Company Registration No. 09933313 (England and Wales)

ORBIT ENERGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

ORBIT ENERGY LIMITED

COMPANY INFORMATION

Directors	Mr A Goldin Mr M Stein Mr S Ritter
Company number	09933313
Registered office	St Dunstan's House 201 Borough High Street London SE1 1JA
Auditor	Fortus South Limited 3 Richfield Place Richfield Avenue Reading Berkshire RG1 8EQ
Business address	St Dunstan's House 201 Borough High Street London SE1 1JA

ORBIT ENERGY LIMITED

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The directors present the strategic report and financial statements for the year ended 31 December 2020.

Principal Activity
The principal activity of the company for the year was the marketing and supply of energy to residential customers in the United Kingdom.

Business review
The Directors are pleased with the progress made during the year, with turnover growing by £33.2m to £57.4m in our third year of active operations.

Orbit Energy successfully adjusted its sales channels, as a result of the Covid 19 pandemic, to continue to reach and engage those customers who would benefit from switching supplier and enable them to access the savings and service that Orbit Energy can offer.

The Directors are also pleased to report that following the building out of its platform into the pre-payment market in the previous year, Orbit Energy has seen significant growth in this sector.

Future developments
The Directors expect Orbit Energy to continue its growth journey, delivering great service and price to customers who have not yet been able to benefit from the deregulation and increased competition in the market. Driving growth enables the business to leverage the strong platform that is now in place and the wholesale energy deal with Shell Energy Europe Limited which provides stable prices and certainty to our customers.

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

Wholesale market Risk
Wholesale energy market volatility continues to be the most significant risk to an energy supply business in the UK. Orbit Energy manages and mitigates this risk through its key relationship with Shell Energy Europe Limited. Orbit Energy through this relationship can and does fully hedge its forecast customer demand.

Credit Risk
Orbit Energy manages its bad debt risk through a combination of products, technology and a high proportion of Direct Debit and pre-pay customers.

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

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

Covid-19
The Directors have considered the ongoing impact of COVID-19 in relation to their assessment of going concern and in their opinion have taken all reasonable steps to mitigate these factors.

As at the point of authorising the accounts, and for the foreseeable future, the directors consider the going concern assumption to still be appropriate as a result of the strong backing of its ultimate parent company.

The Directors acknowledge that given the ongoing economic uncertainty and social environment, there are likely to be significant unknown factors which may present themselves. Such factors are considered by the Directors to represent a general inherent level of risk to the energy retail sector in relation to the going concern assumption albeit not quantifiable at this time.

The Directors consider that Orbit Energy with its strong platform, strong team and committed parent companies is well placed to manage these uncertainties.

Financing
Orbit Energy Limited, while in its growth phase, accesses funding to meet its working capital requirements via its immediate parent company Shoreditch Energy Limited. Orbit Energy forecasts out its cashflow requirements at a daily level for a minimum of a rolling 12 months. Short term is monitored on an ongoing basis to ensure short term commitments are met and the long-range forecast is used to guide any requirements for additional capital.

KPIs
Growth: Turnover has increased to £57.4m in the third active year of supplying customers
Gross Margin: 8.5%

On behalf of the board

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Mr M Stein
Director
3 August 2021

The directors present their annual report and financial statements for the year ended 31 December 2020.

Results and dividends
The results for the year are set out on page 8.

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

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

Mr T A Gilpin	(Resigned 9 October 2020)
Mr A Goldin	
Mr T B Szakacs	(Resigned 9 October 2020)
Mr M Stein	
Mr S Ritter	

Supplier payment policy
The company's current policy concerning the payment of trade creditors is to:
- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 30 day's purchases, based on the average daily amount invoiced by suppliers during the period.

Auditor
Fortus South Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor
Each director in office at the date of approval of this annual report confirms that:
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

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Mr M Stein
Director
Date: August 3, 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ORBIT ENERGY LIMITED

Opinion

We have audited the financial statements of Orbit Energy Limited (the 'company') for the year ended 31 December 2020 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ORBIT ENERGY LIMITED

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

M H Rogers

Mark Rogers FCCA (Senior Statutory Auditor)
For and on behalf of Fortus South Limited

26/8/21

Chartered Accountants
Statutory Auditor

3 Richfield Place
Richfield Avenue
Reading
Berkshire
RG1 8EQ

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Revenue	4	57,384,801	24,145,713
Cost of sales		(52,458,319)	(22,849,867)
Gross profit		4,926,482	1,295,846
Other operating income		264,719	-
Administrative expenses		(13,664,972)	(8,513,332)
Operating loss	5	(8,473,771)	(7,217,486)
Finance costs	8	(207,616)	(35,748)
Loss before taxation		(8,681,387)	(7,253,234)
Income tax expense	9	-	-
Loss and total comprehensive income for the year		(8,681,387)	(7,253,234)

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

ORBIT ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
Non-current assets			
Intangible assets	10	1,937,737	100,000
Property, plant and equipment	11	9,097	26,608
		1,946,834	126,608
Current assets			
Trade and other receivables	12	15,008,523	9,968,489
Cash and cash equivalents		3,658,996	2,209,153
		18,667,519	12,177,642
Current liabilities			
Trade and other payables	14	29,372,992	16,504,421
Lease liabilities	15	617,411	-
		29,990,403	16,504,421
Net current liabilities		(11,322,884)	(4,326,779)
Non-current liabilities			
Lease liabilities	15	1,305,508	-
Net liabilities		(10,681,558)	(4,200,171)
Equity			
Called up share capital	18	7	5
Share premium account	19	9,209,994	7,009,996
Revaluation reserve	20	100,000	100,000
Retained earnings		(19,991,559)	(11,310,172)
Total equity		(10,681,558)	(4,200,171)

The financial statements were approved by the board of directors and authorised for issue on ..3...August 2021 and are signed on its behalf by:

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Mr M Stein
Director

Company Registration No. 09933313

ORBIT ENERGY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital	Share premium account	Revaluation reserve	Retained earnings	Total
		£	£	£	£	£
Balance at 1 January 2019		3	4,609,998	100,000	(4,056,938)	653,063
Year ended 31 December 2019:						
Loss and total comprehensive income for the year		-	-	-	(7,253,234)	(7,253,234)
Issue of share capital	18	2	2,399,998	-	-	2,400,000
Balances at 31 December 2019		5	7,009,996	100,000	(11,310,172)	(4,200,171)
Year ended 31 December 2020:						
Loss and total comprehensive income for the year		-	-	-	(8,681,387)	(8,681,387)
Issue of share capital	18	2	2,199,998	-	-	2,200,000
Balances at 31 December 2020		7	9,209,994	100,000	(19,991,559)	(10,681,558)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash absorbed by operations	**26**		(552,800)		(1,521,760)
Interest paid			(196,494)		(35,748)
Net cash outflow from operating activities			(749,294)		(1,557,508)
Investing activities					
Purchase of property, plant and equipment		(863)		(2,825)	
Net cash used in investing activities			(863)		(2,825)
Financing activities					
Proceeds from issue of shares		2,200,000		2,400,000	
Net cash generated from financing activities			2,200,000		2,400,000
Net increase in cash and cash equivalents			1,449,843		839,667
Cash and cash equivalents at beginning of year			2,209,153		1,369,486
Cash and cash equivalents at end of year			3,658,996		2,209,153

1 Accounting policies

Company information

Orbit Energy Limited is a private company limited by shares incorporated in England and Wales. The registered office is St Dunstan's House, 201 Borough High Street, London, SE1 1JA.

1.1 Accounting convention

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

The financial statements have been prepared prepared under the historical cost convention, except for the revaluation of industry acreditation licenses. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.
The directors have also considered the ongoing impact of COVID-19 in relation to their assessment of going concern and in their opinion have taken all reasonable steps to mitigate these factors. The directors acknowledge that given the currently rapidly changing business and social environment, there are likely to be significant unknown factors which may present themselves. Such factors are considered by the directors to represent a general inherent level of risk in relation to the going concern assumption albeit not quantifiable at this time.
The company is considered a going concern through the ongoing support of the parent company.

1.3 Revenue

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

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

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and value added tax. Revenue is recognised on the basis of energy supplied in the period.

Revenue for energy supply activities includes an assessment of energy supplies to customers between the date of the last meter reading and the year end. Unread energy is estimated using consumption patterns and is included in accrued income within debtors. Amounts received from customers on budget plans where payments have been received in advance of energy supplied are included in deferred income included in other creditors.

All revenues arise in the United Kingdom.

1 Accounting policies **(Continued)**

1.4 Intangible assets other than goodwill

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

Intangible assets comprise industry accreditation licenses which are considered to have an indefinite life.

During 2020 right of use assets for new leases entered into on software leases have been capitalised as intangible assets . Such assets are defined as having finite useful lives and the costs are amortised on a straight line basis over their estimated useful lives of 3 years. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

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

Fixtures and fittings	*20% straight line*
Computers	33% straight line

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

1.6 Impairment of tangible and intangible assets

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.7 Fair value measurement

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

1.8 Cash and cash equivalents

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

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Loans and receivables

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

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

Impairment of financial assets

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

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

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

1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

1 Accounting policies **(Continued)**

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 ***Hedge accounting***

The company mitigates its risk versus volatile wholesale markets by forward buying energy in line with its customers' requirements.

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

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

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

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

1 Accounting policies **(Continued)**

1.15 Leases

IFRS 16 was adopted during the year on new leases signed and comparative figures are not restated. Payments under short term leases under 12 months and low value leases continue to be treated as operating leases.

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible or intangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

At commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate.

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

1.16 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

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

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

IFRS 16 - Leases

IFRIC 23 - Uncertainty of income tax treatments

2 Adoption of new and revised standards and changes in accounting policies (Continued)

Standards which are in issue but not yet effective

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

IAS 1 - Presentation of financial statements

IAS 8 - Accounting policies, changes in accounting estimates and errors

IFRS 3 - Business combinations

Revised conceptual framework for financial reporting

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The company is currently assessing the impact of these new accounting standards and amendments. The company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

3 Critical accounting estimates and judgements

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

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

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

Critical judgements
Valuation of industry accreditation licences
The company was purchased as a dormant company with industry accreditation licences for £100,000 on 24 July 2017. The directors consider the fair value of these licences at 31 December 2020 remains as £100,000.

3 Critical accounting estimates and judgements **(Continued)**

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

Revenue for the supply of energy includes an assessment of the value of energy supplied to customers including an estimated value of the volume between the date of the last invoice and the end of the period. Revenue is estimated using consumption patterns on a meter by meter basis, taking into account forecasts and the difference between actual meter readings returned and system estimates. The estimates comprise both billed and unbilled revenue and is presented net of sales tax, rebates and discounts. It is expected that this judgement will become less critical as the industry transitions to smart meter technology

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

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

Deferred tax asset
The deferred tax asset arising from tax losses incurred over the past three years which are available to be carried forward and offset against future profits has not been recognised at 31 December 2019 due to the uncertainty concerning the exact timescale as to its recoverability. The losses can be carried forward indefinitely and have no expiry date.

Provision for doubtful debts
Provision for doubtful debts are recognised where receipt of cash is no longer considered probable. The directors have based their assessment of the level of provision on collection rates in line with collection rates experienced by the company and group to date. While the provisions are considered to be appropriate and in line with industry norms, changes in estimation basis or in economic conditions could lead to a change in the level of provisions recorded and consequently on the charge or credit to the statement of comprehensive income.

4 Revenue

	2020	**2019**
	£	**£**
Revenue analysed by class of business		
Energy supply	57,384,801	24,145,713

	2020	**2019**
	£	**£**
Other significant revenue		
Grants received	264,719	-

5 Operating loss

	2020	2019
	£	£
Operating loss for the year is stated after charging/(crediting):		
Government grants	(264,719)	-
Fees payable to the company's auditor for the audit of the company's financial statements	18,574	12,455
Depreciation of property, plant and equipment	18,374	18,996
Amortisation of intangible assets (included within administrative expenses)	74,060	-

6 Employees

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

	2020	2019
	Number	Number
Sales and administration	58	49

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	2,285,377	2,321,452
Social security costs	246,677	210,375
Pension costs	27,490	17,809
	2,559,544	2,549,636

7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	9,975	58,078

8 Finance costs

	2020	2019
	£	£
Interest on lease liabilities	11,122	-
Other interest payable	196,494	35,748
Total interest expense	207,616	35,748

9 Income tax expense

	2020	2019
	£	£

The charge for the year can be reconciled to the loss per the income statement as follows:

	2020	2019
	£	£
Loss before taxation	(8,681,387)	(7,253,234)
Expected tax credit based on a corporation tax rate of 19.00% (2019: 19.00%)	(1,649,464)	(1,378,114)
Effect of expenses not deductible in determining taxable profit	203	2,411
Change in unrecognised deferred tax assets	1,645,934	1,372,630
Permanent capital allowances in excess of depreciation	3,327	3,073
Taxation charge for the year	-	-

Finance (No. 2) Act 2015 was substantively enacted on 26 October 2015 and included legislation to reduce the main rate of corporation tax from 20% to 19% with effect from 1 April 2017. Closing deferred tax balances have been valued at the rate of 19%.

The deferred tax asset is expected to reverse before 1 April 2021.

10 Intangible assets

	Industry accreditation licences	Software leases	Total
	£	£	£
Cost or valuation			
At 1 January 2019	100,000	-	100,000
At 31 December 2019	100,000	-	100,000
Additions - purchased	-	1,911,797	1,911,797
At 31 December 2020	100,000	1,911,797	2,011,797
Amortisation and impairment			
Charge for the year	-	74,060	74,060
At 31 December 2020	-	74,060	74,060
Carrying amount			
At 31 December 2020	100,000	1,837,737	1,937,737
At 31 December 2019	100,000	-	100,000
At 31 December 2018	100,000	-	100,000

10 Intangible assets **(Continued)**

The industry accreditation licenses have been valued at £100,000 the original purchase price of dormant company with the active licences on 24 July 2017. The directors consider the fair valuation at 31 December 2020 still to be £100,000.

At 31 December 2020, had the licences been carried at historical cost less accumulated amortisation and accumulated impairment losses, their carrying amount would have been £nil.

The revaluation surplus is disclosed in note 20. This is a non distributable reserve.

Software leases have been capitalised under IFRS 16

11 Property, plant and equipment

	Fixtures and fittings	Computers	Total
	£	£	£
Cost			
At 1 January 2019	4,620	52,301	56,921
Additions	815	2,010	2,825
At 31 December 2019	5,435	54,311	59,746
Additions	863	-	863
At 31 December 2020	6,298	54,311	60,609
Accumulated depreciation and impairment			
At 1 January 2019	755	13,387	14,142
Charge for the year	1,054	17,942	18,996
At 31 December 2019	1,809	31,329	33,138
Charge for the year	1,101	17,273	18,374
At 31 December 2020	2,910	48,602	51,512
Carrying amount			
At 31 December 2020	3,388	5,709	9,097
At 31 December 2019	3,626	22,982	26,608
At 31 December 2018	3,865	38,914	42,779

12 Trade and other receivables

	2020	2019
	£	£
Trade receivables	6,590,388	1,309,668
Provision for bad and doubtful debts	(2,647,263)	(260,542)
	3,943,125	1,049,126
VAT recoverable	210,690	461,685
Trade and other receivables	10,705,354	8,434,067
Prepayments	149,354	23,611
	15,008,523	9,968,489

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

The comparative figures have been restated to show customers with debit balances as trade debtors previously these were netted off against customers with payments received in advance which were included in other payables.

13 Trade receivables - credit risk

Fair value of trade receivables

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

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

Movement in the allowances for doubtful debts	2020	2019
	£	£
Balance at 1 January 2020	260,542	260,542
Additional allowance recognised	2,386,721	-
Balance at 31 December 2020	2,647,263	260,542

14 Trade and other payables

	2020 £	2019 £
Trade payables	5,182,787	2,705,807
Amount owed to parent undertaking	3,472,196	67,711
Accruals	12,206,416	7,370,649
Social security and other taxation	253,947	92,950
Other payables	8,257,646	6,267,304
	29,372,992	16,504,421

The comparative figures have been restated to show customers with debit balances as trade debtors previously these were netted off against customers with payments received in advance which were included in other payables.

15 Lease liabilities

Maturity analysis	2020 £	2019 £
Within one year	617,411	-
In two to five years	1,305,508	-
Total undiscounted liabilities	1,922,919	-

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £	2019 £
Current liabilities	617,411	-
Non-current liabilities	1,305,508	-
	1,922,919	-

Amounts recognised in profit or loss include the following:	2020 £	2019 £
Interest on lease liabilities	11,122	-

Other leasing information is included in note 21.

16 Deferred taxation

The deferred tax asset arising from tax losses incurred over the past four years has not been provided for in the financial statements at 31 December 2020 due to uncertainty concerning the exact timescales as to its recoverability. The company has estimated tax losses of £18,561,215 (2019 - £11,199,895) available to be carried forward and offset against future profits.

17 Retirement benefit schemes

Defined contribution schemes

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

The total costs charged to income in respect of defined contribution plans is £27,490 (2019 - £17,809).

18 Share capital

	2020	2019	2020	2019
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary share of £1 each	7	5	7	5

The company has one class of ordinary shares which carry no right to fixed income.

On 25 June 2020 a further 1 ordinary share was issued for £1,200,000.

On 13 November 2020 a further 1 ordinary share was issued for £1,000,000.

19 Share premium account

	2020	2019
	£	£
At the beginning of the year	7,009,996	4,609,998
Issue of new shares	2,199,998	2,399,998
At the end of the year	9,209,994	7,009,996

20 Revaluation reserve

	2020	2019
	£	£
At the beginning and end of the year	100,000	100,000

21 Other leasing information

Lessee

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

The minimum annual fees and rental under operating leases in the year amounted to £1,096,935 during 2020 and £828,309 during 2019.

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

Land and buildings	2020 £	2019 £
Within one year	89,181	347,917
Between two and five years	-	89,181
	89,181	437,098

Operating leases apart from land and buildings	2020 £	2019 £
Within one year	-	415,500

Information relating to lease liabilities is included in note 15.

22 Capital risk management

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

23 Events after the reporting date

The impact on the company subsequent to the balance sheet date as a result of the steps taken by the Government throughout 2020, and the start of 2021, to control the Covid-19 pandemic is uncertain. This is the case for the majority of businesses in the UK and around the World.

The Directors do not consider that the Covid-19 pandemic has had a material impact on the company's financial position at the balance sheet date and thus no adjustments have been made to the carrying values of the company's assets and liabilities as at 31 December 2020.

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2020 £	2019 £
Short-term employee benefits	340,687	58,078

Other transactions with related parties

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

Energy Global Investments Pty Ltd, a company registered in Australia, owns 0% (2019: 26.78%) of Shoreditch Energy Limited.

	Consultancy and other related fees	
	2020 £	2019 £
Entities with joint control or significant influence over the company	214,633	402,500

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2020 £	2019 £
Parent company	3,472,196	67,711

25 Controlling party

The immediate parent company is Shoreditch Energy Limited a company registered in England.

On 9 October 2020 Genie Energy UK Limited purchased the remaining shares from its former joint venture partner to become the 100% owner of Orbit Energy Limited.

26 Cash absorbed by operations

	2020 £	2019 £
Loss for the year after tax	(8,681,387)	(7,253,234)
Adjustments for:		
Finance costs	207,616	35,748
Amortisation and impairment of intangible assets	74,060	-
Depreciation and impairment of property, plant and equipment	18,374	18,996
Movements in working capital:		
Increase in trade and other receivables	(5,040,034)	(8,904,123)
Increase in trade and other payables	12,868,571	14,580,853
Cash absorbed by operations	(552,800)	(1,521,760)