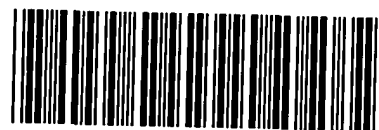


Registered number: NI073739

**Budget Energy Limited**  
**Directors' report, strategic report and financial statements**  
**for the period ended 30 September 2018**

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COMPANIES HOUSE



# Budget Energy Limited

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# Budget Energy Limited

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## Company information

### Directors

The directors at the date of signing were:

G McEvoy - Chairman  
A Sullivan - Director  
J Hasson - Non-Executive  
T Hegarty - Non-Executive

### Registered number

NI073739

### Registered office

Energy House  
30-32 Ballinska Road  
Springtown Industrial Estate  
Derry/Londonderry  
BT48 0LY

### Bankers

Dankse Bank  
Belfast Finance Centre  
P O Box 183  
Donegal Square East  
Belfast  
BT1 6JS

UniCredit Bank Czech Republic and Slovakia, a.s.  
Želetavská 1525/1  
140 92 Praha 4

### Solicitors

Elliott Duffy Garrett  
40 Linenhall Street  
Belfast  
BT2 8BA

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Waterfront Plaza  
8 Laganbank Road  
Belfast  
BT1 3LR

# Budget Energy Limited

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## Strategic report for the period ended 30 September 2018

### Principal activities and review of the business

The Board presents our Strategic report for Budget Energy Limited ("the company") for the 15-month period ended 30 September 2018 (The comparative period is for the year ended 30 June 2017).

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:

	15 month period ended 30 September 2018 £'000	Year ended 30 June 2017 £'000
Turnover	39,204	30,561
Gross profit	2,669	3,302
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	(1,085)	974
Earnings before tax	(1,741)	863
Customer numbers as at	60,201	49,610

Turnover increased by 3% (on an annualised basis) compared to the previous year which reflects a very competitive retail market in the first half of the period followed by a transition away from lower tariffs in the second half.

Gross profit margin was 7%, (year ended 30 June 2017: 11%) reflecting the impact of competitive unit selling prices referred to above along with continued significant increases in wholesale energy costs, and transmission and distribution costs.

EBITDA came in at a loss of £1,085,000 for the 15-month period ended 30 September 2018 (year ended 30 June 2017: profit of £974,000) or -3% turnover (year ended 30 June 2017: 3%).

Overall, operating performance in the current financial period reflects the continuing competitive nature of the market. The introduction of our "Budget Bonus" tariffs during the period was well received in the marketplace and helped us to gain circa 10,500 customers. However, continued pressure from increased wholesale energy and network costs necessitated a transition away from lower tariffs in the second half of the period. It was a challenging year for the sector as a whole but we continue to aim to deliver 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 and measures, new customer numbers, energy prices, gross margin, market share and competitiveness and cash flow.

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

### 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 wholesale electricity price fluctuations which have a direct impact on its profit margins. Wholesale prices have increased significantly in this period. However the company has mitigated its exposure to such price fluctuations through its increased sourcing of renewable energy as well as through the use of hedging products.

# Budget Energy Limited

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## Strategic report for the period ended 30 September 2018 (continued)

### Principal risks and uncertainties (continued)

#### Liquidity risk

The ongoing movement in energy prices on our trading activities requires us to maintain appropriate funding for working capital purposes. The company focuses on its own cash generating capability to ensure that funding requirements continue to be met internally and has external third party finance in place where this is deemed necessary. The company continues to have a sufficient balance sheet reflecting careful management of cash reserves over multiple years.

#### Regulatory/Political risk

The company operates in a highly regulated market and made full preparation for the introduction of the i-SEM market in October 2018. Our dedicated internal compliance team and project teams are tasked with ensuring that we keep abreast of all regulatory developments and ensure compliance in these areas. The Board continues to monitor that the impact that Brexit may have on the Northern Ireland economy in general and on the energy sector in particular.

#### Operational risk

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

#### Competition risk

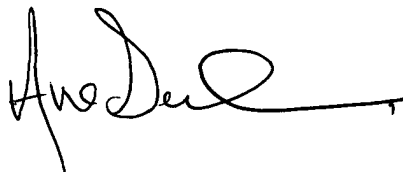
In an increasingly competitive NI marketplace, the company manages risk to growth by continuing to offer a high quality service to customers at competitive prices, reflecting value levels which surpass that of our competitors.

This report was approved on behalf of the Board

  
G. McEvoy  
Chairman

Date 16/01/2019

A. Sullivan  
Director



# Budget Energy Limited

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## Directors' report for the period ended 30 September 2018

The directors present their report and the audited financial statements of the company for the 15 month period ended 30 September 2018 (The comparative period is for year ended 30 June 2017).

### Results for the financial period

The Income statement for the 15 month period ended 30 September 2018 and the Statement of financial position at that date are set out on pages 9 and 10. The loss for the 15 month period ended 30 September 2018 before taxation amounted to £1,741,282 (year ended 30 June 2017: profit before tax of £862,755). After adding back the taxation credit for the 15 month period ended 30 September 2018 of £299,427 (year ended 30 June 2017: charge of £180,430) the loss for the 15 month period ended 30 September 2018 of £1,441,855 (year ended 30 June 2017: profit of £682,325) was transferred to profit and loss reserves.

### Dividends

The company did not pay or propose a dividend for the 15 month period ended 30 September 2018 (year ended 30 June 2017: £Nil).

### Directors

The names of the persons who were directors of the company at any time during the 15 month period ended 30 September 2018 and up to the date of the approval of the financial statements are set out below. Except where indicated, they served as directors for the entire period.

G McEvoy  
E McEvoy (Resigned 12 November 2018)  
A Sullivan  
J Hasson  
T Hegarty

### Important events since the period end

A fundamental change to the operation of the wholesale energy market occurred in October 2018 with the introduction of the i-SEM market replacing the existing SEM market. This change is expected to lead to greater transparency and ultimately more competitive wholesale energy costs.

### 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 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 2004.

### Donations

Charitable donations made by the company during the 15 month period ended 30 September 2018 amounted to £105 (year ended 30 June 2017: £150). There were no political donations made by the company during the period (year ended 30 June 2017: £nil).

## Directors' report for the period ended 30 September 2018 (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the 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 period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

### Statement of disclosure of information to auditors

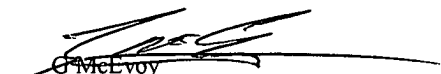
So far as each of the directors in office at the date of approval of these financial statements is aware:

- 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 directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent auditors

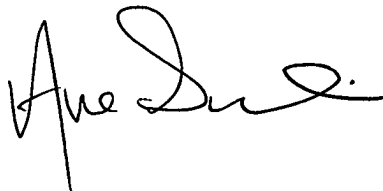
The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed in accordance with Section 485 of the Companies Act 2006.

This report was approved on behalf of the Board

  
G. McEvoy  
Chairman

Date 16/01/2019

A Sullivan  
Director



## Independent auditors' report to the members of Budget Energy Limited

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Budget Energy Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its loss for the 15 month period (the "period") 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 Directors' report, strategic report and financial statements (the "Report"), which comprise: the statement of financial position as at 30 September 2018; the income statement, the statement of changes in equity for the 15 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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#### Basis for opinion

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

#### Independence

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

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#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

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.

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#### Reporting on other information

The other information comprises all of the information in the 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.



## Independent auditors' report to the members of Budget Energy Limited (continued)

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### Reporting on other information (continued)

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 period ended 30 September 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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### Responsibilities for the financial statements and the audit

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

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### *Auditors' responsibilities for the audit of the financial statements*

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

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

# Budget Energy Limited

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## Independent auditors' report to the members of Budget Energy Limited (continued)

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### Other required reporting


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#### 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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

  
Martin Cowie (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Belfast  
Date 25 January 2019

# Budget Energy Limited

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## Income statement for the period ended 30 September 2018

	Notes	15 month period ended 30 September 2018 £	Year ended 30 June 2017 £
<b>Turnover</b>	2	<b>39,204,073</b>	30,561,189
Cost of sales		(36,535,567)	(27,259,329)
<b>Gross profit</b>		<b>2,668,506</b>	3,301,860
Administrative expenses		(4,229,831)	(2,432,987)
<b>Operating (loss)/profit</b>	3	<b>(1,561,325)</b>	868,873
Interest receivable		102,534	77,782
Interest payable and similar expenses	5	(282,491)	(83,900)
<b>(Loss)/profit before tax</b>		<b>(1,741,282)</b>	862,755
Tax on (loss)/profit	6	299,427	(180,430)
<b>(Loss)/profit for the financial period/year</b>		<b>(1,441,855)</b>	682,325

All amounts relate to continuing operations.

There is no other comprehensive income or expense in either the 15 month period ended 30 September 2018 or in the year ended 30 June 2017 in addition to the (loss)/profit presented in the income statement.

The notes on pages 12 to 24 form part of these financial statements.

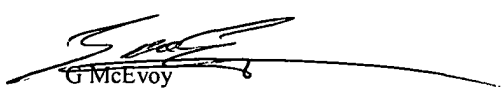
# Budget Energy Limited

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## Statement of financial position as at 30 September 2018

	Notes	30 September 2018 £	30 June 2017 £
<b>Fixed assets</b>			
Tangible assets	7	115,911	146,646
Intangible assets	8	520,698	909,903
		<b>636,609</b>	<b>1,056,549</b>
<b>Current assets</b>			
Debtors	9	9,926,486	6,324,874
Cash at bank and in hand	10	2,681,535	5,129,631
		<b>12,608,021</b>	<b>11,454,505</b>
Creditors: amounts falling due within one year	11	(8,411,817)	(6,181,144)
<b>Net current assets</b>		<b>4,196,204</b>	<b>5,273,361</b>
<b>Total assets less current liabilities</b>		<b>4,832,813</b>	<b>6,329,910</b>
Creditors: amounts falling due after more than one year	12	-	(20,155)
Deferred tax liability	6	-	(35,087)
<b>Net assets</b>		<b>4,832,813</b>	<b>6,274,668</b>
<b>Capital and reserves</b>			
Called up share capital	14	100	100
Profit and loss account		4,832,713	6,274,568
<b>Total shareholders' funds</b>		<b>4,832,813</b>	<b>6,274,668</b>

The financial statements on pages 9 to 24 were approved by the Board of directors on 16 July 2019 and were signed on its behalf by:

  
G. McEvoy  
Chairman

A. Sullivan  
Director 

The notes on pages 12 to 24 form part of these financial statements.

**Statement of changes in equity for the period ended 30 September 2018**

	<b>Called-up share capital presented as equity £</b>	<b>Profit and loss account £</b>	<b>Shareholders' equity £</b>
At 1 July 2016	100	5,592,243	5,592,343
Profit for the year	-	682,325	682,325
At 30 June 2017	100	6,274,568	6,274,668
Loss for the period	-	(1,441,855)	(1,441,855)
<b>At 30 September 2018</b>	<b>100</b>	<b>4,832,713</b>	<b>4,832,813</b>

The notes on pages 12 to 24 form part of these financial statements.

## Notes to the financial statements for the period ended 30 September 2018

### 1 Accounting policies

The principal activities of the company are providing low-cost electricity to the domestic and commercial consumer in the Northern Ireland ("NI") market. The Company is a private company limited by shares and is incorporated and domiciled in Northern Ireland. The company's registered office is located at Energy House, 30-32 Ballinska Road, Springtown Industrial Estate, Derry/Londonderry, BT48 0LY.

#### (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 15 month period ended 30 September 2018.

#### (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.

The company is availing of the reduced disclosure framework under FRS 102 on the basis that it itself meets the definition of a qualifying entity, being a member of a group that prepares publicly available financial statements which give a true and fair view. The group and company financial statements are available from the company's registered office.

The company has taken advantage of the following disclosure exemption under FRS 102 for qualifying entities:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirement of Section 33 Related Party Disclosures paragraph 33.7; and
- The requirements of Section 11 Basic Financial Instruments paragraphs 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(b) and 11.48(c) and Section 12 Other Financial Instruments Issues paragraphs 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b) and 12.29A.

#### (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 period. These estimations are re-evaluated periodically and are based on historical experience and information available up to the date of signing the financial statements. 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. Amounts received from customers and credited to meters but not yet consumed are recorded as deferred income.

##### *Recognition of wholesale costs of energy*

Consumption of electricity units are charged by the company based on invoiced costs plus an estimation of unbilled consumption at the end of the period 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 to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

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

**Notes to the financial statements for the period ended 30 September 2018 (continued)****1 Accounting policies (continued)****(e) Tangible fixed assets and depreciation**

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.

**(i) IT Equipment, fixtures & fittings, motor vehicles and IT Infrastructure**

IT Equipment, fixtures & fittings, motor vehicles and IT Infrastructure are stated at cost less accumulated depreciation and accumulated impairment losses.

**(ii) Depreciation and residual values**

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

IT equipment	-	33.3% straight line
Fixtures & fittings	-	20 % straight line
Motor vehicles	-	25% reducing balance
IT infrastructure	-	20% straight line

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. Assets under construction are depreciated from the point at which they are brought into use.

**(iii) Subsequent additions and major components**

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably. The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life. Repairs, maintenance and minor inspection costs are expensed as incurred.

**(iv) Derecognition**

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account and included in 'net operating expenses'.

**(f) Impairment of fixed assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication, the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

**Notes to the financial statements for the period ended 30 September 2018 (continued)****1 Accounting policies (continued)****(f) Impairment of fixed assets (continued)**

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter, any excess is recognised in profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

**(g) Intangible assets**

Intangible assets acquired separately from 3<sup>rd</sup> parties are capitalised at cost. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

The costs of internally developed computer software for 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.

**(h) Current and deferred taxation**

The tax credit/expense for the period/year comprises current and deferred tax. Tax is recognised in the profit and loss account, except for a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

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

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**(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.



**Notes to the financial statements for the period ended 30 September 2018 (continued)****1 Accounting policies (continued)****(j) Cash**

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

**(k) Short term debtors and creditors**

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

The company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as cash, bank loans and overdrafts, trade and other debtors, trade and other creditors and amounts owed by/to company undertakings and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Investments in quoted instruments and in unquoted instruments, where fair value can be reliably measured, are carried at fair value, with movements in fair value being reflected in 'other losses' in the profit and loss account.

Derivatives, including contracts for difference, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The company has not applied hedge accounting, and all derivatives are measured at fair value through profit and loss.

**(l) Other assets**

Other assets related to the Renewable Obligation Certificates (ROCs) acquired by the company from third party renewable energy generators or third party ROCs auctions are accounted for at the lower of cost or net realisable value.

**Notes to the financial statements for the period ended 30 September 2018 (continued)****1 Accounting policies (continued)****(m) Employee benefits**

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

**i) Short term benefits**

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

**ii) Defined contributions pension plan**

The company operated a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in an independently administered fund.

**(n) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

**(o) Distribution to equity holders**

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

**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.

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## Notes to the financial statements for the period ended 30 September 2018 (continued)

### 3 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	15 month period ended 30 September 2018 £	Year ended 30 June 2017 £
Depreciation of tangible assets (note 7)	60,013	58,035
Amortisation of intangible assets (note 8)	416,705	53,524
Amortisation of capital grant	-	2,083
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	34,000	35,475
Fees payable to the company's auditors for other services relating to taxation	5,000	2,184
Operating lease costs - land and buildings	77,420	93,384

### 4 Staff costs

(a) Staff costs, including directors' remuneration, were as follows:

	15 month period ended 30 September 2018 £	Year ended 30 June 2017 £
Wages and salaries	2,579,175	1,625,803
Social security costs	245,444	172,113
Other pension costs	18,004	12,345
	2,842,623	1,810,261

The average number of persons employed by the company during the 15 month period (including directors) was 65 (year ended 30 June 2017: 64).

## Notes to the financial statements for the period ended 30 September 2018 (continued)

### 4 Staff costs (continued)

(b) Directors' remuneration was as follows:

	15 month period ended 30 September 2018 £	Year ended 30 June 2017 £
Remuneration - qualifying services	962,779	584,072
Pension	7,500	10,000
<b>Total</b>	<b>970,279</b>	<b>594,072</b>
<b>In respect of the highest paid director:</b>		
Aggregate remuneration	474,336	437,069
Contribution to money purchase scheme	7,500	10,000

(c) Pension

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund which amounted to £18,004 for the 15 month period ended 30 September 2018 (year ended 30 June 2017: £12,345). Contributions totalling £2,445 (year ended 30 June 2017: £1,060) were payable to the fund at the statement of financial position date and are included in creditors, amounts falling due within one year.

### 5 Interest payable and similar expenses

	15 month period ended 30 September 2018 £	Year ended 30 June 2017 £
Shareholders' guarantee charge (note 15)	50,000	40,000
Interest on term loan	227,272	41,433
Interest on obligation under hire purchase contract	-	350
Bank charges	5,219	2,117
	<b>282,491</b>	<b>83,900</b>

Interest on the term loan relates to an 8 % (year ended 30 June 2017: 8%) fixed annual interest charged on the loan facility entered into by company.

**Notes to the financial statements for the period ended 30 September 2018 (continued)**

**6 Tax on (loss)/profit**

**(a) Tax on (loss)/profit**

	15 month period ended 30 September 2018 £	Year ended 30 June 2017 £
<b>Current tax:</b>		
UK corporation tax charge on the (loss)/profit for the period/year	(111,745)	111,548
Adjustments in respect of prior periods	197	38,137
<b>Total current tax</b>	<b>(111,548)</b>	<b>149,685</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(209,940)	54,709
Effect of changes in tax rates	22,099	1,154
Adjustment in respect of previous periods	(38)	(25,118)
<b>Total deferred tax (credit)/charge</b>	<b>(187,879)</b>	<b>30,745</b>
<b>Tax (credit)/charge on (loss)/profit</b>	<b>(299,427)</b>	<b>180,430</b>

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

The current tax amount for the 15 month period ended 30 September 2018 differs from (2017:differs from) the product of the standard rate of corporation tax in the United Kingdom 19% (year ended 30 June 2017: 19.75%) multiplied by the pretax profit. The difference is explained below.

	15 month period ended 30 September 2018 £	Year ended 30 June 2017 £
<b>(Loss)/profit before tax</b>	<b>(1,741,282)</b>	<b>862,755</b>
(Loss)/profit before tax multiplied by standard rate in the UK of 19% (year ended 30 June 2017: 19.75%).	(330,844)	170,394
<b>Effects of:</b>		
Depreciation in excess of capital allowances on non-qualifying assets	-	44
Expenses not deductible for tax purposes	13,405	4,669
Tax rate changes	22,099	(7,696)
Adjustments in respect of previous periods	159	13,019
Loss carry back	(4,246)	-
<b>Tax (credit)/charge on (loss)/profit</b>	<b>(299,427)</b>	<b>180,430</b>

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

The reduction 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.

**Notes to the financial statements for the period ended 30 September 2018 (continued)**

**6 Tax on (loss)/profit (continued)**

**(d) Deferred tax**

The deferred tax balances included in the Statement of financial position are as follows:

	<b>30 September 2018 £</b>	<b>30 June 2017 £</b>
Short term timing differences	17,365	17,067
Fixed asset timing differences	(7,611)	(52,154)
Losses	143,038	-
	<b>152,792</b>	<b>(35,087)</b>
		<b>15 month period ended 30 September 2018 £</b>
At 1 July 2017		(35,087)
Deferred tax credit to income statement for the period		187,879
At 30 September 2018		<b>152,792</b>
<b>Deferred tax assets</b>		
Recoverable within 12 months		3,871
Recoverable after 12 months		156,532
At 30 September 2018		<b>160,403</b>
<b>Deferred tax liabilities</b>		
Payable within 12 months		7,611
At 30 September 2018		<b>7,611</b>

# Budget Energy Limited

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## Notes to the financial statements for the period ended 30 September 2018 (continued)

### 7 Tangible assets

	IT equipment £	Fixtures and fittings £	Motor vehicles £	IT infrastructure £	Total £
<b>Cost</b>					
At 1 July 2017	130,773	39,664	105,359	193,283	469,079
Additions	16,024	9,363	3,891	-	29,278
<b>At 30 September 2018</b>	<b>146,797</b>	<b>49,027</b>	<b>109,250</b>	<b>193,283</b>	<b>498,357</b>
<b>Accumulated depreciation</b>					
At 1 July 2017	115,141	25,397	40,620	141,275	322,433
Charge for the period	16,344	6,620	18,944	18,105	60,013
<b>At 30 September 2018</b>	<b>131,485</b>	<b>32,017</b>	<b>59,564</b>	<b>159,380</b>	<b>382,446</b>
<b>Net book value</b>					
<b>At 30 September 2018</b>	<b>15,312</b>	<b>17,010</b>	<b>49,686</b>	<b>33,903</b>	<b>115,911</b>
At 30 June 2017	15,632	14,267	64,739	52,008	146,646

### 8 Intangible assets

	Software license fees £
<b>Cost</b>	
At 1 July 2017	963,426
Additions	27,500
<b>At 30 September 2018</b>	<b>990,926</b>
<b>Accumulated amortisation</b>	
At 1 July 2017	53,523
Charge for the period	416,705
<b>At 30 September 2018</b>	<b>470,228</b>
<b>Net book value</b>	
<b>At 30 September 2018</b>	<b>520,698</b>
At 30 June 2017	909,903

## Notes to the financial statements for the period ended 30 September 2018 (continued)

### 9 Debtors

	30 September 2018 £	30 June 2017 £
Trade debtors	1,782,435	1,093,499
Amounts due from group companies	420,442	313,347
Prepayments and accrued income	2,850,640	1,718,861
Other assets	1,999,528	643,745
VAT refund due	105,457	172,059
Corporation tax	131,548	-
Deferred tax asset	152,792	-
Loans to directors	2,140,000	2,140,000
Loans to directors of holding company	220,000	220,000
Directors' current account	-	23,363
Derivative financial assets	123,644	-
	<b>9,926,486</b>	<b>6,324,874</b>

Trade debtors are stated after provisions for impairment of £100,000 (at 30 June 2017: £100,394).

Amounts due from group undertakings and related parties are due within one year unsecured, interest free and repayable on demand.

### 10 Cash at bank and in hand

	30 September 2018 £	30 June 2017 £
Cash at bank and in hand	700,046	3,961,450
Restricted cash	1,981,489	1,168,181
	<b>2,681,535</b>	<b>5,129,631</b>

At 30 September 2018, Danske Bank plc holds a lien over a deposit account with a balance of £1,538,787 (30 June 2017: £1,126,036) as security in respect of a letter of credit provided to a supplier of the company.

At 30 September 2018, suppliers of the company hold liens over deposit balances of £133,148 (30 June 2017: £42,145) as security in respect of credit terms provided to the company for normal trading activities.

At 30 September 2018 additional collateral of £309,554 (30 June 2017: £nil) was provided to a third party bank in anticipation of the I-SEM market trading commencing on 1<sup>st</sup> October 2018.



**Notes to the financial statements for the period ended 30 September 2018 (continued)**

**11 Creditors (amounts falling due within one year)**

	30 September 2018 £	30 June 2017 £
Trade creditors	791,913	915,686
Corporation tax	-	451,434
Other taxes and social security costs	60,348	56,081
Loan	207,299	231,979
Accruals and deferred income	7,352,257	4,525,964
	<b>8,411,817</b>	<b>6,181,144</b>

The loan pertains to a term loan drawdown during 2013 and is wholly repayable within one year. The loan is secured.

**12 Creditors (amounts falling due after more than one year)**

	30 September 2018 £	30 June 2017 £
Loan (wholly repayable within five years)	-	20,155

**13 Financial commitments**

At 30 September 2018, 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:

Expiry date:	30 September 2018 £	30 June 2017 £
Within one year	55,370	36,320
Later than one year and not later than five years	162,047	-
Later than five years	166,667	-

At 30 September 2018, a third party bank has provided letters of credit with a cumulative value of £2,048,300 (30 June 2017: £2,498,300) 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 £1,538,787 (30 June 2017: £1,126,036) 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.

**14 Called up share capital**

	30 September 2018 £	30 June 2017 £
<b>Allotted, called up and fully paid:</b>		
100 ordinary shares of £1 each	100	100

# Budget Energy Limited

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## Notes to the financial statements for the period ended 30 September 2018 (continued)

### 15 Related party transactions

Budget Energy Limited is wholly owned by Budget Energy Holdings Limited. Transactions with Budget Energy Holdings Limited and with other wholly owned subsidiary undertakings of Budget Energy Holdings Limited are not disclosed, as the company has availed of the exemption available under FRS102 Chapter 33.1 A from disclosing such transactions.

As disclosed in note 13, the shareholders have provided a personal guarantee to a certain bank as security in respect of letters of credit issued by the bank on behalf of the company. The shareholders charged the company £50,000 (year ended 30 June 2017: £40,000) in respect of the provision of these guarantees during the 15 month period ended 30 September 2018 and £nil (30 June 2017: £28,561) remained outstanding at the period end.

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

### 16 Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and the parent undertaking of 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 jointly control the company.