Registered number: 09523066

GREEN NETWORK ENERGY LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

GREEN NETWORK ENERGY LTD

COMPANY INFORMATION

DIRECTORS	S. Corbo D.S. Tuomey
REGISTERED NUMBER	09523066
REGISTERED OFFICE	3rd Floor, Renaissance Building, Dingwall Road, Croydon CR0 2NA
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX
BANKERS	Barclays Bank Churchill Place Canary Wharf London E14 1 QE

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Strategic Report
For the year ended 31 December 2018

Introduction

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

Business Review and future developments

The results for the year and the financial position of the company are shown in the following financial statements.

The principal activity of the company is the supply of gas and electricity to UK residential and commercial customers.

Green Network Energy Ltd is steadily committed to supplying fair, transparent and competitively priced energy across Great Britain primarily from renewables and low-carbon sources. The company is still in its growth phase and experienced a significant growth in terms of business volume during the year, as a consequence of the expected increase in the customer number. The growth phase is expected to continue in the next year.

Market trends

UK retail energy market in 2018 was driven by a fierce price competition leading suppliers to review their business models as well as showing first signs of consolidation in the market through various type of financial transactions, especially exits and acquisitions.

Customer experience digital transformation

At the beginning of 2018 the company started effectively with plans to transform its customers' experience through a digitalisation and transformation programme in partnership with Salesforce, the world leader in CRM solutions. By the end of summer 2019, the use Salesforce's renowned CRM platform will allow Green Network Energy Ltd staff to use smarter data-driven solutions to respond to individual customers in a quicker, more tailored way.

Digital transformation and customer care are two of the major foundations for ambitious growth targets for Green Network Energy Ltd over the coming years.

Financial Key Performance Indicators

The Key Performance Indicators of the company are Turnover, Gross profit / (Loss), Loss before tax and Customer numbers on supply. A brief analysis of these is shown below:

	Year ending 31 December 2018	Year ending 31 December 2017
Turnover	£142,398,366	£34,028,086
Gross (loss)/profit	(£ 101,333)	£1,717,469
Loss before tax	(£20,069,777)	(£6,301,435)
Customers on supply at year end	199,527	87,425

The principal risks and uncertainties impacting the company include those associated with being a start-up company and those associated with being an energy supply company. These risks include:

- marketing of the company to be able to attract customers;
- the cost of the underlying commodity (electricity and gas) and the volatility and exposure of future price increases;

Strategic Report
For the year ended 31 December 2018

Principal Risks and Uncertainties (continued)

- the ability to manage cash flow;
- the ability to manage customer service, and
- the ability of the company's systems to manage invoicing and financial and non-financial information in an efficient and effective way.

The risk of the cost of the underlying commodity in particular will be mitigated through the company's immediate parent company Green Network UK PLC. This was set up in the UK in 2012 to manage the trading activity of the Green Network Group.

Customer service is being managed through a dedicated, experienced service provider team. Systems have been put in place which are well known and tested systems in the energy supply industry.

The Directors continue to focus their attention on building the company resources independent of its ultimate parent. This will allow the company to achieve its chief aim of being able to raise capital in its own right. Cash management will continue to be a risk until the company is either able to generate free cashflow or raise financing without the parent.

While the company had no external borrowing at the year-end 2018, the Directors are careful to manage capital to ensure the business grows in a sustainable manner and as a result the company will begin to seek long term debt which will be used to support the company's growth plans.

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

Sabrina Corbo
Director

Date:

27/09/2019

Directors' Report
For the year ended 31 December 2018

The directors present their Report and the audited financial statements for the year ending 31 December 2018.

Principal activities and review of the business

The principal activity of the company is the supply of gas and electricity to UK residential and commercial customers.

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.

The immediate parent company is Green Network UK PLC, a company incorporated in United Kingdom and registered in England and Wales (registration number 08241751).

The ultimate parent company is SC Holding Srl, a company incorporated in Italy.

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

Results and dividends

The loss for the year, after taxation, amounted to £20,069,777 (2017: loss of £6,301,435).

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

Future developments

This information is contained in the business review and future development section of the Strategic report.

Financial instruments

Treasury operations and financial instruments

The Company purchases electricity and gas from its related company Green Network UK PLC to allow it to supply to its customers. The Company does not trade speculatively or otherwise with regard to derivatives or similar instruments.

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. The company meets its day to day working capital requirements through continued financial support from the parent company Green Network UK PLC.

Interest rate risk

The company is exposed to cash flow interest rate risk on any floating rate deposits, bank overdraft and loans.

Foreign currency risk

The company has limited foreign currency exposure. The sale of electricity and gas and the purchase of these commodities is not made in foreign currency.

Credit risk

The main credit risk of the company is with respect to amounts owned by customers for the supply of electricity and gas. The company is paid by direct debit for a large proportion of its supply. A dedicated customer service team is in place to manage any unpaid debt.

Directors' Report
For the year ended 31 December 2018

Credit risk (continued)

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 reliant on its parent company, Green Network UK PLC, supplying electricity as required. The related company is an established energy trading company and has third party agreements in place for the supply of electricity and gas.

Price risk

The company manages the risk of adverse movement in energy prices by fixing the price of its purchases through purchase agreements with Green Network UK PLC. The company does not enter in to any derivative contracts to hedge the price of adverse movements in energy prices.

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. A letter of support was obtained from the ultimate parent company SC Holding Srl.

After making enquiries, 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. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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 these 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 judgments 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 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.

Directors' Report
For the year ended 31 December 2018

Statement of directors' responsibilities (continued)

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.

Statement of 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.

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

Sabrina Corbo (appointed on 22 January 2016)
David Tuomey (appointed on 22 January 2016)
Jamie Bradshaw (appointed on 22 January 2016 – resigned on 3 June 2019)

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.

Sabrina Corbo
Director

Date: 27/09/2019

Independent auditors' report to the members of Green Network Energy Ltd

Report on the audit of the financial statements

1.1. Opinion

In our opinion, Green Network Energy Ltd'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: the statement of financial position 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.

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.

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.

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.

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.

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 4, 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. 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.

2. 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
27 September 2019

Statement of comprehensive income
For the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Turnover	5	142,398,366	34,028,086
Cost of sales		(142,499,699)	(32,310,617)
Gross (loss)/profit		**(101,333)**	**1,717,469**
Administrative expenses	6	(19,955,357)	(8,011,347)
Loss before interest and taxation		**(20,056,690)**	**(6,293,878)**
Interest receivable and similar income		16,096	-
Interest payable and similar expenses		(29,184)	(7,557)
Loss before taxation		**(20,069,777)**	**(6,301,435)**
Tax on loss	9	-	-
Loss for the financial year		**(20,069,777)**	**(6,301,435)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(20,069,777)**	**(6,301,435)**

The notes on pages 11 to 24 are an integral part of these financial statements.

Statement of financial position
As at 31 December 2018

	Note		As at 31 December 2018 £		As at 31 December 2017 £
Fixed assets					
Intangible assets	10		7,644,231		2,661,215
Tangible assets	11		1,285,896		62,636
			8,930,127		**2,723,851**
Current assets					
Debtors: amounts falling due within one year	12	33,962,438		16,959,110	
Cash at bank and in hand	13	3,444,996		509,101	
		37,407,434		**17,468,211**	
Creditors: Amounts falling due within one year	14	(75,247,172)		(29,031,896)	
Net current liabilities			**(37,839,738)**		**(11,563,685)**
Total assets less current liabilities			**(28,909,611)**		**(8,839,834)**
Creditors: Amounts falling due after more than one year			-		-
Net liabilities			**(28,909611)**		**(8,839,834)**
Capital and reserves					
Called up share capital	17		1		1
Accumulated losses			(28,909,612)		(8,839,835)
Total Equity			**(28,909,611)**		**(8,839,834)**

The notes on pages 11 to 24 are an integral part of these financial statements.

The financial statements on pages 8 to 24 were authorised by the board of directors on 27 September 2019 and were signed on its behalf

Sabrina Corbo
Director

Date: 27/09/2019

Statement of changes in equity
For the year ended 31 December 2018

	Share capital £	Accumulated Losses £	Total equity £
Balance as at 1 January 2017	**1**	**(2,538,400)**	**(2,538,399)**
Loss for the year	-	(6,301,435)	(6,301,435)
Total comprehensive expense for the year	**-**	**(6,301,435)**	**(6,301,435)**
Balance as at 31 December 2017	**1**	**(8,839,835)**	**(8,839,834)**
Balance as at 1 January 2018	**1**	**(8,839,835)**	**(8,839,834)**
Loss for the year	-	(20,069,777)	(20,069,777)
Total comprehensive expense for the year	**-**	**(20,069,777)**	**(20,069,777)**
Balance as at 31 December 2018	**1**	**(28,909,612)**	**(28,909,611)**

Notes to the Financial Statements
For the year ended 31 December 2018

1. General information

Green Network Energy Ltd ("the company") is a company incorporated in United Kingdom and registered in England and Wales under registration number 09523066. The registered office is New Kings Court Tollgate, Chandlers Ford, Eastleigh, SO53 3LG. Its principal trading address is 3rd floor, Reinassance, 9 – 16 Dingwall Road, Croydon, London, CR0 2NA. The nature of the company's operations is the supply of electricity and gas.

2. Statement of compliance

The financial statements of Green Network Energy Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years and period presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

3.1. Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.
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 4.

3.2. Going concern

The company meets its day to day working capital requirements through continued financial support from the immediate parent company Green Network UK PLC, in turn financed from the group company Green Network SpA (fully owned by SC Holding 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 from SC Holding Srl. 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. The company therefore continues to adopt the going concern basis of accounting in preparing the annual report and financial statements.

3.3. Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by 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; and
- 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 Holding Srl as at 31 December 2018 and these financial statements may be obtained from Viale della Civilta' Romana, 7 – 00144 Rome, Italy.

3. Summary of significant accounting policies (continued)

3.4. Foreign currency

i. *Functional and presentation currency*
The company's functional and presentation currency is the pound sterling.

ii. *Transaction and balances*
Foreign currency transactions are translated into the functional currency using the spot exchange rate 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 the transactions and from the translation at period end exchange rates and liabilities denominated in foreign currencies are recognised in the profit and loss account except where deferred in other comprehensive income as qualifying cash flow hedges.

3.5. Revenue recognition

The company sells energy to retail and commercial customers. 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. Revenue represents amounts receivable for electricity and gas supplied net of VAT. Revenue is recognised on an accrual basis as and when the electricity and gas are supplied.

3.6. Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the company. They are items that are material either because of their size or their nature, or that are nonrecurring are considered as exceptional items and are presented within the line items to which they best relate.

3.7. Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan.

i. *Short term benefits*
Short term benefits, including holiday pay and other similar monetary benefits, are recognised as an expense in the period in which the service is received.

ii. *Annual bonus plan*
The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss when the company has a legal or constructive obligation to make the payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

3. Summary of significant accounting policies (continued)

3.8. Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.
Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

The Directors perform an annual assessment of deferred tax assets recoverability, including those referred to tax losses carried forward, and account for that only when the recoverability is supported by robust evidence.

3.9. Intangible assets

i. Computer software

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of between three and five years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

ii. Commissions

Commission is stated at cost less accumulated amortisation and accumulated impairment losses. Commission is amortised over the life of the contract, of between 12 and 18 months, on a straight line basis.

3. Summary of significant accounting policies (continued)

3.9. Intangible assets (continued)

Where factors indicate that residual value or contract length have changed, the residual value or amortisation rate are amended prospectively to reflect the new circumstances. Further detail is of commissions is detailed in Note 4.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

3.10. Tangible assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

i. *Depreciation and residual values*
Depreciation on assets is calculated using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

- Fixtures & Fittings 3 years
- Leasehold Improvements 4 years
- Plant & Equipment 3 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

ii. *Assets in the course of construction*
Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use.

iii. *Derecognition*
Tangible assets are derecognized on disposal or when no future economic benefits are expected.

3.11. Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i. *Finance leased assets*
Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

3. Summary of significant accounting policies (continued)

3.11. Leased assets (continued)

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

ii. Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

3.12. Cash and cash equivalents

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

3.13. Provisions and contingencies

i. Provisions
Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

ii. Contingent liabilities
Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date, or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

3.14. Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets
Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, 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. Such assets are subsequently carried at amortised cost using the effective interest method.

Notes to the Financial Statements
For the year ended 31 December 2018

3. Summary of significant accounting policies (continued)

3.14. Financial instruments (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

i. *Financial assets (continued)*
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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. *Financial liabilities*
Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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

3.15. Share capital

Ordinary shares are classified as equity.

4. Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumption that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

i. *Revenue recognition – unread gas and electricity meters*
Revenue for energy supply activities includes an assessment of energy supplied to customers between the date of the last meter reading and the year end (known as unread revenue). Unread gas and electricity comprises both billed and unbilled revenue. It is estimated through the billing systems, using historical consumption patterns, on a customer by customer basis, taking in to account weather patterns, load forecasts and the differences between actual meter readings being returned and system estimates. Regarding Project Nexus, the initiative driven by Ofgem to replace the UK Link system, financial statements for the year ended 31 December 2018 has not been affected as the infrastructural upgrade of UK Link system was successfully completed in the middle of 2017.

ii. *Unbilled revenue*
An assessment is made of any factors that are likely to materially affect the ultimate economic benefits that will flow to the Company, including bill cancellation and re-bill rates. To the extent that the economic benefits are not expected to flow to the Company, the value of that revenue is not recognised. The judgements applied, and the assumptions underpinning these judgements, are considered to be appropriate. However, a change in these assumptions would have an impact on the amount of revenue recognised. Unbilled revenue recognised on the balance sheet within trade receivables at 31 December 2018 was £27,393,917 (2017: £13,236,260).

iii. *Commissions*
The costs related to acquiring a customer through an agent are recognised on the balance sheet and amortised over the contractual term of the customer. They are recognised as intangibles as it is a legally enforceable and identifiable contract or obligation whose cost can be measured reliably and future economic benefit attributable to the asset will flow to the entity. Management makes an assumption that all customers will fulfil their contractual terms of service. Any costs incurred signing the customers to the terms are amortised over the life of the contract. Management monitors whether the carrying amount of the commissions is recoverable. Any customers that are no longer under contract are impaired by immediately releasing the customer capitalised portion of the cost to the profit and loss. This cost is then recuperated through an early exit fee of between £25-£30.The main judgement is over the measurement of the period when it is probable that economic benefit will flow to the entity. The net book value as at 31.12.2018 was £5,390,100 (2017: £2,239,390) and the amount release during the year was £258,927.

5. Turnover

Analysis of turnover by geography:

	2018 £	2017 £
United Kingdom	143,478,982	34,028,086
	143,478,982	**34,028,086**

All turnover arose from the company's principal activity.

6. Administrative expenses

Operating loss is stated after charging / (crediting):

	2018 £	2017 £
Administrative charges	33,234	715
Advertising and promotion	1,072,256	53,286
Bad debt expense	717,365	201,109
Bank charges	159,136	71,370
Computer costs	1,248,873	560,378
Consultancy fees	235,394	342,905
Customer service	2,209,332	1,289,895
Depreciation and amortisation	4,494,091	1,691,819
Employee costs	5,833,557	2,213,270
Employee training	13,379	7,071
Hotel, travel and subsistence	36,273	2,982
Legal and professional	409,667	30,545
Outsource providers	2,673,761	934,891
Printing and stationery	49,278	22,435
Rent	760,312	586,562
Telephone and fax	9,449	2,114
	19,955,357	**8,011,347**

7. Auditors' remuneration

	2018 £	2017 £
Fees payable to the company's auditors for the audit of the financial statements	60,000	80,000
	60,000	**80,000**

Notes to the Financial Statements
For the year ended 31 December 2018

8. Employees

	2018 £	2017 £
Wages and salaries	5,515,720	2,095,044
Social security costs	317,837	118,226
	5,833,557	**2,213,270**

The average monthly number of persons employed by the company was as follows:

	2018 No.	2017 No.
Administration – directors	3	3
Staff	90	31
Total	93	34

The directors' emoluments paid by the company in 2018 were £1,099,999 (2017: £824,103).
The highest paid director received remuneration of £1,099,999 (2017: £824,103).

9. Tax on loss

	2018 £	2017 £
Adjustment in respect of prior periods	-	-
UK Corporation tax on loss for the year	-	-
Total current taxation charge	-	-

Reconciliation of Corporation Tax

	2018 £	2017 £
Loss before tax	(18,989,162)	(6,301,435)
Loss before tax multiplied by the standard rate of tax in the UK of 19% (2017: 19.25%)	(3,607,941)	(1,213,026)
Effects of:		
Expenses not deductible for tax purposes	48,019	-
Capital allowances for year less than/(in excess of) depreciation	(2,369,177)	-
Difference in tax rates	47,473	-
Unrelieved tax losses carried forward	3,910,149	1,213,026
Tax charge for the year	-	-

9. Tax on loss (continued)

A potential tax asset of £3,910,149 (2017: £1,270,706) has been identified based on the operating loss of the company for the year ended 31 December 2018 of £18,989,162 (2017: £6,301,435). The additional brought forward amount is £6.301.435 (2017: £507,680). Management have made an assessment of the recoverability of this asset and have deemed it prudent not to recognise this amount within the financial statements as it is their view that there is insufficient evidence to show it is probable that the company will be able to benefit from the utilisation of the asset. The position will be reassessed in the following year.

Reconciliation of Corporation Tax

The tax rate for the current year is lower than in the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

10. Intangible assets

	Computer Systems £	Commission £	Total £
Cost or valuation			
At 1 January 2018	485,886	3,861,250	4,347,136
Additions	1,907,226	7,511,805	9,419,031
At 31 December 2018	**2,393,112**	**11,373,055**	**13,766,167**
Accumulated amortisation			
At 1 January 2018	64,062	1,621,860	1,685,922
Charge for the year	74,920	4,361,095	4,436,015
At 31 December 2018	**138,982**	**5,982,955**	**6,121,937**
Net Book Value			
At 31 December 2018	**2,254,131**	**5,390,100**	**7,644,231**
At 31 December 2017	**421,825**	**2,239,390**	**2,661,215**

Notes to the Financial Statements
For the year ended 31 December 2018

11. Tangible assets

	Fixtures & Fittings £	Plant & Equipment £	Leasehold Improvements £	Total £
Cost or valuation				
At 1 January 2018	37,692	34,957	-	72,649
Additions	-	138,576	1,142,760	1,281,336
At 31 December 2018	**37,692**	**173,533**	**1,142,760**	**1,353,985**
Accumulated depreciation				
At 1 January 2018	5,235	4,778	-	10,013
Charge for the year	12,459	32,251	13,366	58,076
At 31 December 2018	**17,694**	**37,029**	**13,366**	**68,089**
Net Book Value				
At 31 December 2018	**19,998**	**136,504**	**1,129,394**	**1,285,896**
At 31 December 2017	**32,457**	**30,179**	-	**62,636**

12. Debtors: amounts falling due within one year

	31 December 2018 £	31 December 2017 £
Due within one year		
Trade debtors	3,405,534	13,236,260
Unbilled receivables	27,393,917	456,890
Amounts owed by group undertakings	-	770,900
Other receivables	2,718,775	2,328,908
Prepayments and accrued income	444,211	166,152
	33,962,438	**16,959,110**

Other receivables include an amount of £763,053 (2017: £377,732) related to deposit, falling due after more than one year.
The remaining amount refers to VAT.

Notes to the Financial Statements
For the year ended 31 December 2018

13. Cash at bank and in hand

	31 December 2018 £	31 December 2017 £
Cash at bank and in hand	3,444,996	509,101
	3,444,996	**509,101**

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

	31 December 2018 £	31 December 2017 £
Trade creditors	2,764,823	1,231,622
Amounts owed to group undertakings	25,429,212	7,805,551
Other creditors	30,341,538	14,454,132
Taxation and social security	266,225	76,132
Accruals	16,445,374	5,464,459
	75,247,172	**29,031,896**

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The other creditors amount refers to advanced payments received from the customers through direct debit.

15. Post-employment benefits

The company provides a defined contribution scheme for its employees.

The amount recognised as an expense for the defined contribution scheme was:

	2018 £	2017 £
Contributions	**317,837**	**118,226**

16. Financial instruments

The company has the following financial instruments:

	Note	31 December 2018 £	31 December 2017 £
Financial assets that are debt instruments measured at amortised cost			
Trade debtors	12	3,405,534	13,236,260
Unbilled debtors	12	27,393,917	456,890
Amounts owed by group undertakings	12	-	770,900
Cash and cash equivalents	13	3,444,996	509,101
Other receivables	12	2,718,775	2,328,908
Prepayments	12	444,211	166,152
		37,407,433	**17,468,212**
Financial liabilities that are debt instruments measured at amortised cost			
Trade creditors	14	2,764,823	1,231,622
Amounts owed to group undertakings	14	25,429,212	7,805,551
Other creditors	14	30,341,538	14,454,132
Taxation and social security	14	266,225	76,132
Accruals	14	16,445,374	5,464,459
		75,247,172	**29,031,896**

Financial assets comprise cash, short-term deposits, short-term trade debtors including amounts receivable from group undertakings, prepayments and other debtors.

Financial liabilities comprise short-term trade and other creditors, including amounts owed to group companies and accruals.

17. Called up share capital

Ordinary shares of £1.00 each

	31 December 2018 £	31 December 2017 £
Allotted and fully paid	1	1

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital

18. 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 more members of a group, as the company is a wholly owned subsidiary of the group to which it is a party to the transactions.

During the year the company purchased £53,240 (2017: £48,216) of general accountancy and payroll services from Orsa Saiwai Limited, a company incorporated in the United Kingdom, of which Mr D. Tuomey, is also a director. At the year end £7,599 (2017: £40,000) was outstanding and included within creditors.

19. Controlling parties

The immediate parent undertaking is Green Network UK PLC, a company incorporated in the United Kingdom.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is SC Holding Srl, a company incorporated in Italy. Copies of the SC Holding Srl consolidated financial statements can be obtained from the company secretary at SC Holding Srl, Viale della Civilta' Romana, 7 – 00144 Rome, Italy.

20. Events after the end of the reporting period

There were no material events after the end of the reporting period.