

AVID ENERGY LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



AVID ENERGY LIMITED

CONTENTS

	Page
Company Information	1
Directors' Report	2 - 4
Independent Auditors' Report	5 - 7
Profit and Loss Account	8
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 25

AVID ENERGY LIMITED

COMPANY INFORMATION

Directors	Ulric Kenny Andrew Collins Cathal Fay David Grindle
Company secretary	Cathal Fay
Registered number	10026662
Registered office	Eversheds House 70 Great Bridgewater Street Manchester M1 5ES England
Independent auditors	PricewaterhouseCoopers Cornmarket Wexford Republic of Ireland
Bankers	Allied Irish Banks plc 92 Ann Street Belfast BT1 3HH United Kingdom
Solicitors	Gowling WLG Two Snowhill Birmingham B4 GWR United Kingdom

AVID ENERGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing 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 year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

Principal activity

The company is wholly owned by Prepaypower Holdings Limited, a company registered in the Republic of Ireland, whose registered office is at Paramount Court, Corrig Road, Sandyford, Dublin 18. The company's principal activity was the provision of electricity and gas to consumers on a pre-pay basis in the UK.

Business review

Since the previous year end, the directors have decided to wind down the company and cease trading in the year ended 31 December 2019. Turnover for the year was £8,478,293 (2018 - £4,376,695) with a loss for the year of £660,140 (2018 - £7,009,344).

Results and dividends

The loss for the year, after taxation, amounted to £660,140 (2018 - loss £7,009,344).

The Profit and Loss Account is set out on page 8. The directors do not recommend the payment of a dividend for the year ended 31 December 2019.

AVID ENERGY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Directors

The names of the persons who were directors at any time during the year ended 31 December 2019 are set out below. Unless indicated otherwise, they served as directors for the entire year:

Ulric Kenny
Andrew Collins
Cathal Fay
David Grindle

There have been no contracts or arrangements entered into during the current financial period in which the directors were materially interest and which were significant in relation to the company's business.

Political and charitable contributions

The company made no political contributions or donations to UK Charities during the current or prior year.

Future developments

The company does not expect any change in the nature or trade of business in the subsequent financial year.

Company's policy for payment of creditors

Trade creditors at year end represented 60 days of purchases. It is the company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and to adhere to those payment terms.

Research and development activities

The company did not engage in any research and development during the period.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

There have been no significant events affecting the company since the year end.

In the previous financial year, the directors have taken the decision to wind down the operations of the company and to cease trading in the current financial year. The accounts for 2019 have therefore been prepared on a break-up basis. Refer to note 3(b) for further information.

AVID ENERGY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Auditors

The auditors, PricewaterhouseCoopers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

Cathal Fay

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Cathal Fay
Director

Date: 25 June 2020

David Grindle

.....
David Grindle
Director

Date: 25 June 2020



Independent auditors' report to the members of Avid Energy Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the income statement, the statement of comprehensive income, 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.

Emphasis of matter - financial statements prepared on a basis other than going concern

In forming our opinion on the financial statements, which is not modified, we draw attention to note 3 (b) to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than going concern.

Reporting on other information

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



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

With respect to 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 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 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 2, 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.



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.

Billy Sweetman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Wexford
Date: 25 June 2020

AVID ENERGY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	5	8,478,293	4,376,695
Cost of sales		(7,548,709)	(5,192,156)
Gross profit/(loss)		929,584	(815,461)
Administrative expenses		(2,290,157)	(6,195,268)
Operating loss before exceptional items	6	(1,360,573)	(7,010,729)
Exceptional items	7	696,900	-
Total operating loss after exceptional items		(663,673)	(7,010,729)
Interest receivable and similar income	9	3,533	1,385
Loss before tax		(660,140)	(7,009,344)
Tax on loss	10	-	-
Loss for the financial year		(660,140)	(7,009,344)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Loss for the financial year	(660,140)	(7,009,344)
Other comprehensive income		
Change in value of hedging instrument	147,423	(147,423)
Tax impact on other comprehensive income	(18,428)	18,428
Other comprehensive income for the year	128,995	(128,995)
Total comprehensive income for the year	(531,145)	(7,138,339)

AVID ENERGY LIMITED
REGISTERED NUMBER:10026662

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 £	2018 £
Current assets				
Debtors: amounts falling due within one year	12	450,205	1,821,389	
Cash at bank and in hand		184,925	1,514,578	
		<u>635,130</u>	<u>3,335,967</u>	
Creditors: amounts falling due within one year	13	(9,176,377)	(11,346,069)	
Net current liabilities			<u>(8,541,247)</u>	<u>(8,010,102)</u>
Total assets less current liabilities			<u>(8,541,247)</u>	<u>(8,010,102)</u>
Net liabilities			<u>(8,541,247)</u>	<u>(8,010,102)</u>
Capital and reserves				
Called up share capital	15	100	100	
Cashflow hedging reserve		-	(128,995)	
Profit and loss account		(8,541,347)	(7,881,207)	
		<u>(8,541,247)</u>	<u>(8,010,102)</u>	

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Cathal Fay

.....
Cathal Fay
 Director

Date: 25 June 2020

David Grindle

.....
David Grindle
 Director

Date: 25 June 2020

AVID ENERGY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Cashflow hedging reserve £	Profit and loss account £	Total equity £
At 1 January 2018	100	-	(871,863)	(871,763)
Loss for the year	-	-	(7,009,344)	(7,009,344)
Other comprehensive expense	-	(128,995)	-	(128,995)
Total comprehensive income for the year	-	(128,995)	(7,009,344)	(7,138,339)
At 1 January 2019	100	(128,995)	(7,881,207)	(8,010,102)
Loss for the year	-	-	(660,140)	(660,140)
Other comprehensive income	-	128,995	-	128,995
Total comprehensive income for the year	-	128,995	(660,140)	(531,145)
At 31 December 2019	100	-	(8,541,347)	(8,541,247)

AVID ENERGY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Operating loss after exceptional items	(663,673)	(7,010,729)
Adjustments for:		
Amortisation of intangible assets	-	3,429
Impairments of fixed assets	-	116,571
Interest received	3,533	1,385
Decrease/(increase) in debtors	1,352,755	(1,518,588)
(Decrease)/increase in creditors	(2,150,018)	2,946,680
Increase in amounts owed to groups	127,750	5,474,704
Net cash generated from operating activities	(1,329,653)	13,452
Net (decrease)/increase in cash and cash equivalents	(1,329,653)	13,452
Cash and cash equivalents at beginning of year	1,514,578	1,501,126
Cash and cash equivalents at the end of year	184,925	1,514,578
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	184,925	1,514,578
	184,925	1,514,578

AVID ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Avid Energy Limited acts as a provider of electricity and gas in the United Kingdom.

Avid Energy Limited is incorporated as a company limited by shares in England. The company registration number is 10026662. The address of its registered office is Eversheds House, 70 Great Bridgewater Street, Manchester, M1 5ES, England.

Prepaypower Holdings Limited owns 100% of the equity share capital of Avid Energy Limited.

Avid Energy Limited's ultimate parent and ultimate controlling party is Prepaypower Holdings Limited. Prepaypower Holdings Limited prepares group financial statements and is both the smallest and largest group for which group financial statements are drawn up and of which Avid Energy Limited is a member.

2. Statement of compliance

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

3. Accounting policies

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

a. Basis of preparation

These financial statements are prepared on a break-up basis, under the historical cost convention.

During 2019, the decision was taken to wind down the operations of Avid Energy Limited and to cease trading in FY19. For these financial statements carrying values of assets have been reduced to their realisable value and provision made for costs under onerous contracts.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b. Going concern

The financial statements have not been prepared on a going concern basis. As a result of applying the break-up basis of accounting, assets and liabilities have been restated to their net realisable values and where appropriate classified as current. Provision has been made for all costs under onerous contracts from the decision to cease trading.

AVID ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

c. Disclosure exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company is a qualifying entity and has taken advantage of the following exemptions:

- i. Exemption from the requirements of FRS 102 paragraph 33.9 to disclose related party transactions within the Prepaypower Holdings Limited group.

d. Foreign currency

- i. *Functional and presentation currency*

The company's functional and presentation currency is the pound sterling, denominated by the symbol £.

- ii. *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

e. Turnover recognition

Turnover represents the sales value derived from the distribution and sale of electricity and gas and excludes value added tax. Turnover is recognised on the basis of units distributed during the year. Turnover includes an assessment of the volume of electricity and gas distributed, estimated using historical consumption patterns.

Amounts received from customers and credited to meters but not yet utilised through consumption of electricity and gas are recorded as deferred income.

f. Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

- i. *Current tax*

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

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

AVID ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

f. Taxation (continued)

i. *Deferred tax*

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

Deferred tax is recognised in all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

g. Intangible assets

Utility licences are carried at cost less accumulated amortisation and accumulated impairment losses. Licences are amortised over the estimated useful life of thirty five years, on a straight line basis. Licences are not considered to have a residual value.

Where factors, such as technological advancement or changes in market price, indicate that the licence's useful life has changed, the useful life is amended prospectively to reflect the new circumstances.

Intangible assets are reviewed for impairment if there is an indication that the intangible fixed asset may be impaired.

Costs associated with maintaining the asset are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable internally generated intangible assets are recognised when the following criteria are met:

- It is technically feasible to complete the asset so that it will be available for use;
- management intends to complete the asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- the expenditure attributable to the asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

h. Leased assets

i. *Operating leases*

Operating leases do not transfer substantially all the risk and rewards of ownership to the lessor. Payments under operating leases are recognised in profit and loss account on a straight-line basis over the term of the lease.

ii. *Lease incentives*

Incentives received to enter into an operating lease are recognised as a reduction of the operating lease expense on a straight-line basis over the term of the lease.

AVID ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

i. Cash and cash equivalents

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

j. Provisions and contingencies

i. Provisions

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

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

ii. Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when:

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

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

k. Financial instruments

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

i. Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in the profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit or loss.

AVID ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

i. Financial assets (continued)

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

ii. Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as 'interest expense'.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

iii. Offsetting

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

iv. Derivatives and hedge accounting

Derivatives, including interest rate swaps and forward foreign exchange contracts, 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. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

v. Derivatives and hedging arrangements

The company is exposed to commodity price risk on future electricity purchases and as a result has entered into electricity and gas swaps to manage this exposure. The company have elected to designate some of these derivatives as cash flow hedges.

AVID ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

v. Derivatives and hedging arrangements (continued)

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires or is terminated, no longer meets the hedging criteria, or the forecast transaction is no longer highly probable.

The fair value movements on derivatives that are not in hedging relationships are taken to the profit and loss and when they occur.

l. Share capital presented as equity

Equity shares issued are recognised at the proceeds received and presented as share capital. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction net of tax, from the proceeds.

m. Distributions to equity holders

Dividends and other distributions to 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.

n. Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

4. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results.

5. Turnover

Turnover represents the sale value derived from the distribution and sale of electricity and gas which excludes value added tax.

The total turnover of the company for the year has been derived from its principal activities as wholly undertaken in the United Kingdom.

AVID ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****6. Operating loss**

The operating loss is stated after charging:

	2019 £	2018 £
(Gain)/loss on foreign exchange	(225,693)	72,855
Impairment of intangible assets	-	116,571
	<u> </u>	<u> </u>

7. Exceptional items

	2019 £	2018 £
Sale of customer lists	696,900	-
	<u> </u>	<u> </u>
	<u>696,900</u>	<u>-</u>

The exceptional item noted above relates to the compensation for loss of profits received on the sale of customer contracts to Nabuh Energy Limited.

8. Employees and directors**(i) Employees**

	2019 £	2018 £
Wages and salaries	753,125	1,000,604
	<u> </u>	<u> </u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Administration	1	1
	<u> </u>	<u> </u>

(ii) Directors

	2019 £	2018 £
Emoluments	-	-
	<u> </u>	<u> </u>

AVID ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****8. Employees and directors (continued)****(iii) Key management compensation**

Key management includes the directors only. The compensation paid or payable to key management for employee services is shown below:

	2019 £	2018 £
Salaries and other short term benefits	-	-

9. Interest receivable

	2019 £	2018 £
Interest receivable from banks	3,533	1,385
	<u>3,533</u>	<u>1,385</u>

10. Taxation

	2019 £	2018 £
Current tax		
Current tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

AVID ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****10. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is different (2018 - different) from the standard rate of corporation tax in Ireland 12.5% (2018 - 12.5%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	(660,140)	(7,009,344)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2018 - 12.5%)	(82,518)	(876,168)
Effects of:		
Expenses not deductible for tax purposes	(29,043)	19,385
Group relief surrendered	103,611	856,610
Losses utilised	7,066	(173)
Income taxed at higher rate	884	346
Total tax charge for the year	-	-

Factors that may affect future tax charges

Avid Energy Limited is tax resident in Ireland and is subject to taxation under Irish taxation legislation.

AVID ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Intangible assets

	Utility License £
Cost	
At 1 January 2019	120,000
At 31 December 2019	120,000
Amortisation	
At 1 January 2019	120,000
At 31 December 2019	120,000
Net book value	
At 31 December 2019	-
At 31 December 2018	-

12. Debtors

	2019 £	2018 £
Other debtors	359,733	1,293,547
Amounts owed by group undertakings	-	176,861
Prepayments	-	201,655
Deposits	90,472	130,898
Deferred taxation	-	18,428
	<u>450,205</u>	<u>1,821,389</u>

The deposits noted above are amounts on deposit to third parties against credit granted to the company.

Amounts due from group undertakings are unsecured, interest free and as they have no fixed payment date, are repayable on demand.

AVID ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. Creditors: Amounts falling due within one year

	2019 £	2018 £
Tax and social insurance	-	238,340
Trade creditors	266,578	782,635
Amounts owed to group undertakings	8,142,448	8,014,698
Derivatives	-	147,424
Accruals and deferred income	767,351	2,162,972
	<u>9,176,377</u>	<u>11,346,069</u>

Creditors for tax and social insurance are payable in the timeframe set down in the relevant legislation.

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

14. Deferred taxation

	2019 £
At beginning of year	18,428
Charged to other comprehensive income	(18,428)
At end of year	<u><u>-</u></u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Timing differences - hedging	-	18,428
	<u>-</u>	<u>18,428</u>

There were no unused tax losses or tax credits (2018: £Nil).

AVID ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

15. Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
100 (2018 - 100) Ordinary shares shares of £1 each	100	100

Reserves

Profit and loss account

Profit and loss account represents accumulated comprehensive income for the financial year and prior financial years less dividends.

Cash flow hedging reserve

The hedging reserve reflects the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges. Amounts accumulated in the hedging reserve are recycled to the profit and loss account in the periods when the hedging item affects income or expense.

16. Analysis of net debt

	At 1 Jan 2019	Cashflows	Changes in market value and exchange rate movements	At 31 Dec 2019
Cash and cash equivalents				
Cash at bank and in hand	1,514,578	(1,329,653)	-	184,925
	1,514,578	(1,329,653)	-	184,925
Borrowings				
Derivatives	(147,423)	-	147,423	-
	(147,423)	-	147,423	-
Total	1,367,155	(1,329,653)	147,423	184,925

17. Contingent liabilities

There are no contingencies or commitments as at year end (2018: £Nil)

AVID ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

18. Financial Instruments

The company has the following financial instruments:

	2019	2018
	£	£
Financial assets measured at fair value through other comprehensive income		
- Derivative financial instruments	-	-
Financial liabilities measured at fair value through other comprehensive income		
- Derivative financial instruments	-	(147,423)

Derivative financial instruments and hedging activities

Commodity contracts - cash flow hedges

	Fair value 2019	Fair value 2018
	£	£
Current liabilities		
Commodity contracts - cash flow hedges		
Gas contracts	-	(143,775)
Electricity contracts	-	(3,648)
Total derivative financial instruments	-	(147,423)

The commodity contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the underlying commodity price included in the contract and the year end fair value price. The movement of the fair value amount of £147,423 (2018: (£147,423)) has been included within other comprehensive income.

Of the balance included in the cash flow hedge reserve in 2019, €Nil (2018: £147,423) is expected to crystallise within one year; £Nil (2018: £Nil) is expected to occur between 1-2 years.

	Notional amount 2019	Notional amount 2018
	£	£
Commodity Gas contracts - cash flow hedges	-	1,489,308
Commodity Electricity - cash flow hedges	-	971,267

The company does not use derivatives for trading or speculative purposes.

AVID ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. Financial instruments (continued)

Derivatives not in hedging relationships

The unrealised gain recognised in the profit and loss account during the year that arises from derivatives not designated as hedges or ineligible for hedge accounting is £Nil (2018: £Nil).

19. Related party transactions

The company is exempt from disclosing other related party transactions as they are with other group companies that are wholly owned within the group. There were no other related party transactions during the current or prior period.

20. Approval of financial statements

The board of directors approved these financial statements for issue on 25 June 2020.