

SMICOP Limited

Directors' Report and Financial Statements

Year Ended

31 December 2020

Company Number 09136180



SMICOP Limited
(A Company Limited by Guarantee)

Company Information

Directors	Mr S Trivella Ms K A Phillips Mr J J Salmon Mr N Pattni
Company secretary	Ms R Ollis
Registered number	09136180
Registered office	Third Floor Northumberland House 303 - 306 High Holborn London WC1V 7JZ
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

SMICOP Limited
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SMICOP Limited
(A Company Limited by Guarantee)

Directors' Report
For the Year Ended 31 December 2020

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

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Principal activity

The principal activity of the Company is that of managing and maintaining the SMICoP agreement.

Directors

The directors who served during the year were:

Ms C Hemmens (resigned 21 September 2020)
Mr P B Tonkinson (resigned 26 March 2021)
Mr R Finch (resigned 1 June 2020)
Mr A Gonzalez (resigned 1 April 2020)
Mr S Trivella (appointed 1 January 2020)
Ms K A Phillips (appointed 23 September 2020)
Mr J J Salmon (appointed 20 January 2021)
Mr N Pattni (appointed 1 April 2021)

SMICoP Limited
(A Company Limited by Guarantee)

Directors' Report (continued)
For the Year Ended 31 December 2020

Future developments

During 2020, the SMICoP Governance Board (SGB) and the Change Process Review Working Group considered and determined positions on a number of matters, including:

Responding to the COVID-19 pandemic, including the impact the changing risks and legal advice had on the smart meter installation process described in SMICoP. SGB approved temporary amendments so that compliance and monitoring activities could ensure a consistent quality standard was being achieved where smart meter installs were going ahead, and the effectiveness would not be diluted by the safety measures put in place to protect customers and employees. Relevant communications for consumers were included on the SMICoP website to continue to provide reassurance.

Enacting the OFGEM Direction to start anonymised publication of the quarterly SMICoP Domestic Supplier Monitoring and Compliance Customer Survey (MCCS) results report. The publication timetable was initially required publication by April 2020, but by agreement with the Authority the publication was delayed to allow urgent and safety focused communications take the focus of Suppliers during the initial response to COVID-19. Subsequently, no surveys were completed in Calendar Quarter 2 2020, with predominantly urgent and emergency work only taking place until May 2020, and no report was produced. The Calendar Quarter 3 & 4 reports were published on the website in the expected format.

SMICoP and SMICoP Ltd Members via their boards continued to develop reporting/tools to aid the Authority (OFGEM) by providing information about potential or actual SMICoP non-compliance, via a new Compliance Monitoring anonymised Supplier submissions spreadsheet and the new Escalation Process for non-submissions. Improvements to SMICoP to simplify the rules about the Monitoring and Compliance Customer Surveys (MCCS) Suppliers, clarifying the meaning of some defined terms and requirements to ensure fairness across the market.

For the coming year, SMICoP Ltd envisages supporting/funding work under the SMICoP Governance Board to help the smooth transition of obligations from SMICoP to the Retail Energy Code (REC). By continuing to work with the REC Company (RECCo). Providing details of best practice, horizon scanning, and other relevant evidence, SGB will provide expert support to ensure minimum disruption is experienced by SMICoP Parties, and the consumer confidence derived from the SMICoP Code and support is not eroded during this period. This transition is anticipated to happen on or around the Retail Code Consolidation (RCC) of 1 September 2021. When SMICoP has ceased to be in effect, SMICoP Ltd will subsequently be closed down. The accounts have therefore been prepared on the break up basis.

Directors have reviewed the impact of the COVID-19 pandemic and have concluded that there is no significant impact to the business.

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.

SMICOP Limited
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Directors' Report (continued)
For the Year Ended 31 December 2020

Subsequent Events

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

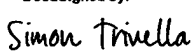
Auditors

The auditors, BDO LLP, 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.

DocuSigned by:

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Mr S Trivella
Director

Date: 31 May 2021

SMICOP Limited
(A Company Limited by Guarantee)

Independent Auditors' Report to the Members of SMICOP Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of SMICOP Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of comprehensive income, the Statement of financial position and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

We draw attention to Note 2.1 in the financial statements, which explains that the directors have decided to cease trading of the Company and therefore do not consider the Company to be a going concern. Accordingly the financial statements have been prepared on a basis other than that of going concern, as described in Note 2.1. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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SMICOP Limited

Independent Auditors' Report to the Members of SMICOP Limited (continued)

Other Companies Act 2006 reporting

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and the sector within which it operates. This included but was not limited to compliance with the Companies Act 2006 and United Kingdom Accounting Standards;

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SMICOP Limited

Independent Auditors' Report to the Members of SMICOP Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We held discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

We requested and reviewed any regulatory correspondence, and details of legal expenses;

We addressed the risk of management override, in particular by testing any journal entries containing material or round sum amounts, and any irregular journals; and

We reviewed the financial statement disclosures in relation to revenue recognition and tested to supporting documentation to assess compliance with relevant laws and regulations that have a direct effect on the financial statements.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:
BDO LLP
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Richard Willis (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 22 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

SMICOP Limited
(A Company Limited by Guarantee)

Statement of Comprehensive Income
For the Year Ended 31 December 2020

	2020 £	2019 £
Turnover	239,401	271,427
Gross profit	239,401	271,427
Administrative expenses	(239,401)	(271,427)
Operating profit	-	-
Profit for the financial year	-	-

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 9 to 12 form part of these financial statements.

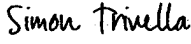
SMICOP Limited
(A Company Limited by Guarantee)
Registered number: 09136180

Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2019 £
Current assets			
Debtors: amounts falling due within one year	6	97,354	11,254
Cash at bank and in hand	7	139,790	242,500
		237,144	253,754
Creditors: amounts falling due within one year	8	(237,144)	(253,754)
Net current assets		-	-
Total assets less current liabilities		-	-
Net assets		-	-
Capital and reserves			
Called up share capital		-	-
Profit and loss account		-	-
		-	-

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

DocuSigned by:

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Mr S Trivella
Director

Date: 31 May 2021

The notes on pages 9 to 12 form part of these financial statements.

SMICOP Limited

(A Company Limited by Guarantee)

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the Company for the year ended 31 December 2020 and are presented to the nearest pound.

The principal activity of the Company is that of managing and maintaining the SMICoP agreement.

The Company has determined that GBP is its functional currency, as this is the currency of the economic environment in which the Company predominantly operates.

The Company is a United Kingdom private company limited by guarantee. It is both incorporated and domiciled in England and Wales. The registered office address is Northumberland House, 303-306 High Holborn, London, WC1V 7JZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The directors have reviewed the going concern status due to the impact of the COVID-19 pandemic on the business. In light of the obligations that a smart metering system-installing supplier has under the SMICOP agreement, and the fact that the Company has alternative arrangements in place to continue operationally, specifically via online and remote-access working, the directors have concluded there is no significant impact.

Notwithstanding this, the directors have decided to cease trading of the business due to the transition of obligations from SMICoP to the Retail Energy Code (REC). As a result, the directors have concluded that it is not appropriate to adopt a going concern basis of preparation in these financial statements. No adjustments to these financial statements have been required to reflect the effects of preparing the financial statements on a basis other than that of a going concern. It is intended that the Company will then remain dormant.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue represents the value of the recoverable costs borne by the Company during the year under the Smart Meter Installation Code of Practice Agreement (SMICOP) and recoverable from the parties to the agreement. Where a party to the agreements has been invoiced on account during the year for a sum greater than their share of recoverable costs, the balance is included in creditors as other creditors, and where a party's share of recoverable costs exceeds their payment on account the balance is included in debtors as accrued income.

SMICOP Limited
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Notes to the Financial Statements
For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.3 Debtors

Trade debtors are amounts due from members in respect of their share of costs. Trade debtors are recognised at the undiscounted amount of cash receivable, less any provision for bad debts.

Other short term debtors are measured at transaction price, less any impairment.

2.4 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable within 3 months.

2.5 Creditors

Short term creditors are measured at the transaction price.

2.6 Financial instruments

Financial instruments are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Classification

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

Subsequent measurement

Loans and receivables are measured at amortised cost, using the effective interest method. Trade debtors and trade payables are recognised at the undiscounted amount owed by the customer or to the supplier, which is normally the invoice amount.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosures of contingent assets and liabilities. Use of available information and application of judgements are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Management do not consider that there are significant judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in the following reporting periods.

SMICOP Limited
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Notes to the Financial Statements
For the Year Ended 31 December 2020

4. Auditors' remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>7,500</u>	<u>6,100</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	<u>1,875</u>	<u>1,250</u>

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019: £Nil).

6. Debtors

	2020	2019
	£	£
Trade debtors	93,675	11,254
Prepayments and accrued income	3,679	-
	<u>97,354</u>	<u>11,254</u>

7. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	<u>139,790</u>	<u>242,500</u>

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Notes to the Financial Statements
For the Year Ended 31 December 2020

8. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	62,462	41,645
Other creditors	1,842	33,703
Accruals and deferred income	172,840	178,406
	<u>237,144</u>	<u>253,754</u>

9. Financial instruments

	2020	2019
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	<u>139,790</u>	<u>242,500</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

10. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Company in the event of liquidation.

11. Controlling party

The directors agree that there is no controlling party.

SMICOP Limited
(A Company Limited by Guarantee)

Detailed profit and loss account
For the Year Ended 31 December 2020

	2020 £	2019 £
Turnover	239,401	271,427
Gross profit	239,401	271,427
Administration expenses	(239,401)	(271,427)
Operating profit	-	-
Profit for the year	-	-

SMICOP Limited
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Schedule to the Detailed Accounts
For the Year Ended 31 December 2020

	2020 £	2019 £
Turnover		
SMICoP agreement charges	239,401	271,427
	<u>239,401</u>	<u>271,427</u>
	2020 £	2019 £
Administration expenses		
Legal and professional	5,500	17,832
Auditors' remuneration	12,395	7,525
Auditors' remuneration - non-audit	-	1,250
Bank charges	167	229
Insurances	2,772	2,804
Bad debts	1,261	-
Website development	5,181	8,075
Brexit preparation	-	800
Meeting costs	(7,755)	7,000
Service charges - interco	145,838	167,062
Newsletter	2,325	2,325
New funding mechanism	9,250	10,250
SMF015 Stakeholder engagement	-	20,000
Customer survey	10,650	925
Digitalisation proposal	-	3,000
SMF 104 SMICoP digitalisation	-	15,750
SMF 17 Statistical support for monitoring & compliance	9,900	6,600
Escalation set up	14,349	-
Other costs	27,568	-
	<u>239,401</u>	<u>271,427</u>