Registered number: NI073739

Budget Energy Limited

Directors' report, strategic report and financial statements

for the year ended 30 September 2019

Budget Energy Limited

Contents

Budget Energy Limited

Company information

Directors

The directors at the date of signing were:

G McEvoy - Chairman
A Sullivan – Director
R Broderick - Director (Appointed on 1 October 2019)
K O'Kane - Director (Appointed on 1 October 2019)
G McIntyre - Non-Executive (Appointed on 1 October 2019)

Registered number

NI073739

Registered office

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

Bankers

Danske 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

Strategic report for the year ended 30 September 2019

Principal activities and review of the business

The Board presents our Strategic report for Budget Energy Limited ("the company") for the year ended 30 September 2019. (The comparative period is for the 15-month period ended 30 September 2018).

The company continues providing competitive electricity to domestic and commercial consumer in the Northern Ireland ("NI") market. The company adopts a diversity of tariffs which offers customers choice. In summary, the results are as follows:

	Year ended 30 September 2019 £'000	15 month period ended 30 September 2018 £'000
Turnover	**39,232**	39,204
Gross profit	**6,083**	2,669
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**3,501**	(1,085)
Earnings before tax	**3,076**	(1,741)
Customer numbers as at	**65,953**	60,201

Turnover increased by 20% (on an annualised basis) compared to the previous 15 month period which reflects demand for the company's products and services.

Gross profit margin was 16%, (15 months ended 30 September 2018: 7%) reflecting the increased purchasing of electricity from renewable sources together with increased control over wholesale costs incurred arising from trading in the energy power market following the introduction of the Integrated Single Electricity Market "ISEM" replacing the former Single Electricity Market "SEMO".

EBITDA came in at a profit of £3,501,951 for the year ended 30 September 2019 (15 month period ended 30 September 2018 loss of £1,084,606) or 9% turnover (15 month period ended 30 September 2018: -3%).

Overall, operating performance in the current financial period is reflective of the continuing positive competitive position of the company, The introduction of different tariff structures during the period was well received in the marketplace that gained circa 5,750 customers.

In the first quarter of the financial year during the settling in period of the new " ISEM" market electricity prices were bullish. However procurement of wholesale electricity for the remainder of the year was sourced at lower levels than the previous year.

Key performance indicators

The directors have a number of key performance indicators which is monitored on a regular basis such as growth in revenue, wholesale trading, renewable energy, gross profit, market share, new customer acquisitions, competitive position, cash flow, EBITDA.

The company continues to perform strongly against all such measures, reflecting customer value underpinned by tariff choice and excellent service business model.

The overall goal of the company is to provide a choice of electricity tariffs in the NI market to meet the need of the NI consumers.

Strategic report for the year ended 30 September 2019 (continued)

Principal risks and uncertainties

The existing marketing strategies being undertaken by the company reflects the pattern of wholesale energy trading activities.

Maintenance of the appropriate funding for working capital is achieved by the company focusing on its own cash generating capability ensuring that funding requirements continue to be met together with external third party financing where it is deemed necessary. The company continues to have a sufficient balance sheet reflecting thorough management of cash reserves over multiple years. Wholesale prices have decreased in this period and the company mitigates its exposure to price fluctuations through sourcing of renewable energy as well as through the use of hedging products.

The company operates in a highly regulated market and made full preparation for the introduction of the "ISEM" market in October 2018. Our dedicated internal compliance team and project management teams are tasked with ensuring that the company is in alignment with all regulatory developments and requirements and ensures compliance is adhered. The Board continues to monitor the impact that Brexit and the COVID-19 coronavirus outbreak may have on Northern Ireland economy in general and on the energy sector in particular and are content with guidance provided by the regulatory authorities and doesn't envisage adverse impacting issues.

As a result of the government and health agency announcements and advice given in the past two weeks, concerning COVID 19, the directors have implemented detailed business continuity arrangements, adapting internal work practices, customer service delivery and comprehensive communication to all stakeholders so as to best deliver certainty of supply in a safe and consistent manner. The directors have considered the potential financial impact of these current measures on the financial performance of the business in the immediate future and in their view; due to the prepaid payment profile of the vast majority of customers, the remote top-up mechanism i.e. by way of phone, online and app, the low cost of implementing these safety measure and the continuing growth in customer numbers (those already in the switching system) the business is well positioned to protect its financial performance. The directors will continue to carefully monitor the ongoing situation.

This report was approved on behalf of the Board

G McEvoy
Chairman
25|3| 2020

A Sullivan
Director

Directors' report for the year ended 30 September 2019

The directors present their report and the audited financial statements of the company for the year ended 30 September 2019 (The comparative period is for the 15 month period ended 30 September 2018).

Results for the financial year

The Income statement for the year ended 30 September 2019 and the Statement of financial position at that date are set out on pages 9 and 10. The profit for the year ended 30 September 2019 before taxation amounted to £3,075,632 (the 15 month period ended 30 September 2018: loss before tax of £1,741,282). After deducting the taxation charge for the year ended 30 September 2019 of £511,397 (15 month period ended 30 September 2018: credit of £299,427) the profit for the year ended 30 September 2019 of £2,564,235 (loss for 15 month period ended 30 September 2018: £1,441,855) was transferred to profit and loss reserves.

Dividends

The company did not pay or propose a dividend for the year ended 30 September 2019 (15 month period ended 30 September 2018: £Nil).

Directors

The names of the persons who were directors of the company at any time during the year ended 30 September 2019 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
R Broderick (Appointed 1 October 2019)
K O'Kane (Appointed 1 October 2019)
J Hasson (Resigned 30 August 2019)
T Hegarty (Resigned 30 August 2019)
G McIntyre (Appointed 1 October 2019)

Important events since the period end

No events have been taken place since the year end.

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 year ended 30 September 2019 amounted to £nil (15 month period ended 30 September 2018: £105). There were no political donations made by the company during the period (15 month period ended 30 September 2018: £nil).

Directors' report for the year ended 30 September 2019 (continued)

Statement of directors' responsibilities in respect of the financial statements

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

Directors' confirmations

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

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

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
25/3/2020

A Sullivan
Director

Independent auditors' report to the members of Budget Energy Limited

Report on the audit of the financial statements

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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report, strategic report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 30 September 2019; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

Independent auditors' report to the members of Budget Energy Limited

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Independent auditors' report to the members of Budget Energy Limited

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Martin Cowie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
25 March 2020

Income statement for the year ended 30 September 2019

	Note	Year ended 30 September 2019 £	15 month period ended 30 September 2018 £
Turnover	2	**39,231,870**	39,204,073
Cost of sales		**(33,149,043)**	(36,535,567)
Gross profit		**6,082,827**	2,668,506
Administrative expenses		**(2,960,461)**	(4,229,831)
Operating profit/(loss)	3	**3,122,366**	(1,561,325)
Interest receivable and similar income		**91,470**	102,534
Interest payable and similar expenses	5	**(138,204)**	(282,491)
Profit/(loss) before tax		**3,075,632**	(1,741,282)
Tax (charge)/credit on profit/(loss)	6	**(511,397)**	299,427
Profit/(loss) for the financial year/period		**2,564,235**	(1,441,855)

All amounts relates to continuing operations

The notes on pages 13 to 25 form part of these financial statements.

Statement of financial position as at 30 September 2019

	Note	30 September 2019 £	30 September 2018 £
Fixed assets			
Tangible assets	7	**100,327**	115,911
Intangible assets	8	**181,222**	520,698
		281,549	636,609
Current assets			
Debtors	9	**12,319,502**	9,926,486
Cash at bank and in hand	10	**6,252,956**	2,681,535
		18,572,458	12,608,021
Creditors: amounts falling due within one year	11	**(10,666,271)**	(8,411,817)
Net current assets		**7,906,187**	4,196,204
Total assets less current liabilities		**8,187,736**	4,832,813
Creditors: amounts falling due after more than one year	12	**(790,688)**	-
Net assets		**7,397,048**	4,832,813
Capital and reserves			
Called up share capital	14	**100**	100
Profit and loss account		**7,396,948**	4,832,713
Total shareholders' funds		**7,397,048**	4,832,813

The financial statements on pages 10 to 25 were approved by the Board of directors on 25/3/20 and were signed on its behalf by:

G McEvoy
Chairman

A Sullivan
Director

The notes on pages 13 to 25 form part of these financial statements.

Statement of changes in equity for the year ended 30 September 2019

	Called-up share capital £	Profit and loss account £	Total shareholders' equity £
At 1 July 2017	100	6,274,568	6,274,668
Loss for the period	-	(1,441,855)	(1,441,855)
At 30 September 2018	100	4,832,713	4,832,813
Profit for the year	-	**2,564,235**	**2,564,235**
At 30 September 2019	**100**	**7,396,948**	**7,397,048**

The notes on pages 13 to 25 form part of these financial statements.

Notes to the financial statements for the year ended 30 September 2019

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 year ended 30 September 2019.

(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. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 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. 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 year ended 30 September 2019 (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 non-financial 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 year ended 30 September 2019 (continued)

1 Accounting policies (continued)

(f) Impairment of non-financial 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 third 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 externally 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 shorted 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 year ended 30 September 2019 (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 year ended 30 September 2019 (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.

Notes to the financial statements for the year ended 30 September 2019 (continued)

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	Year ended 30 September 2019 £	15 month period ended 30 September 2018 £
Depreciation of tangible assets (note 7)	**40,109**	60,013
Amortisation of intangible assets (note 8)	**339,476**	416,705
Fees payable to the company's auditors and their associates for the audit of the company's annual financial statements	**34,000**	34,000
Fees payable to the company's auditors for other services relating to taxation	**5,000**	5,000
Operating lease costs - land and buildings	**62,716**	77,420

4 Staff costs

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

	Year ended 30 September 2019 £	15 month period ended 30 September 2018 £
Wages and salaries	**1,575,198**	2,579,175
Social security costs	**146,514**	245,444
Other pension costs	**15,598**	18,004
	1,737,310	2,842,623

The average number of persons employed by the company during the year (including directors) was 49 (15 month period ended 30 September 2018: 65).

Notes to the financial statements for the year ended 30 September 2019 (continued)

4 Staff costs (continued)

(b) Directors' remuneration were as follows:

	Year ended 30 September 2019 £	15 month period ended 30 September 2018 £
Remuneration - qualifying services	**485,612**	962,779
Pension costs	**1,061**	7,500
Total	**486,673**	970,279
In respect of the highest paid director:		
Aggregate remuneration	**319,933**	474,336
Contribution to money purchase scheme	-	7,500

(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 £15,598 for the year ended 30 September 2019 (15 month period ended 30 September 2018: £18,004). Contributions totalling £3,990 (15 month period ended 30 September 2018: £2,445) 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

	Year ended 30 September 2019 £	15 month period ended 30 September 2018 £
Shareholders' guarantee charge (note 15)	**40,000**	50,000
Interest on term loan	**96,195**	227,272
Bank charges	**2,009**	5,219
	138,204	282,491

Interest on the term loan relates to an 8% (15 month period ended 30 September 2018: 8%) fixed annual interest charged on the loan facility entered into by company.

Notes to the financial statements for the year ended 30 September 2019 (continued)

6 Tax (charge)/credit on profit/(loss)

(a) Tax (charge)/credit on profit/(loss)

	Year ended 30 September 2019 £	15 month period ended 30 September 2018 £
Current tax:		
UK corporation tax charge on the profit for the year	294,984	(111,745)
Adjustments in respect of prior periods	70,832	197
Total current tax charge/(credit)	365,816	(111,548)
Deferred tax		
Origination and reversal of timing differences	292,858	(209,940)
Effect of changes in tax rates	(30,827)	22,099
Adjustment in respect of previous periods	(116,450)	(38)
Total deferred tax charge/(credit)	145,581	(187,879)
Tax charge/(credit) on profit/(loss)	511,397	(299,427)

(b) Factors affecting current tax charge

The current tax amount for the year ended 30 September 2019 differs from (15 month period ended 30 September 2018: differs from) the product of the standard rate of corporation tax in the United Kingdom 19% (15 month period ended 30 September 2018: 19%) multiplied by the pre-tax profit. The differences are explained below.

	Year ended 30 September 2019 £	15 month period ended 30 September 2018 £
Profit/(loss) before tax	3,075,632	(1,741,282)
Profit/(loss) before tax multiplied by standard rate in the UK of 19% (15 month period ended 30 September 2018: 19%).	584,370	(330,844)
Effects of:		
Expenses not deductible for tax purposes	3,472	13,405
Tax rate changes	(30,827)	22,099
Adjustments in respect of previous periods	(45,618)	159
Loss carry back	-	(4,246)
Tax charge/(credit) on profit/(loss)	511,397	(299,427)

(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 year ended 30 September 2019 (continued)

6 Tax charge/(credit) on profit/(loss) (continued)

(d) Deferred tax

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

	30 September 2019 £	30 September 2018 £
Short term timing differences	**18,988**	17,365
Fixed asset timing differences	**(11,777)**	(7,611)
Losses	**-**	143,038
	7,211	152,792

	Year ended 30 September 2019 £
At 1 October 2018	**152,792**
Deferred tax charge to income statement for the year	**(145,581)**
At 30 September 2019	**7,211**

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

	30 September 2019 £	30 September 2018 £
Deferred tax assets		
Recoverable within 12 months	**18,988**	17,365
Recoverable after 12 months	**-**	143,038
At 30 September 2019	**18,988**	160,403

Deferred tax liabilities		
Payable within 12 months	**(11,777)**	(7,611)
At 30 September 2019	**(11,777)**	(7,611)

Notes to the financial statements for the year ended 30 September 2019 (continued)

7 Tangible assets

	IT equipment £	Fixtures and fittings £	Motor vehicles £	IT infrastructure £	Total £
Cost					
At 1 October 2018	146,797	49,027	109,250	193,283	498,357
Additions	7,370	-	-	24,685	32,055
Disposals	-	-	(11,000)	-	(11,000)
At 30 September 2019	**154,167**	**49,027**	**98,250**	**217,968**	**519,412**
Accumulated depreciation					
At 1 October 2018	131,485	32,017	59,564	159,380	382,446
Charge for the year	9,689	6,011	9,793	14,616	40,109
Disposals	-	-	(3,470)	-	(3,470)
At 30 September 2019	**141,174**	**38,028**	**65,887**	**173,996**	**419,085**
Net book value					
At 30 September 2019	**12,993**	**10,999**	**32,363**	**43,972**	**100,327**
At 30 September 2018	15,312	17,010	49,686	33,903	115,911

8 Intangible assets

	Software license fees £
Cost	
At 1 October 2018 and **at 30 September 2019**	**990,926**
Accumulated amortisation	
At 1 October 2018	470,228
Charge for the year	339,476
At 30 September 2019	**809,704**
Net book value	
At 30 September 2019	**181,222**
At 30 September 2018	520,698

Notes to the financial statements for the year ended 30 September 2019 (continued)

9 Debtors

	30 September 2019 £	30 September 2018 £
Trade debtors	**1,834,445**	1,782,435
Amounts owed by group undertakings	**580,744**	420,442
Prepayments and accrued income	**3,469,877**	2,850,640
Other assets – Renewables Obligation Certificates	**3,600,942**	1,999,528
VAT refund due	**183,258**	105,457
Corporation tax	**-**	131,548
Deferred tax asset (note 6)	**7,211**	152,792
Loans to directors	**2,359,631**	2,140,000
Loans to directors of holding company	**220,000**	220,000
Directors' current account	**63,394**	-
Derivative financial assets	**-**	123,644
	12,319,502	9,926,486

Trade debtors are stated after provisions for impairment of £110,130 (30 September 2018: £100,000).

Amounts due from group undertakings and related parties are due within one year unsecured, interest free and repayable on demand, with the exception of loans to directors of £2,359,631 (2018: £2,140,000) which carry interest at rate of 3% per annum. The loans to directors increased £239,293 during the year as a result of an additional loan provided to the directors and decreased by £19,662 in respect of payments due to directors.

During the year expenses recharged to directors amounted to £112,309. This was offset by £40,000 in respect of guarantee fees due to directors and by £8,915 in respect of payments due to directors. The resulting directors current account of £63,394 remained owed to the company as at 30 September 2019 (2018: £nil). The directors current accounts are repayable on demand, unsecured and interest free.

10 Cash at bank and in hand

	30 September 2019 £	30 September 2018 £
Cash at bank and in hand	**4,017,360**	700,046
Restricted cash	**2,235,596**	1,981,489
	6,252,956	2,681,535

At 30 September 2019, Danske Bank plc holds a lien over a deposit account with a balance of £148,096 (30 September 2018: £1,538,787) as security in respect of a letter of credit provide to a supplier of the company.

At 30 September 2019, suppliers of the company holds liens over deposit balances of £1,883,649 (30 September 2018: £133,148) as security in respect of credit terms provided to the company for normal trading activities.

At 30 September 2019 additional collateral of £203,851 (30 September 2018: £309,554) was provided to a third party bank in respect of the I-SEM market which commenced on 1 October 2018.

Notes to the financial statements for the year ended 30 September 2019 (continued)

11 Creditors: amounts falling due within one year

	30 September 2019 £	30 September 2018 £
Trade creditors	**1,121,799**	791,913
Corporation tax	**291,312**	-
Other taxes and social security costs	**45,321**	60,348
Loan	**206,272**	207,299
Finance leases	**11,449**	-
Derivative financial instruments	**37,919**	-
Accruals and deferred income	**8,952,199**	7,352,257
	10,666,271	8,411,817

The loan pertains to a term loan drawdown and is wholly repayable within 5 years. The loan is unsecured and carries a fixed interest rate of 8% applied on the balance of capital repayments. A shareholders' guarantee of £500,000 has also been provided.

12 Creditors: amounts falling due after more than one year

	30 September 2019 £	30 September 2018 £
Loan (wholly repayable within five years)	**773,531**	-
Finance leases	**17,157**	-
	790,688	-

13 Financial commitments

At 30 September, 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 2019 £	30 September 2018 £
Within one year	**44,046**	55,370
Later than one year and not later than five years	**160,000**	164,067
Later than five years	**126,667**	166,667

At 30 September 2019, a third party bank has provided letters of credit with a cumulative value of £148,000 (30 September 2018: £2,048,300) 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 £148,096 (30 September 2018: £1,538,787) has been provided to the third party bank. A shareholders' guarantee at 30 September 2018 of £500,000 is no longer required by that bank in respect of these letters of credit.

Notes to the financial statements for the year ended 30 September 2019 (continued)

14 Called up share capital

	30 September 2019 £	30 September 2018 £
Allotted, called up and fully paid:		
100 (30 September: 100) ordinary shares of £1 each	**100**	100

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 11, the shareholders have provided a personal guarantee in relation to a term loan issued to the company. The shareholders charged the company £40,000 (15 month period ended 30 September 2018: £50,000) in respect of the provision of these guarantees during the 12 month period ended 30 September 2019 and £nil (30 September 2019: £nil) remained outstanding at the year 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, 4th Floor, 8-34 Percy Place, Ballsbridge, Dublin 4, D04 P5K3.

Mr George McEvoy, chairman, is the ultimate controlling party.