily to the UK market with an exclusive purchase agreement between the company and BP in order to secure supply for the UK subsidiary. Turnover for 2019 is expected to grow off the back of the strategic growth plans of the subsidiary's increase primarily in customers served in the residential market as well as, with a minor impact, into the SME market.

#### Financial key performance indicators

The Key Performance Indicators of the company are turnover, TWh quantity and profit before taxation. A brief analysis of these is shown below:

	2018	2017	Variance
Turnover	€109,672,218	€30,578,324	276%
TWh quantity	3.70	0.79	(368%)
Operating loss	(€5,138,756)	(€2,096,948)	351%

#### Principal risks and uncertainties

The principal risk and uncertainties impacting the Group relate to the economic & political uncertainty in the global economy, in particular in Europe and the UK, the fluctuations in the Oil & Gas prices in the commodity and financial markets and the potential counterparty risk. While these risks are not new they continue to have an effect on all businesses in the energy trading sector.

The cost of the commodities (electricity and gas) and the volatility and exposure of future price increase. The UK is going to be more and more gas dependent whose cost is strongly influenced by renewable production both in the UK and other European markets and also by the sterling exchange rate, particularly unpredictable during this Brexit dealing period.

Gas price fluctuation, however, is both a potential risk and opportunity for the Group. The price of Oil continues fluctuate around the benchmark set at the start of the financial year, while this will have less of an effect directly on the business it will continue to be a potential risk to the wholesale market as a whole.

Besides the impact on gas price due to volatility of currency exchange rate, we do not expect material impact of Brexit deals in our business.

This report was approved by the board and signed on its behalf.



David Taormey  
Director

Date:

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## **GREEN NETWORK UK PLC**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors 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.

#### **Principal activities**

The principal activity of the company continued to be the trading of electrical energy and gas.

The results for the year and the financial position at the end of the year were considered satisfactory by the directors who expect continued growth in the foreseeable future.

There are no qualifying indemnities in place in respect of directors.

#### **Results and dividends**

The loss for the financial year amounted to €16,237,663 (2017: profit €1,200,268).

No dividends have been declared or paid during the year (2017: Nil).

#### **Directors**

The directors who served during the year were:

Sabrina Corbo (appointed on 2 September 2014)

Jamie Bradshaw (appointed on 5 October 2012 – resigned on 3 June 2019)

David Tuomey (appointed on 5 October 2012)

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## **GREEN NETWORK UK PLC**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Future developments**

This information is contained in the Business review section set out on page 1 of The Strategic Report.

#### **Financial instruments**

The company entered during the year into various contracts, for the physical and the non physical sale and purchase of energy and gas. Some of these contracts have met all of the requirements expected from FRS 102 for the own use exemption, so that the fair value at year end should not be recognised in the statement of comprehensive income. The company however continues to perform financial energy trading and these gains and losses arising continue to be recognised in the statement of comprehensive income.

#### **Treasury operations and financial instruments**

The company has various financial instruments arising from its activities and operations.

#### **Liquidity risk**

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of the business.

#### **Interest rate risk**

The company is exposed to fair value interest rate risk on any fixed rate borrowings and cash flow interest rate risk on any floating rate deposits, bank overdrafts and loans.

#### **Foreign currency risk**

The company's principal foreign currency exposures arise from funding from its overseas parent.

#### **Credit risk**

Investment of cash surpluses and borrowings are made through banks and companies who must be approved by the Board. Debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

#### **Counterparty risk**

The company is partially reliant on its subsidiary supplying power and gas in the UK market. The subsidiary, Green Network Energy Limited, supplies energy mainly to the residential UK market with a recent entry into the SME supply market.

#### **Price risk**

The company hedges against the risk of adverse movement in energy prices by fixing the price of its purchases and sales of energy through the use of forward contracts.

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**GREEN NETWORK UK PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Disclosure of information to auditors**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Post balance sheet events**

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

**Going concern**

The directors have considered the business activities, together with the factors likely to affect its future development, its financial position, including its exposures to price, credit, liquidity and cash flow risk.

After making enquiries and as confirmed by group management, the directors have a reasonable expectation that the company and the Green Network Group have adequate resources to continue in operational existence for the foreseeable future and will have the support of the parent company. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution confirming their reappointment will be proposed at the Annual General Meeting.

This report was approved by the board and signed on its behalf.



.....  
**David Tuomey**  
**Director**

Date:

# ***Independent auditors' report to the members of Green Network UK PLC***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Green Network UK PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: balance sheet as at 31 December 2018; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- 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 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

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### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



John Dashwood (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge  
29 July 2019

**GREEN NETWORK UK PLC**  
**REGISTERED NUMBER: 08241751**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 €	2017 €
Turnover	4	109,672,218	30,578,324
Cost of sales	5	(111,698,853)	(27,865,367)
<b>Gross (loss)/profit</b>		<u>(2,026,635)</u>	<u>2,712,957</u>
Other operating income	6	25,240,822	6,737,536
Other operating expenses	7	(23,597,905)	(6,431,367)
Administrative expenses	8	(4,755,038)	(5,116,074)
<b>Operating loss</b>	9	<u>(5,138,756)</u>	<u>(2,096,948)</u>
(Loss)/Gain on financial instruments at fair value through profit and loss	22	(9,867,267)	3,771,311
<b>(Loss)/profit before interest and taxation</b>		<u>(15,006,023)</u>	<u>1,674,363</u>
Interest receivable and similar income	13	3	48
Interest payable and similar expenses	14	(1,231,643)	(474,143)
<b>(Loss)/profit before taxation</b>		<u>(16,237,663)</u>	<u>1,200,268</u>
Tax on (loss)/profit	15	-	-
<b>(Loss)/Profit for the financial year</b>		<u><u>(16,237,663)</u></u>	<u><u>1,200,268</u></u>

There was no other comprehensive income for 2018 (2017: € nil).

The notes on pages 10 to 28 form part of these financial statements.

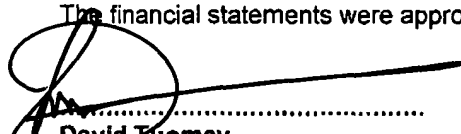
**GREEN NETWORK UK PLC**  
**REGISTERED NUMBER: 08241751**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 €	2017 €
<b>Fixed assets</b>			
Intangible assets	16	31,250	95,500
Tangible assets	17	533,279	509,627
Investments	18	1	10,001
		<u>564,530</u>	<u>615,128</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	19	941,271	339,838
Debtors: amounts falling due within one year	19	71,853,490	38,938,827
Cash at bank and in hand	20	1,196,561	2,461,675
		<u>73,991,322</u>	<u>41,740,340</u>
Creditors: amounts falling due within one year	21	(89,003,747)	(40,565,700)
<b>Net current (liabilities)/assets</b>		<u>(15,012,425)</u>	<u>1,174,640</u>
<b>Total assets less current liabilities</b>		<u>(14,447,895)</u>	<u>1,789,768</u>
<b>Net (liabilities)/assets</b>		<u>(14,447,895)</u>	<u>1,789,768</u>
<b>Capital and reserves</b>			
Called up share capital	23	5,097,024	5,097,024
Profit and loss account		(19,544,919)	(3,307,256)
<b>Total equity</b>		<u>(14,447,895)</u>	<u>1,789,768</u>

The notes on pages 10 to 28 form part of these financial statements.

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

  
.....  
**David Tuomey**  
Director

Date:

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**GREEN NETWORK UK PLC**

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

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	€	€	€
At 1 January 2018	5,097,024	(3,307,256)	1,789,768
Loss for the financial year	-	(16,237,663)	(16,237,663)
<b>At 31 December 2018</b>	<u><b>5,097,024</b></u>	<u><b>(19,544,919)</b></u>	<u><b>(14,447,895)</b></u>

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	€	€	€
At 1 January 2017	1,097,024	(4,507,524)	(3,410,500)
Increase in Share Capital	4,000,000	-	4,000,000
	<u>5,097,024</u>	<u>(4,507,524)</u>	<u>589,500</u>
Profit for the financial year	-	1,200,268	1,200,268
<b>At 31 December 2017</b>	<u><b>5,097,024</b></u>	<u><b>(3,307,256)</b></u>	<u><b>1,789,768</b></u>

The notes on pages 10 to 28 form part of these financial statements.

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## GREEN NETWORK UK PLC

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

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#### 1. General information

Green Network UK Plc is a company registered in England and Wales under registration number 08241751. The registered and trading office is 4<sup>th</sup> Floor – 100 Victoria Street, London, SW1E 5JL. The nature of the company's operations is the trading of electrical energy and gas.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirements to do so under section 400 Companies Act 2006 as it is a subsidiary undertaking of SC Holdings Srl, a company incorporated in Italy, and is included in the consolidated financial statements of that company.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.
- the requirements of Section 11 & 12 financial instrument disclosures, paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29.

This information is included in the consolidated financial statements of SC Holdings Srl as at 31 December 2018 and these financial statements may be obtained from Rome, C.A.P 00198, Italy.

##### 2.3 Going concern

The company meets its day to day working capital requirements through continued financial support from the parent company SC Holdings Srl. The financial support will be made available for a period of not less than 12 months from the date of signing these financial statements. The directors have received confirmation of this support. On the basis of this confirmation of support, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and as such, they continue to adopt the going concern basis of accounting in preparing the financial statements.

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## GREEN NETWORK UK PLC

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

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#### 2. Accounting policies (continued)

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

Revenue represents amounts receivable for electricity supplied net of VAT. Revenue is recognised on an accruals basis as and when the electricity is supplied.

##### 2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	4 years
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##### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 25% straight line
Office equipment	- 33% straight line
Computer equipment	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

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## GREEN NETWORK UK PLC

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

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#### 2. Accounting policies (continued)

##### 2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

##### 2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.10 Financial Instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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## GREEN NETWORK UK PLC

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

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#### 2. Accounting policies (continued)

##### 2.10 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

##### Contract for non physical trading of energy and gas

The company enters into various contracts for the sale and purchase of energy and to mitigate price risks on their activities. Contracts entered into to manage price risk and which do not result in the physical delivery of energy are treated as financial instruments and are recognised at fair value with changes in value recognised directly in the statement of comprehensive income. These grant the company the right to buy or sell energy at a fixed price over the life of the contracts. The fair value of these contracts as at the balance sheet date has been calculated using a weighted average forward price for delivery over the life of the contracts as published by the European Energy Exchange.

##### Contract for physical trading of energy and gas – own use exemption

Contracts which are for the forward purchase or sale of energy and gas resulting in the physical delivery of the commodities are treated as purchases and sales in the ordinary course of business and therefore not recognised as financial instruments, but are disclosed as commitments at the balance sheet date.

The company does not hedge account for such transactions. Contracts for purchase or sale of non-financial elements, which have been executed and continue to be held for collection or delivery, according to the normal purchase, sale or use requirements set out by the company, fall outside the scope of application of FRS 12 ("own use exemption") and, therefore, are recognised in accordance with the relevant accounting rules. The identification of own use contracts includes the following conditions:

- if the contract can be settled net;
- if it was entered into by the company for its normal use, purchase and sale requirements.
- if it has been executed or is expected to be executed for physical delivery purposes;
- if there is a commitment to sell the gas/power (physical) for the same quantity.

The company segregate the contracts resulting in physical or non physical delivery according to law requirements, using different platforms and are designated at inception.

##### Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The company does not hedge account for such transactions.

##### 2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.



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**GREEN NETWORK UK PLC**

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

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**2. Accounting policies (continued)**

**2.12 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is Euros.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

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## GREEN NETWORK UK PLC

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

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#### 2. Accounting policies (continued)

##### 2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

##### 2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### 2.16 Taxation

The taxation expense for the year comprises current tax recognised in the reporting period and is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income. Current taxation assets and liabilities are not discounted.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

##### Financial instruments

The company applies the required level of judgement when assessing if the physical trading of energy and gas contract have all the requirements according to the own use exemption. All the physical contract open at year end have been assessed as own use. The company applies the judgement in FRS12 when making this assessment at the inception of the contract. If the own use exemption was not available then the related gains and losses of the contracts would be recognised in the statement of comprehensive income.

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**GREEN NETWORK UK PLC**

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

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**4. Turnover**

An analysis of turnover by geographic delivery location is as follows:

	<b>2018</b> €	<b>2017</b> €
United Kingdom	109,672,218	30,578,324
<b>Total</b>	<u>109,672,218</u>	<u>30,578,324</u>

All turnover arose from the company's principal activity.

**5. Cost of sales**

	<b>2018</b> €	<b>2017</b> €
Energy and Gas - UK	111,698,853	27,865,367
<b>Total</b>	<u>111,698,853</u>	<u>27,865,367</u>

**6. Other operating income**

	<b>2018</b> €	<b>2017</b> €
Recharge of Rent	591,476	660,619
Recharge of shipping cost	23,065,826	5,944,000
Trading fees	1,583,520	132,917
<b>Total</b>	<u>25,240,822</u>	<u>6,737,536</u>

**7. Other operating expenses**

	<b>2018</b> €	<b>2017</b> €
Trading fees	552,162	486,843
Shipping cost	23,045,742	5,944,524
<b>Total</b>	<u>23,597,905</u>	<u>6,431,367</u>

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**GREEN NETWORK UK PLC**

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

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**8. Administrative expenses**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Administrative charges	52,138	202,038
Advertising and promotion	96,718	161,435
Auditors' remuneration	25,000	25,000
Bank charges	9,045	9,010
Computer costs	244,894	146,747
Depreciation and amortisation	208,865	276,622
Directors salaries	581,452	824,103
Disposal of Fixed Assets	368,076	-
Entertainment	3,193	25,273
Hotels, travel and subsistence	49,653	113,177
Internet costs	47,027	72,379
Legal and professional	217,465	499,489
Others	20,698	75,844
Printing and stationery	8,219	15,546
Rent - operating leases	1,005,225	1,013,802
Staff salaries	1,270,393	1,453,472
Staff training	494	2,109
Staff welfare	347,255	118,956
Telephone and fax	199,228	81,072
<b>Total</b>	<b><u>4,755,038</u></b>	<b><u>5,116,074</u></b>

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**GREEN NETWORK UK PLC**

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

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**9. Operating profit/(loss)**

The operating profit/(loss) is stated after charging:

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Depreciation of tangible fixed assets	144,615	212,372
Amortisation of intangible assets, including goodwill	64,250	64,250
Exchange differences	6,938	82,923
Other operating lease rentals	<u>690,872</u>	<u>812,525</u>

**10. Auditors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	<u>25,000</u>	<u>25,000</u>

**11. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Wages and salaries	1,049,513	1,241,769
Social security costs	220,879	211,704
Staff accommodation	347,255	118,956
<b>Total</b>	<u><b>1,617,647</b></u>	<u><b>1,572,429</b></u>

The average monthly number of employees during the year was as follows:

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Administration – directors	3	3
Staff	<u>12</u>	<u>11</u>
<b>Total</b>	<u><b>15</b></u>	<u><b>14</b></u>

**GREEN NETWORK UK PLC**

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

**12. Directors' remuneration**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Directors' emoluments	577,798	458,455
Directors' expenses	3,654	365,648
<b>Total</b>	<u><b>581,452</b></u>	<u><b>824,103</b></u>

The highest paid director received remuneration of €581,452 (2017: €824,103).

**13. Interest receivable and similar income**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Other interest receivable	3	48
<b>Total</b>	<u><b>3</b></u>	<u><b>48</b></u>

**14. Interest payable and similar expenses**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Bank interest payable	47,672	9,467
Guarantees	430,500	215,250
Foreign exchange differences	6,938	82,923
Other interest payable	519,020	41,625
Interest payable to group undertakings	227,513	124,878
<b>Total</b>	<u><b>1,231,643</b></u>	<u><b>474,143</b></u>

**15. Tax on (loss)/profit**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	-	-
Deferred tax	-	-
<b>Tax on profit</b>	<u><b>-</b></u>	<u><b>-</b></u>

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**GREEN NETWORK UK PLC**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**15. Tax on profit/(loss) (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Profit/(loss) before taxation	<u>(16,237,663)</u>	<u>1,200,268</u>
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	(3,085,156)	231,052
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,193	14,885
Capital allowances for year less than/(in excess) of depreciation	54,219	46,528
Deferred tax prior year	-	-
Unrelieved tax losses (utilised)/carried forward	3,397,997	(292,465)
Difference in tax rates	(40,594)	-
Temporary differences	(329,659)	-
<b>Total tax (credit)/charge for the year</b>	<u>-</u>	<u>-</u>

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**GREEN NETWORK UK PLC**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**15. Tax on (loss)/profit (continued)**

**Factors that may affect future tax charges**

The company has estimated tax losses of €23,524,987 (2017: €5,646,685) available for carry forward against future trading profits.

The Finance Act No. 2 includes legislation which will reduced the rate of tax to 19% and to 18% from 1 April 2020. The Finance Act (No. 2) 2015 was substantively enacted on 26 October 2015. Subsequent to this the Finance Act 2017 was substantively enacted on 6 September 2016 and includes legislation to further reduce the rate from 1 April 2020 to 17%.

**16. Intangible assets**

	<b>Computer software €</b>
<b>Cost</b>	
At 1 January 2018	257,000
At 31 December 2018	<u>257,000</u>
<b>Accumulated amortisation</b>	
At 1 January 2018	161,500
Charge for the year	64,250
At 31 December 2018	<u>225,750</u>
<b>Net book value</b>	
At 31 December 2018	<u>31,250</u>
At 31 December 2017	<u>95,500</u>



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**GREEN NETWORK UK PLC**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**17. Tangible assets**

	Fixtures and fittings €	Office equipment €	Computer equipment €	Total €
<b>Cost</b>				
At 1 January 2018	528,335	246,420	108,552	883,307
Additions	445,947	49,983	40,413	538,653
Disposals	(525,299)	-	-	(525,299)
At 31 December 2018	<u>448,983</u>	<u>296,403</u>	<u>148,965</u>	<u>894,351</u>
<b>Accumulated depreciation</b>				
At 1 January 2018	160,259	143,556	69,865	373,680
Depreciation on disposals	(157,222)	-	-	(157,222)
Charge for the year on owned assets	37,676	79,056	27,883	144,615
At 31 December 2018	<u>40,713</u>	<u>222,612</u>	<u>97,748</u>	<u>361,073</u>
<b>Net book value</b>				
At 31 December 2018	<u>408,270</u>	<u>73,791</u>	<u>51,217</u>	<u>533,278</u>
At 31 December 2017	<u>368,076</u>	<u>102,864</u>	<u>38,687</u>	<u>509,627</u>

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**GREEN NETWORK UK PLC**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**18. Investments**

	<b>Investments in subsidiary companies €</b>
<b>Cost or valuation</b>	
At 1 January 2018	10,001
Dissolved	(10,000)
At 31 December 2018	<u>1</u>
<b>Net book value</b>	
At 31 December 2018	<u>1</u>
At 31 December 2017	<u>10,001</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Green Network Power & Gas Limited	Ordinary (Dissolved 28/01/2018)	100%	Supply of gas and electricity to UK residential electricity and gas customers
Green Network Energy Limited	Ordinary	100%	Supply of gas and electricity to UK residential electricity and gas customers

The address of the registered office of Green Network Energy Limited is New Kings Court Tollgate, Chandlers Ford, Eastleigh, Hants, England, SO53 3LG.

The aggregate of the share capital and reserves as at 31 December 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<b>Aggregate of share capital and reserves €</b>	<b>Loss €</b>
Green Network Energy Limited	<u>(27,828,996)</u>	<u>(18,989,162)</u>

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**GREEN NETWORK UK PLC**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**19. Debtors**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
<b>Due after more than one year</b>		
Trade deposits	941,271	339,838
<b>Total</b>	<u>941,271</u>	<u>339,838</u>
	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
<b>Due within one year</b>		
Trade debtors	1,767,221	3,045,144
Accrued income from group undertakings	18,347,459	7,471,067
Other debtors	-	29,367
Other taxes	210,450	-
Deferred taxation	329,659	772,657
Financial instruments	44,986,524	24,514,969
Prepayments and accrued income	6,212,177	3,105,623
<b>Total</b>	<u>71,853,490</u>	<u>38,938,827</u>

Debtors due in more than one year relate to trading deposits held by third parties until the termination of the trading relationship. Therefore, since there is no fixed date of redemption, these balances have not been discounted.

Amounts owed by group and associated undertakings (Green Network SpA) are unsecured, interest-free, have no fixed date of repayment and are repayable on demand.

**20. Cash at bank and in hand**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Cash at bank and in hand	1,196,561	2,461,675
<b>Total</b>	<u>1,196,561</u>	<u>2,461,675</u>

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**GREEN NETWORK UK PLC**

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

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**21. Creditors: Amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Trade creditors	10,138,869	862,691
Borrowings	2,793,153	1,410,882
Amounts owed to group undertakings	9,118,220	6,839,866
Other taxation and social security	27,481	169,569
Accrued costs from group undertakings	2,568,797	1,294,746
Financial instruments	43,251,474	20,448,351
Accruals and deferred income	21,105,753	9,739,595
<b>Total</b>	<b><u>89,003,747</u></b>	<b><u>40,565,700</u></b>

Amounts owed to group undertakings and the loan from the parent company are unsecured, interest-free, have no fixed date of repayment and repayable on demand. Therefore, these balances have not been discounted.

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**GREEN NETWORK UK PLC**

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

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**22. (Loss)/Gain on financial instruments at fair value through profit and loss**

The table below sets out the company's FRS 102 classification of each of its financial assets and liabilities at 31 December 2018. All amounts not held at fair value are stated at their carrying value which approximates to fair value.

	2018 €	2017 €
<b>Financial assets</b>		
Equity instruments measured at cost less impairment	1	10,001
Financial assets at fair value through profit or loss	44,986,524	24,514,969
Financial assets measured at amortised cost	29,358,876	15,978,373
<b>Total</b>	<u>74,345,401</u>	<u>40,503,343</u>
<b>Financial liabilities</b>		
Financial liabilities at fair value through profit or loss	(43,251,474)	(20,448,351)
Financial liabilities measured at amortised cost	(45,541,823)	(19,168,295)
<b>Total</b>	<u>(88,793,296)</u>	<u>(39,616,646)</u>

The accounting policy applied to derivative financial instruments in respect of physical and non physical trading is detailed in note 2.10 of the accounting policies.

At the balance sheet date the company had recognised financial liabilities with a fair value of €43,251,474 (2017: €20,448,351) in relation to these contracts. In addition, at the balance sheet date the company had recognised financial assets in relation to contracts with third parties with a fair value of €44,986,524 (2017: €24,514,969). These contracts all require delivery within one year.

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**GREEN NETWORK UK PLC**

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

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	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
<b>23. Called up share capital</b>		
<b>Allotted, called up and fully paid</b>		
5,097,024 (2017: 5,097,024) Ordinary shares of €1 each	<u>5,097,024</u>	<u>5,097,024</u>
<b>24. Commitments under operating leases</b>		
At 31 December the Company had future minimum lease payments under the non-cancellable operating leases as follows:		
	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
<b>Commitments under operating leases</b>		
Not later than 1 year	1,305,603	567,734
Later than 1 year and not later than 5 years	4,058,682	1,439,649
Later than 5 years	3,977,913	-
	<u><b>9,342,198</b></u>	<u><b>2,007,383</b></u>

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## **GREEN NETWORK UK PLC**

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

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#### **25. Related party transactions**

The company has taken advantage of the exemption available in accordance with FRS 102 not to disclose transactions entered into between two or members of a group, as the company is a wholly owned subsidiary of the group to which it is a party to the transactions.

The company had the following transactions with Orsa Saiwai Limited, a company incorporated in the United Kingdom, of which the director, David Tuomey, is also a director: administrative fees payable were €1,213 (2017: €28,000) including an accrual at the year end of €1,213 (2017: €28,000).

#### **26. Controlling party**

The immediate and ultimate parent company is SC Holdings Srl, a company incorporated in Italy. The ultimate controlling party is the director Sabrina Corbo.

The smallest and largest group in which the results of Green Network UK Plc are consolidated is that headed by SC Holdings Srl. The consolidated financial statements of SC Holdings Srl are available to the public from:

SC Holdings Srl  
Rome  
C.A.P 00198  
Italy