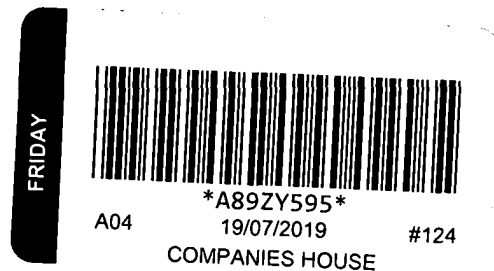


Company Registration No. 09933313 (England and Wales)

ORBIT ENERGY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



ORBIT ENERGY LIMITED

COMPANY INFORMATION

Directors	Mr T A Gilpin Mr A Goldin Mr T B Szakacs Mr M Stein Mr S Ritter (Appointed 17 December 2018)
Company number	09933313
Registered office	St Dunstan's House 201 Borough High Street London SE1 1JA
Auditor	HJS (Reading) Limited 3 Richfield Place Richfield Avenue Reading Berkshire RG1 8EQ
Business address	St Dunstan's House 201 Borough High Street London SE1 1JA

ORBIT ENERGY LIMITED

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ORBIT ENERGY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report and financial statements for the year ended 31 December 2018.

Principal Activity

The principal activity of the company for the year was the marketing and supply of energy to residential customers in Great Britain.

Business review

The Directors are pleased with the progress made during the year, with turnover growing to £1.9m in first year of supply.

Orbit Energy successfully met the requirements of the Controlled Market Entry process in the first half of 2018, and in parallel with this, put in place a wholesale energy supply deal with Shell Energy Europe Limited.

This unique early relationship has allowed Orbit Energy to provide stable prices and peace of mind to our customers from our first year of supply.

Future developments

The Directors expect to continue to grow the residential customer base and turnover to leverage the strong platform that is now in place.

Principal risks and uncertainties

The Risk Management committee, considers the below to be the principal risks

Wholesale market Risk

Wholesale energy market volatility continues to be the most significant risk to an energy supply business in the UK. Orbit Energy manages and mitigates this risk through its key relationship with Shell Energy Europe Ltd. Orbit Energy through this relationship is able to and does fully hedge its forecast customer demand

Credit Risk

Orbit Energy manages its bad debt risk through a combination of products, technology and a high proportion of Direct Debit customers

Operational Risk

Orbit Energy has built its platform to minimise operational risk by working with market leading partners with deep experience in the UK energy market.

Orbit Energy through its Risk management committee reviews its operational risks on a regular basis to ensure that any risk which falls outside of its tolerance, is actioned and monitored until it has been brought back within its appetite.

Financing

Orbit Energy Limited has operated within its funding requirements for 2018 and (via its immediate parent company Shoreditch Energy Limited) has in place substantial funding commitments to meet its future growth plans.

KPIs

Growth:

Turnover has increased to £1.9m in the first active year of supplying customers.

On behalf of the board



Mr T B Szakacs

Director

24/01/19

ORBIT ENERGY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr T A Gilpin
Mr A Goldin
Mr T B Szakacs
Mr A Schwab

(Appointed 13 February 2018 and resigned 17 December 2018)

Mr M Stein
Mr S Ritter

(Appointed 17 December 2018)

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 21 day's purchases, based on the average daily amount invoiced by suppliers during the period.

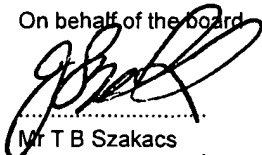
Auditor

HJS (Reading) Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr T B Szakacs

Director

Date: 21/12/18

ORBIT ENERGY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

ORBIT ENERGY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORBIT ENERGY LIMITED

Opinion

We have audited the financial statements of Orbit Energy Limited (the 'company') for the year ended 31 December 2018 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

ORBIT ENERGY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ORBIT ENERGY LIMITED

Matters on which we are required to report by exception

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 strategic report and the directors' report.

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

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

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.

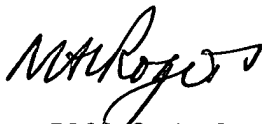
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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.

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



Mark Rogers FCCA (Senior Statutory Auditor)
for and on behalf of HJS (Reading) Limited
3 Richfield Place
Richfield Avenue
Reading
Berkshire
RG1 8EQ

4/7/19

ORBIT ENERGY LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Revenue	4	1,908,510	-
Cost of sales		(1,926,716)	(6,469)
Gross loss		<u>(18,206)</u>	<u>(6,469)</u>
Administrative expenses		(3,212,056)	(820,207)
Operating loss	5	<u>(3,230,262)</u>	<u>(826,676)</u>
Income tax expense	7	-	-
Loss for the year	18	<u><u>(3,230,262)</u></u>	<u><u>(826,676)</u></u>

The income statement has been prepared on the basis that all operations are continuing operations.

ORBIT ENERGY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Loss for the year	(3,230,262)	(826,676)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Revaluation of intangible assets	-	100,000
Total comprehensive income for the year	(3,230,262)	(726,676)

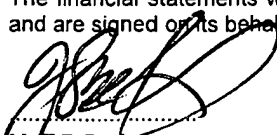
ORBIT ENERGY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
Non-current assets			
Intangible assets	8	100,000	100,000
Property, plant and equipment	9	42,779	22,042
		<u>142,779</u>	<u>122,042</u>
Current assets			
Trade and other receivables	10	1,064,366	106,538
Cash and cash equivalents		1,369,486	2,000,009
		<u>2,433,852</u>	<u>2,106,547</u>
Total assets		<u>2,576,631</u>	<u>2,228,589</u>
Current liabilities			
Trade and other payables	12	1,923,568	2,955,264
Net current assets/(liabilities)		<u>510,284</u>	<u>(848,717)</u>
Total liabilities		<u>1,923,568</u>	<u>2,955,264</u>
Net assets/(liabilities)		<u>653,063</u>	<u>(726,675)</u>
Equity			
Called up share capital	15	3	1
Share premium account	16	4,609,998	-
Revaluation reserve	17	100,000	100,000
Retained earnings	18	(4,056,938)	(826,676)
Total equity		<u>653,063</u>	<u>(726,675)</u>

The financial statements were approved by the board of directors and authorised for issue on 20/6/19 and are signed on its behalf by:


Mr T B Szakacs
Director

Company Registration No. 09933313

ORBIT ENERGY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Revaluation reserve £	Retained earnings £	Total £
Balance at 1 January 2017		1	-	-	-	1
Year ended 31 December 2017:						
Loss for the year		-	-	-	(826,676)	(826,676)
Other comprehensive income:						
Revaluation of intangible assets		-	-	100,000	-	100,000
Total comprehensive income for the year		-	-	100,000	(826,676)	(726,676)
Balance at 31 December 2017		1	-	100,000	(826,676)	(726,675)
Year ended 31 December 2018:						
Loss and total comprehensive income for the year		-	-	-	(3,230,262)	(3,230,262)
Issue of share capital	15	2	4,609,998	-	-	4,610,000
Balance at 31 December 2018		3	4,609,998	100,000	(4,056,938)	653,063

ORBIT ENERGY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	24		(5,206,483)		2,022,889
			<hr/>		<hr/>
Net cash (outflow)/inflow from operating activities			(5,206,483)		2,022,889
Investing activities					
Purchase of property, plant and equipment		(34,040)		(22,881)	
		<hr/>		<hr/>	
Net cash used in investing activities			(34,040)		(22,881)
Financing activities					
Proceeds from issue of shares		4,610,000		-	
		<hr/>		<hr/>	
Net cash generated from/(used in) financing activities			4,610,000		-
			<hr/>		<hr/>
Net (decrease)/increase in cash and cash equivalents			(630,523)		2,000,008
Cash and cash equivalents at beginning of year			2,000,009		1
			<hr/>		<hr/>
Cash and cash equivalents at end of year			1,369,486		2,000,009
			<hr/> <hr/>		<hr/> <hr/>

ORBIT ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Orbit Energy Limited is a private company limited by shares incorporated in England and Wales. The registered office is St Dunstan's House, 201 Borough High Street, London, SE1 1JA.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements have been prepared on the historical cost basis, except for the revaluation of industry accreditation licences. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company is considered a going concern through the support of the parent company.

1.3 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and value added tax. Revenue is recognised on the basis of energy supplied in the period.

Revenue for energy supply activities includes an assessment of energy supplies to customers between the date of the last meter reading and the year end. Unread energy is estimated using consumption patterns and is included in accrued income within debtors. Amounts received from customers on budget plans where payments have been received in advance of energy supplied are included in deferred income included in other creditors.

All revenues arise in the United Kingdom.

1.4 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Intangible assets comprise industry accreditation licenses which are considered to have an indefinite life.

ORBIT ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% straight line
Computers	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

ORBIT ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

1.8 Cash and cash equivalents

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

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

ORBIT ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Hedge accounting

The company mitigates its risk versus volatile wholesale markets by forward buying energy in line with its customers' requirements.

The company accordingly classifies these forward hedges as "matched" with our requirements to supply this energy to our customers.

No energy is forward bought on a speculative basis, and as such these purchases are outside of the scope of IAS39.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 15	Revenue from contracts with customers
IFRS 9	Financial instruments

ORBIT ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Adoption of new and revised standards and changes in accounting policies (Continued)

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 16

Leases

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Valuation of industry accreditation licences

The company was purchased as a dormant company with industry accreditation licences for £100,000 on 24 July 2017. The directors consider the fair value of these licences at 31 December 2018 remains as £100,000.

Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable.

Revenue for the supply of energy includes an assessment of the value of energy supplied to customers including an estimated value of the volume between the date of the last invoice and the end of the period. Revenue is estimated using consumption patterns on a meter by meter basis, taking into account weather patterns, forecasts and the difference between actual meter readings returned and system estimates. Revenue is presented net of sales tax, returns, rebates and discounts.

The judgements applied and the underlying assumptions are considered to be appropriate at the balance sheet date.

Useful economic lives of assets

The annual depreciation charge on fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets, and these are reassessed annually.

Deferred tax asset

The deferred tax asset arising from tax losses incurred over the past two years which are available to be carried forward and offset against future profits has not been recognised at 31 December 2018 due to the uncertainty concerning the exact timescale as to its recoverability. The losses can be carried forward indefinitely and have no expiry date.

ORBIT ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

4 Revenue	2018	2017
	£	£
Revenue analysed by class of business		
Energy supply	1,908,510	-

5 Operating loss	2018	2017
	£	£
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	20,000	-
Depreciation of property, plant and equipment	13,303	839

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018	2017
	Number	Number
Sales and administration	19	3

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	700,636	66,337
Social security costs	75,803	8,107
Pension costs	7,706	-
	<u>784,145</u>	<u>74,444</u>

ORBIT ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Income tax expense

	2018	2017
	£	£
The charge for the year can be reconciled to the loss per the income statement as follows:		
	2018	2017
	£	£
Loss before taxation	(3,230,262)	(826,676)
Expected tax credit based on a corporation tax rate of 19.00%	(613,750)	(157,068)
Effect of expenses not deductible in determining taxable profit	6,411	19,873
Change in unrecognised deferred tax assets assumed at 17%	545,000	123,000
Adjust closing deferred tax to average rate 19%	62,339	14,195
Taxation charge for the year	-	-

The main UK corporation tax rate of 19% reduces to 18% (effective 1 April 2020) . A further rate reduction to 17% (effective from 1 April 2020) was substantively enacted in September 2016.

The cumulative unprovided deferred tax asset is expected to be reversed at the rate of 17%.

8 Intangible assets

	Industry accreditation licences £
Cost or valuation	
Revaluation	100,000
At 31 December 2017	100,000
At 31 December 2018	100,000
Carrying amount	
At 31 December 2018	100,000
At 31 December 2017	100,000

ORBIT ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

8 Intangible assets

(Continued)

The industry accreditation licenses have been valued at £100,000 the original purchase price of dormant company with the active licenses on 24 July 2017. The directors consider the fair valuation at 31 December 2018 still to be £100,000.

At 31 December 2018, had the licences been carried at historical cost less accumulated amortisation and accumulated impairment losses, their carrying amount would have been £nil.

The revaluation surplus is disclosed in note 18. This is a non distributable reserve.

9 Property, plant and equipment

	Fixtures and fittings	Computers	Total
	£	£	£
Cost			
Additions	983	21,898	22,881
At 31 December 2017	983	21,898	22,881
Additions	3,637	30,403	34,040
At 31 December 2018	4,620	52,301	56,921
Accumulated depreciation and impairment			
Charge for the year	9	830	839
At 31 December 2017	9	830	839
Charge for the year	746	12,557	13,303
At 31 December 2018	755	13,387	14,142
Carrying amount			
At 31 December 2018	3,865	38,914	42,779
At 31 December 2017	974	21,068	22,042

ORBIT ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Trade and other receivables

	Current 2018 £	2017 £
Other receivables	941,011	38,970
VAT recoverable	82,538	67,568
Prepayments	40,817	-
	<u>1,064,366</u>	<u>106,538</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

11 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

12 Trade and other payables

	Current 2018 £	2017 £
Trade payables	73,003	66,318
Amount due to parent undertaking	68,213	2,879,123
Accruals	922,467	-
Social security and other taxation	37,905	9,814
Other payables	821,980	9
	<u>1,923,568</u>	<u>2,955,264</u>

13 Deferred tax

The deferred tax asset arising from tax losses incurred over the past two years has not been provided for in the financial statements at 31 December 2018 due to the uncertainty concerning the exact timescale as to its recoverability. The company has estimated tax losses of £3,932,000 (2017 £722,000) available to be carried forward and offset against future profits.

14 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £7,706 (2017 - £-).

ORBIT ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

15 Share capital	2018 £	2017 £
Ordinary share capital		
<i>Issued and fully paid</i>		
3 Ordinary share of £1 each	3	1
	<u>3</u>	<u>1</u>
	<u><u>3</u></u>	<u><u>1</u></u>

The company has one class of ordinary shares which carry no right to fixed income.

On 17 May 2018 1 ordinary share was issued for £2,810,000.

On 21 December 2018 1 ordinary share was issued for £1,800,000.

16 Share premium account	2018 £	2017 £
At beginning of year	-	-
Issue of new shares	4,609,998	-
At end of year	<u>4,609,998</u>	<u>-</u>
	<u><u>4,609,998</u></u>	<u><u>-</u></u>

17 Revaluation reserve	2018 £	2017 £
At beginning of year	100,000	-
Revaluation surplus arising in the year	-	100,000
At end of year	<u>100,000</u>	<u>100,000</u>
	<u><u>100,000</u></u>	<u><u>100,000</u></u>

18 Retained earnings	2018 £	2017 £
At the beginning of the year	(826,676)	-
Loss for the year	(3,230,262)	(826,676)
At the end of the year	<u>(4,056,938)</u>	<u>(826,676)</u>
	<u><u>(4,056,938)</u></u>	<u><u>(826,676)</u></u>

ORBIT ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

19 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2018 £	2017 £
Minimum lease payments under operating leases	249,513	21,088

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	323,150	175,868
Between two and five years	500,822	-
	<u>823,972</u>	<u>175,868</u>

20 Capital risk management

Externally imposed capital requirements to which the company is subject have been complied with in the period.

21 Events after the reporting date

During 2019 the company issued a further £1 ordinary share for £250,000, creating a further share premium account of £249,999.

22 Related party transactions

Other transactions with related parties

During the year the company entered into the following transactions with related parties: Energy Global Investments Pty Ltd, a company registered in Australia, owns 32.67% (2017 35.00%) of Shoreditch Energy Limited.

	Consultancy and other related fees	
	2018 £	2017 £
Entities with joint control or significant influence over the company	420,000	175,000

ORBIT ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

22 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2018	2017
	£	£
Parent company	68,213	2,879,123
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

No guarantees have been given or received.

23 Controlling party

The immediate parent company is Shoreditch Energy Limited a company registered in England.

The company is a 67.33% (2017 65.00%) subsidiary of Genie Energy UK Limited and that portion of Orbit Energy Limited's results are consolidated in the accounts for the year ending 31 December 2018.

24 Cash generated from operations

	2018	2017
	£	£
Loss for the year after tax	(3,230,262)	(826,676)
Adjustments for:		
Depreciation and impairment of property, plant and equipment	13,303	839
Movements in working capital:		
Increase in trade and other receivables	(957,828)	(106,538)
(Decrease)/increase in trade and other payables	(1,031,696)	2,955,264
Cash (absorbed by)/generated from operations	<u><u>(5,206,483)</u></u>	<u><u>2,022,889</u></u>