

## **Budget Energy Limited**

Strategic report, directors' report and financial statements  
for the year ended 30 June 2016

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**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**for the year ended 30 June 2016**

<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
COMPANY INFORMATION	2
STRATEGIC REPORT	3
DIRECTORS' REPORT	5
INDEPENDENT AUDITOR'S REPORT	8
INCOME STATEMENT	10
STATEMENT OF CHANGES IN EQUITY	11
STATEMENT OF FINANCIAL POSITION	12
STATEMENT OF CASH FLOWS	13
NOTES TO THE FINANCIAL STATEMENTS	14

**COMPANY INFORMATION**

**DIRECTORS**

George McEvoy – Chairman  
Eleanor McEvoy – Chief Executive Officer  
John Hasson (Non-Executive)  
Tracy Hegarty (Non-Executive)

**COMPANY SECRETARY**

Eleanor McEvoy

**REGISTERED OFFICE**

Energy House,  
30-32 Balliniska Road,  
Springtown Industrial Estate,  
Derry/Londonderry,  
BT48 0LY.

**COMPANY REGISTRATION NUMBER**

NI073739

**SOLICITORS**

Hasson & Company,  
39-41 Clarendon Street,  
Derry/Londonderry,  
BT48 7ER.

**PRINCIPAL BANKERS**

Danske Bank,  
Belfast Finance Centre,  
PO Box 183,  
Donegal Square East,  
Belfast,  
BT1 6JS.

**AUDITORS**

Ernst & Young,  
Ernst & Young Building,  
Harcourt Centre,  
Harcourt Street,  
Dublin 2,  
D02 YA40,  
Ireland.

**STRATEGIC REPORT**  
**for the year ended 30 June 2016**

*PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS*

The Board presents our Strategic report for Budget Energy Limited ("the company") for the year ended 30 June 2016.

The directors have continued to implement their strategy of providing low-cost electricity to the domestic and commercial consumer in the Northern Ireland ("NI") market. The company adopts a simple and transparent pricing policy which enables customers to make an informed decision when choosing their electricity supplier. In summary, the results are as follows:

	2016 £'000	2015 £'000
Turnover	32,772	33,997
Gross profit	6,809	5,632
EBITDA	4,221	4,087
Earnings before tax	4,082	3,649
Customer numbers at year end	63,641	57,197

Turnover declined by 3.6% compared to the prior year which reflected the reduction in electricity prices across the market as a whole, the benefits of which we substantially passed on to our customers through price cuts during the year.

Gross profit margin was 20.8%, a 4.2 percentage point improvement on last year, benefiting from reduced energy and other direct costs. EBITDA came in ahead of expectations at just over £4.22m or 12.9% of turnover netting down to profit before tax of £4.1m.

In a very competitive market with downward pressure on electricity prices, the company grew its customer base by 11%, reflecting our unwavering commitment to price value and excellent customer service. Overall, the company traded in line with expectations and we are satisfied with its financial performance for the year.

Operating performance in the current financial year reflects the competitive market position that has evolved over the past 6 to 9 months coupled with increased wholesale costs. We aim to continue delivering value and superior customer service to our customers whilst further developing and refining our systems.

*KEY PERFORMANCE INDICATORS*

The directors have a number of key performance indicators which they monitor on a regular basis. There are daily, weekly and monthly management information reports produced covering all areas of the business including customer satisfaction and service measures, new customer numbers, energy prices, gross margin, market share and competitiveness and cash flow.

The company continued to perform strongly against all such measures, reflecting customer value underpinned by a low cost/excellent service business model.

**STRATEGIC REPORT**  
**for the year ended 30 June 2016 (Continued)**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks faced by the business are set out as follows:

*Volatility in the wholesale price of electricity*

The company is exposed to electricity price fluctuations which have a direct impact on its profit margins. We are monitoring the impact that Brexit may have on energy prices in Ireland through the current SEM market. Wholesale prices have increased in the current financial year and we are looking at suitable hedging strategies to mitigate the impact of these changes.

*Liquidity risk*

The significant growth in trading activities requires increased funding for working capital purposes. The company focuses on its own cash generating capability to ensure that funding requirements can be met internally and agrees external third party finance where this is deemed necessary. The company has a strong and liquid balance sheet reflecting careful management of cash reserves over multiple years.

*Regulatory/Political risk:*


The company operates in a highly regulated market and is preparing for the introduction of the I-SEM market next year. Our dedicated internal compliance team and project teams are tasked with ensuring that we are abreast of all developments and ensure we are compliant in these areas. It is too early to gauge the impact that Brexit will have on the Northern Ireland economy in general, however, the Board will continue to monitor the market closely and are comfortable that the company is well positioned to address market, regulatory or competitive factors as they arise. It also remains to be seen what impact there will be on energy prices from the reduction in incentives towards the renewable energy sector in the UK.

*Operational risk*

Operational risk is managed through continued investment in improving systems and controls and monitoring operations against the key performance indicators outlined above.

*Growing the customer base*

In an increasingly competitive NI marketplace, the company manages risks to growth by continuing to offer a high quality service to customers at competitive prices.

  
George McEvoy  
Chairman

  
Eleanor McEvoy  
Chief Executive Officer

Date: 24/5/17

**DIRECTORS' REPORT**  
**for the year ended 30 June 2016**

The directors present herewith their report and audited financial statements for the year ended 30 June 2016.

***RESULTS FOR THE FINANCIAL YEAR***

The Income Statement for the year ended 30 June 2016 and the Statement of Financial Position at that date are set out on pages 10 and 12. The profit for the year before taxation amounted to £4,082,486 (2015: £3,649,029). After deducting the taxation charge for the year of £820,127 (2015: £608,461) the profit for the financial year of £3,262,359 (2015: £3,040,568) was transferred to profit and loss reserves.

***DIVIDENDS***

The company did not pay or propose a dividend for the year ended 30 June 2016 or the prior year end.

***DIRECTORS AND SECRETARY AND THEIR INTERESTS***

The current directors and company secretary, who served throughout the year, are shown on page 2.

The directors had no direct interest in the share capital of the company, at the beginning and end of the year.

***IMPORTANT EVENTS SINCE THE YEAR END***

Subsequent to the Statement of Financial Position date, the company advanced loans of £1.16m to directors of the group at a fixed interest rate of 3% per annum.

***DISABLED EMPLOYEES***

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

***EMPLOYEE INVOLVEMENT***

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004.

**DIRECTORS' REPORT**  
**for the year ended 30 June 2016 (Continued)**

*DONATIONS*

Charitable donations made by the company during the year amounted to £32,180 (2015: £nil). There were no political donations made by the company during the year.

*OWN SHARES*

The company did not hold any of its own shares at the beginning or end of the financial year.

*DIRECTORS' RESPONSIBILITIES STATEMENT*

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company 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.

*DISCLOSURE OF INFORMATION TO THE AUDITORS*

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.


**DIRECTORS' REPORT**  
**for the year ended 30 June 2016 (Continued)**

**AUDITORS**

The auditor, Ernst & Young will continue in office in accordance with Section 485 of the Companies Act 2006.

On behalf of the Directors

  
George McEvoy  
Chairman

  
Eleanor McEvoy  
Chief Executive Officer

Date: 24/5/17



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUDGET ENERGY LIMITED**

We have audited the financial statements of Budget Energy Ltd for the year ended 30 June 2016 which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flow, and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

### ***Respective responsibilities of directors and auditor***

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### ***Scope of the audit of the financial statements***

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

### ***Opinion on financial statements***

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUDGET ENERGY LIMITED  
(Continued)**

***Opinion on other matter prescribed by the Companies Act 2006***

In our opinion, based on the work undertaken in the course of the 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.
- The Strategic Report and the Directors' Report have 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 have identified no material misstatement in the Strategic Report or Directors' Report

***Matters on which we are required to report by exception***

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

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

*Ernst & Young*

Roger Wallace (Senior Statutory Auditor)  
for and on behalf of Ernst & Young, Statutory Auditor

Dublin

Date: *26 May 2017*

**INCOME STATEMENT**  
**for the year ended 30 June 2016**

	<i>Note</i>	<i>2016</i> £	<i>2015</i> £
Turnover – continuing operations	2	32,772,462	33,996,796
Cost of sales		(25,963,247)	(28,364,525)
Gross profit		6,809,215	5,632,271
Administrative expenses		(2,645,558)	(1,602,903)
Operating profit – continuing operations	3	4,163,657	4,029,368
Interest receivable		45,700	13,689
Interest payable and similar charges	6	(126,871)	(394,028)
Profit on ordinary activities before taxation		4,082,486	3,649,029
Tax on profit on ordinary activities	7	(820,127)	(608,461)
Profit for the financial year		3,262,359	3,040,568


**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 30 June 2016**


	<i>Called-up share capital presented as equity</i> £	<i>Profit and loss account</i> £	<i>Shareholders equity</i> £
At 1 July 2014 – (deficit)	100	(733,184)	(733,084)
Profit for the year	–	3,040,568	3,040,568
	<hr/>	<hr/>	<hr/>
At 30 June 2015	100	2,307,384	2,307,484
Profit for the year	–	3,262,359	3,262,359
	<hr/>	<hr/>	<hr/>
At 30 June 2016	100	5,569,743	5,569,843
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**STATEMENT OF FINANCIAL POSITION**  
**at 30 June 2016**

	<i>Note</i>	<i>2016</i> £	<i>2015</i> £
<b>FIXED ASSETS</b>			
Tangible assets	8	146,743	140,535
<b>CURRENT ASSETS</b>			
Debtors (amounts falling due within one year)	9	2,849,293	1,407,719
Cash at bank and in hand	10	7,741,822	7,261,888
		10,591,115	8,669,607
<b>CREDITORS (amounts falling due within one year)</b>	11	(4,906,446)	(5,998,702)
<b>NET CURRENT ASSETS</b>		5,684,669	2,670,905
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,831,412	2,811,440
<b>CREDITORS (amounts falling due after more than one year)</b>	12	(255,144)	(484,139)
<b>PROVISIONS FOR LIABILITIES</b>	14	(4,342)	(12,734)
<b>ACCRUALS AND DEFERRED INCOME</b>			
Deferred government grants		(2,083)	(7,083)
<b>NET ASSETS</b>		5,569,843	2,307,484
<b>CAPITAL AND RESERVES</b>			
Called up share capital presented as equity	15	100	100
Profit and loss account		5,569,743	2,307,384
<b>Shareholders' funds</b>		5,569,843	2,307,484

Approved by the Board on

  
George McEvoy  
Chairman

  
Eleanor McEvoy  
Chief Executive Officer

**Registration number NI073739**

**STATEMENT OF CASH FLOWS**  
**for the year ended 30 June 2016**

	<i>Note</i>	<i>2016</i> <i>£'s</i>	<i>2015</i> <i>£'s</i>
<b><i>Net cash inflow from operating activities</i></b>	16(a)	<u>2,877,372</u>	<u>4,846,882</u>
<b><i>Investing activities</i></b>			
Interest received		21,569	13,689
Payments to acquire tangible fixed assets		(68,167)	(46,292)
Loan provided to company directors		(1,140,000)	-
Issue of loan to director of ultimate holding company		(60,000)	-
Net cash flow from investing activities		<u>(1,246,598)</u>	<u>(32,603)</u>
<b><i>Financing activities</i></b>			
Interest paid		(110,993)	(394,028)
Repayment of original shareholder loans		(394,817)	(90,000)
Repayment of loans		(197,547)	(182,605)
Repayments of capital element of finance leases and hire purchase contracts		(5,119)	(4,583)
Net cash flow from financing activities		<u>(708,476)</u>	<u>(671,216)</u>
<b><i>Increase in cash and cash equivalents</i></b>		922,298	4,143,063
<b><i>Cash and cash equivalents at 1 July</i></b>		<u>4,963,900</u>	<u>820,837</u>
<b><i>Cash and cash equivalents at 30 June</i></b>	16(b)	<u><u>5,886,198</u></u>	<u><u>4,963,900</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016**

1. ACCOUNTING POLICIES

(a) *Statement of compliance*

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 30 June 2016.

The company transitioned from previously extant UK GAAP to FRS 102 as at 1 July 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 20.

(b) *Basis of preparation*

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with generally accepted accounting practice in the United Kingdom in accordance with the Companies Act 2006.

(c) *Judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. These estimations are re-evaluated periodically and are based on historical experience and information available up to the date of signing the accounts. The key estimates and judgements made by the directors are in respect of the revenue recognition and recognition of the wholesale cost of energy.

*Revenue recognition*

Revenue recognised for the supply of electricity represents the value of actual units billed to customers from the company's billing system, together with an estimate of the value of units unbilled at the Statement of Financial Position date. This requires an estimate of units prepaid but not consumed at year end and related deferred income which is calculated based on average assumptions rate basis.

*Recognition of wholesale costs of energy*

Consumption of electricity units are charged by the company based on initial estimations followed by revisions to these charges four months and thirteen months subsequent to the initial charge. Estimates of future amendments to initial charges are recognised based on historic trends which are assessed and revised on a monthly basis.

(d) *Revenue recognition*

Revenue is recognised based on the usage of electricity by the company's customers.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

**1. ACCOUNTING POLICIES (Continued)**

**(e) *Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost less accumulated depreciation and provisions for impairment. The cost of an asset is made up of the purchase price of the asset plus any costs directly attributable to bringing the asset into working condition for its intended use.

The costs of internally developed computer software for resale and own use are capitalised where the directors are satisfied as to the technical, commercial and financial viability of the product. Such capital software costs are amortised over the products' estimated useful economic life, which is typically three to five years.

Depreciation is calculated to write off the cost of tangible fixed assets over their expected useful lives as follows:

IT Equipment	33.3% straight line
Fixtures, fittings and equipment	20% straight line
Motor vehicles	25% reducing balance
IT infrastructure	20% straight line

**(f) *Impairment of fixed assets***

The carrying value of tangible fixed assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment is assessed by comparing the carrying value of an asset with its recoverable amount (being the higher of net realisable value and value in use). Net realisable value is defined as the amount at which an asset could be disposed of net of any direct selling costs. Value in use is defined as the present value of the future cash flows obtainable through continued use of an asset including those anticipated to be realised on its eventual disposal.

**(g) *Corporation and deferred taxation***

UK corporation tax payable is based on the results for the financial year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more or a right to pay less tax in the future. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

**(h) *Research and development***

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.



**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

**1. ACCOUNTING POLICIES (Continued)**

*(i) Leased assets and hire purchase commitments*

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over the shorter of the lease term and the asset's useful lives. The capital element of the related rental obligations and hire purchase contracts are included in creditors. Leasing charges under finance leases are charged to the Income Statement in the period incurred as estimated using the sum of digits method. The interest elements of the rental obligations are charged in the Income Statement over the periods of the hire purchase contracts and represent a constant portion of the balance of capital repayments outstanding.

Rentals in respect of all other leases are charged to the Income Statement as incurred.

*(j) Interest-bearing loans and borrowings*

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

*(k) Cash*

Cash recorded in the Statement of Financial Position comprise cash at banks and in hand.

*(l) Short term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement in other operating expenses.

**2. TURNOVER**

Turnover, all of which arises from continuing operations, represents amounts charged by the company in respect of the supply of electricity, excluding value added tax, in Northern Ireland.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

3.	OPERATING PROFIT	2016 £	2015 £
	This is stated after charging/(crediting):		
	Depreciation charge	61,959	63,248
	Amortisation of capital grant	(5,000)	(5,000)
	Revenue grants received	(16,633)	-
	Auditors' remuneration (see note 4)	47,464	86,297
	Operating lease costs – land and buildings	60,803	39,291
		<u>47,464</u>	<u>86,297</u>

4. AUDITOR'S REMUNERATION

The remuneration of the auditors or its associates is further analysed as follows:

	2016 £	2015 £
Audit of the financial statements	45,297	23,350
Taxation advisory services	2,167	1,947
Corporate finance services	-	61,000
	<u>2,167</u>	<u>62,947</u>
Total non-audit services	2,167	62,947
	<u>47,464</u>	<u>86,297</u>

5. STAFF COSTS

(a)	Staff costs	2016 £	2015 £
	Wages and salaries	1,717,034	961,719
	Social security costs	159,803	87,894
	Other pension costs	32,500	50,000
		<u>1,909,337</u>	<u>1,099,613</u>

Other pension costs are respect of a defined contribution scheme for a director.

The average number of persons employed by the company during the year (including directors) was 71 (2015: 42).

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

5. STAFF COSTS (Continued)

(b) Directors' remuneration	2016 £	2015 £
Aggregate remuneration - qualifying services	508,726	324,013
In respect of the highest paid director: Aggregate remuneration	428,312	192,154
Contributions to money purchase scheme	32,500	50,000

6. INTEREST PAYABLE AND SIMILAR CHARGES	2016 £	2015 £
Shareholders guarantee charge ( <i>note 18</i> )	39,998	226,053
Interest on term loan	46,259	61,177
Interest on shareholders' loan ( <i>note 18</i> )	2,600	82,782
Interest on obligation under hire purchase contract	1,325	2,759
Bank charges	354	145
Other charges	36,335	21,112
	126,871	394,028

Interest on the term loan relates to 8% (2015: 8%) fixed annual interest charged on a loan facility entered into by the company in the prior year.

Interest on shareholders' loan pertains to 8% (2015: 8%) fixed annual interest of the balance of loan outstanding.

Interest on obligation under hire purchase contract relates to 7.51% (2015: 7.51%) fixed annual interest of the balance of capital repayments outstanding.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

(a) Tax on profit on ordinary activities	2016 £	2015 £
<i>Current tax:</i>		
UK corporation tax charge on the profit for the year	825,949	594,851
Adjustments in respect of prior periods	2,570	876
	<hr/>	<hr/>
Total current tax	828,519	595,727
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(6,579)	12,734
Effect of decreased rate in opening deferred tax liability	(1,213)	-
Adjustments in respect of prior periods	(600)	-
	<hr/>	<hr/>
Total deferred tax (credit) / charge	(8,392)	12,374
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>820,127</u>	<u>608,461</u>

**(b) Factors affecting current tax charge**

The current tax amount for the year differs from the product of the standard rate of corporation tax in the United Kingdom 20% (2015: 20%) multiplied by the pretax profit. The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	4,082,486	3,649,029
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 20% (2015: 20%):	816,497	751,199
<i>Effects of:</i>		
Depreciation in excess of capital allowances	15	24
Utilisation of trade losses carried forward	-	(162,372)
Expenses not allowable for tax purposes	2,250	-
General provisions not allowable for tax purposes	608	-
Effect of decreased rate in opening deferred tax liability	(1,213)	-
Adjustments in respect of previous periods	1,970	876
Reversal and origination of short term timing differences	-	12,734
	<hr/>	<hr/>
Current tax charge for year	<u>820,127</u>	<u>608,461</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)**

*(c) Circumstances affecting current and future tax charges:*

The reductions in the UK corporation tax rate to 19% with effect from April 2017 and 18% with effect from April 2020 have been substantially enacted. This will reduce the company's future current tax charge accordingly.

*(d) Deferred tax*

The deferred tax balances included in the Statement of Financial Position are as follows:

	2016 £	2015 £
Included in provisions for liabilities relating to general bad debt provisions	5,471	–
Included in provisions for liabilities relating to accelerated capital allowances	(9,813)	(12,734)
	<u>(4,342)</u>	<u>(12,734)</u>
		£
At 1 July 2015		(12,734)
Deferred tax credit in Income Statement		8,392
		<u>–</u>
At 30 June 2016		<u>(4,342)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

**8. TANGIBLE FIXED ASSETS**

	<i>IT equipment</i> £	<i>Fixtures &amp; fittings</i> £	<i>Motor vehicles</i> £	<i>IT infrastructure</i> £	<i>Assets under development</i> £	<i>Total</i> £
<i>Cost</i>						
At 1 July 2015	100,099	36,586	74,199	145,743	-	356,627
Additions	13,773	-	20,695	6,398	27,301	68,167
Transfers	8,062	-	-	(8,062)	-	-
At 30 June 2016	121,934	36,586	94,894	144,079	27,301	424,794
<i>Depreciation</i>						
At 1 July 2015	73,797	12,438	31,425	98,432	-	216,092
Charges	18,053	7,056	10,761	26,089	-	61,959
Transfers	5,106	-	-	(5,106)	-	-
At 30 June 2016	96,956	19,494	42,186	119,415	-	278,051
<i>Net book amounts</i>						
At 30 June 2016	24,978	17,092	52,708	24,664	27,301	146,743
At 30 June 2015	26,302	24,148	42,774	47,311	-	140,535

Motor Vehicles include one car held under a hire purchase agreement. The depreciation charge for the year amounted to £4,287 (2014: £6,077) with a net book value at year end of £14,604 (2015: £18,231).

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

8. TANGIBLE FIXED ASSETS (Continued)

	<i>IT equipment £</i>	<i>Fixtures &amp; fittings £</i>	<i>Motor vehicles £</i>	<i>IT infrastructure £</i>	<i>Total £</i>
<i>Cost</i>					
At 1 July 2014	86,438	15,974	74,199	133,724	310,335
Additions	13,661	20,612	–	12,019	46,292
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	100,099	36,586	74,199	145,743	356,627
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 July 2014	58,101	8,171	17,167	69,405	152,844
Charges	15,696	4,268	14,258	29,026	63,248
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015	73,797	12,439	31,425	98,431	216,092
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book amounts</i>					
At 30 June 2015	26,302	24,148	42,774	47,311	140,535
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2014	28,337	7,803	57,032	64,319	157,491
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

9.	DEBTORS (amounts falling due within one year)	2016	2015
		£	£
	Trade debtors	747,459	172,292
	Other debtors	-	336,603
	Prepayments and accrued income	792,377	648,528
	VAT refund due	82,183	250,296
	Loans to directors	1,140,000	-
	Loans to directors of holding company	60,000	-
	Directors' current account	27,274	-
		<u>2,849,293</u>	<u>1,407,719</u>

Loans to directors of the company and its holding company were granted in October and November 2015. The loans amount to £570,000 issued to both Eleanor and George McEvoy who are company directors and an amount of £60,000 issued to JP Galligan, a director of Budget Energy Holdings Limited. The rate of interest on each of these loans is 3% per annum.

The directors' current account relates to payments made on behalf of directors during the year, being £24,515 and £2,759 for George and Eleanor McEvoy respectively, which remains outstanding balance at 30 June 2016. No interest was charged during the year on the directors' current account.

10.	CASH AT BANK AND IN HAND – RESTRICTED CASH	2016	2015
		£	£
	Cash in bank and on hand	5,886,198	4,963,900
	Restricted cash	1,855,624	2,297,988
		<u>7,741,822</u>	<u>7,261,888</u>

At 30 June 2016, Danske Bank plc holds a lien over a deposit account with a balance of £1,815,476 (2015: £2,295,240) as security in respect of a letter of credit provided to suppliers of the company.

At 30 June 2016, a supplier of the company holds a lien over a deposit balance of £2,748 (2015: £2,748) as security in respect of credit terms provided to the company for normal trading activities.

At 30 June 2016, a supplier of the company holds a lien over a deposit balance of £37,400 (2015: £nil) as security in respect of credit terms provided to the company for normal trading activities.



**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

11.	CREDITORS (amounts falling due within one year)	2016 £	2015 £
	Trade creditors	257,784	1,590,689
	Obligation under hire purchase contract ( <i>note 13</i> )	14,853	5,131
	Corporation tax	404,269	589,601
	Other taxes and social security costs	53,221	26,615
	Loan	214,081	197,474
	Accruals and deferred income	3,962,238	3,194,375
	Shareholders' loans	-	394,817
		<u>4,906,446</u>	<u>5,998,702</u>

The loan pertains to a term loan drawdown during 2013 and is wholly repayable within five years. The loan is unsecured and carries a fixed annual interest rate of 8% applied on the balance of capital repayments outstanding.

The shareholders' loan was unsecured and was subordinate to third party bank facilities. This loan carried 8% interest and was fully repaid by the end of August 2015.

12.	CREDITORS (amounts falling due after more than one year)	2016 £	2015 £
	Loan (wholly repayable within five years)	252,144	466,298
	Obligation under hire purchase contract ( <i>note 13</i> )	-	14,841
	Connection voucher	3,000	3,000
		<u>255,144</u>	<u>484,139</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

**13. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS**

Future minimum lease payments are as follows:

	2016 £	2015 £
<i>Amounts payable:</i>		
Not later than one year	15,110	6,445
Later than one year and not later than five years	–	15,110
	<u>15,110</u>	<u>21,555</u>
Less: finance charges allocated to future period	(257)	(1,583)
	<u>14,853</u>	<u>19,972</u>

The hire purchase contract entered into by the company with a financing institution relates to financing of a motor vehicle. The hire purchase contract is secured on the motor vehicle to which it pertains and carries fixed annual interest rate of 7.51% of the balance of capital repayments outstanding.

**14. PROVISION FOR LIABILITIES**

	2016 £	2015 £
<i>Deferred tax:</i>		
At 1 July	12,734	–
Movement during the year	(8,392)	12,734
	<u>4,342</u>	<u>12,734</u>
At 30 June	<u>4,342</u>	<u>12,734</u>

The opening and closing deferred tax liabilities relates primarily relates to timing differences in respect of depreciation of tangible fixed assets over capital allowances.

**15. ALLOTTED AND ISSUED SHARE CAPITAL**

	2016 £	2015 £
<i>Authorised:</i>		
10,000 ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

**16. NOTES TO STATEMENT OF CASH FLOWS**

(a)	<i>Reconciliation of profit to net cash inflow from operating activities</i>	2016	2015
		£	£
	Profit before tax	4,082,486	3,649,029
	<i>Adjustments to reconcile profit for the year to net cash flow from operating activities:</i>		
	Depreciation of tangible fixed assets	61,959	63,248
	Interest receivable	(45,700)	(13,689)
	Interest payable	126,871	394,028
	Deferred government grants released	(5,000)	(5,000)
	<i>Working capital movements</i>		
	Decrease/(increase) in restricted cash	442,364	(75,210)
	(Increase)/decrease in debtors	(217,443)	178,378
	(Decrease)/increase in creditors	(554,314)	662,224
	<i>Taxation:</i>		
	Corporation tax paid	(1,013,851)	(6,126)
		(1,205,114)	1,197,853
	<i>Net cash inflow from operating activities</i>	<u>2,877,372</u>	<u>4,846,882</u>
(b)	<i>Cash and cash equivalents</i>	At 30 June 2016	At 30 June 2015
		£	£
	Cash and cash equivalents comprise the following:		
	Cash at bank and in hand	<u>5,886,198</u>	<u>4,963,900</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

**17. FINANCIAL COMMITMENTS**

At 30 June 2016, and the prior year end, the company had total commitments under non-cancellable operating leases for land and buildings which roll on an annual basis as follows:

	2016 £	2015 £
<i>Expiry date:</i>		
Within one year	34,580	25,460

At 30 June 2016, a third party bank has provided letters of credit with a cumulative value of £2,836,200 (2015: £3,526,800) to certain suppliers as security for the trade credit terms which they provide to the company. Collateral in the form of a lien on a deposit bank account of £1,815,476 (2015: £2,295,240) has been provided to the third party bank. A further shareholders guarantee of £500,000 has been provided to that bank in respect of these letters of credit.

**18. RELATED PARTY TRANSACTIONS**

As disclosed in note 17, the shareholders have provided a personal guarantee to a certain bank as security in respect to letters of credit issued by the bank on behalf of the company. The shareholders charged the company £39,998 (2015: £226,053) in respect of the provision of these guarantees during the year and £33,333 (2015: £nil) remained outstanding at year end.

As disclosed in note 11, the shareholders loan carried 8% fixed annual interest applied on the balance of the loan outstanding. Interest charged for the current year amounted to £2,600 (2015: £82,782) and £nil (2015: £24,571) remained outstanding at year end.

The company provided a cash advance of £21,000 to a previous company director Mr. Damian Wilson in prior years. £9,000 of this amount has been provided for with the remainder repayable within one year (2015: £21,000 fully provided).

Loans issued to company directors and a director of Budget Energy Holdings Limited are disclosed per note 9.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 June 2016 (Continued)**

**19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate and ultimate parent undertaking and the smallest and largest group in which the company is consolidated is Budget Energy Holdings Limited, a company incorporated in Republic of Ireland. Copies of the parent company's consolidated financial statements may be obtained from Budget Energy Holdings Limited, 15 Clanwilliam Terrace, Dublin 2, Ireland.

Mr. George McEvoy, Chairman, and Mrs. Eleanor McEvoy, Chief Executive Officer, jointly control the company.

**20. TRANSITION TO FRS 102**

Management have assessed the full impact of the transition from existent UK GAAP to FRS 102. As a result of this analysis, no transition adjustments have been noted.

**21. RECLASSIFICATION OF COMPARATIVES**

Certain liabilities in the Statement of Financial Position comparatives have been reclassified for conformity with current presentation at a primary statement level only.

<b>22. FINANCIAL INSTRUMENTS</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<i>Financial assets that are debt instruments measured at amortised cost:</i>		
- Trade debtors	747,459	172,292
- Other debtors	-	336,603
- Amounts owed by directors	1,227,274	-
	<u>          </u>	<u>          </u>
<i>Financial liabilities measured at amortised cost:</i>		
- Loans	466,225	1,058,589
- Obligations under finance leases and hire purchase contracts	14,853	19,972
- Trade creditors	257,784	1,590,689
	<u>          </u>	<u>          </u>