

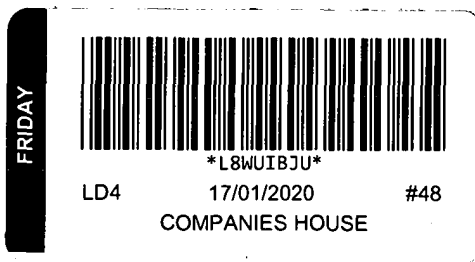
Bulb Energy Limited

Annual Report and Financial Statements

Year Ended

31 March 2019

Company Number 08469555



Bulb Energy Limited

Company Information

| | |
|----------------------------|---|
| Directors | H Wood A Gudka |
| Registered number | 08469555 |
| Registered office | 155 Bishopsgate London EC2M 3TQ |
| Independent auditor | BDO LLP 55 Baker Street London W1U 7EU |

Bulb Energy Limited

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Bulb Energy Limited

Strategic Report for the year ended 31 March 2019

Principal activity

Bulb Energy Limited (the "company") is operating as a subsidiary company for Simple Energy Limited (together the "group"). The principal activity of the company is that of supplying renewable electricity and gas to its members. The company's mission is to help as many people as possible to lower their bills and carbon emissions. The company has therefore prioritised investing in growth.

Business review

The company had another very successful year, during which it achieved 249% growth in its customer base to 1,139,483 properties (2018 - 326,303). At the same time, the company delivered best in class customer service (rated 9.6 on Trustpilot, multiple award winner in USwitch awards). Continued investment in technology has driven operational efficiency gains, meaning the company is able to supply energy for one of the lowest costs in the industry. Sustainable low costs, great service and a simple, single tariff model has meant the company has one of the lowest customer churn rates in the industry. The company continued to have positive unit economics and fast payback periods.

During the year, revenue increased by 350% to £823 million (2018 - £183 million).

The group raised £60 million of equity from two institutions, DST Global and Magnetar Capital, to accelerate its growth. Operating losses grew to £128 million (2018: £28 million), as the company continued to invest heavily in growth and technology. These losses were expected and part of the directors' long term strategy.

The company donated £2.00 per signup to the charity, Trees for Cities. This amounted to £1.83 million during the year. The company re-certified as a B-Corp, maintaining its commitment to people, planet and profit. The group continued to award share options to all of its staff.

The company entered into a £35 million loan facility with a FTSE 250 listed debt fund. Subsequent to the balance sheet date, an investment bank committed an additional £20 million to this loan facility, which had not been drawn at the date of approval of these financial statements.

Principal risks and uncertainties

The company faces a number of risks and uncertainties. The directors believe that the key business risks are in respect of competition, wholesale market prices and bad debt. The directors are aware that the development of the company may be subject to factors beyond their control.

Competition

The company operates in highly competitive environments in the UK. The directors believe that the company is in a strong position due to its operating efficiency.

Wholesale Market Prices

To mitigate the risk of wholesale price movements the company operates a variable tariff, and unlike most other energy suppliers does not sell fixed price tariffs. Furthermore, the company purchases or 'hedges' its wholesale energy costs on a rolling four month forward basis and is therefore able to accurately forecast its margins and cash flow in advance.

Bad debt risk

On a seasonal basis the company holds significant customer debtor balances. However, the company collects monthly direct debits from a very high proportion of its customers and has established a variety of debt management procedures to mitigate the risk of non-payment and bad debts.

Bulb Energy Limited

**Strategic Report (continued)
for the year ended 31 March 2019**

Key performance indicators (KPIs)

The management team responsible for the operation of the business uses a number of financial and non-financial KPIs in order to manage and develop the business to achieve the company's strategic objectives. The company's KPIs include revenue, number of supplied properties and customer service and are discussed above.

Future developments

The directors expect the company to continue to grow rapidly over the next year, helping more people to lower their bills and carbon emissions. Growing smart meter penetration will create opportunities for the company to offer more varied energy services. In addition, the group will launch its first international subsidiaries in the US, France and Spain.

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



.....
A Gudka
Director

Date: 17 January 2020

Bulb Energy Limited

Directors' Report for the year ended 31 March 2019

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

Principal activity

The principal activity of the company in the year was that of supplying renewable electricity and gas.

Results and dividends

The loss for the year, after taxation, amounted to £129,241,596 (2018 - £28,014,247).

The directors have not recommended the payment of an ordinary dividend (2018 - £Nil).

Directors

The directors who served during the year were:

H Wood
A Gudka

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial 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'. 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 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;
- 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.

Post balance sheet events

Subsequent to the balance sheet date, another financial institution committed £20m on top of the existing £35m loan facility. The £20m had not been drawn down at the date of approving the Directors' report.

Bulb Energy Limited

Directors' Report (continued) for the year ended 31 March 2019

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 1.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....
A Gudka
Director

Date: 17 January 2020

Bulb Energy Limited

Independent Auditor's Report to the Members of Bulb Energy Limited

Opinion

We have audited the financial statements of Bulb Energy Limited ("the company") for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss 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.

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.

Bulb Energy Limited

Independent Auditor's Report to the Members of Bulb Energy Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 directors' report have been prepared in accordance with applicable legal requirements.

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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities, 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.

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

Bulb Energy Limited

Independent Auditor's Report to the Members of Bulb Energy Limited (continued)

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.



Julian Frost (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 17 January 2020

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

Bulb Energy Limited

Statement of Comprehensive Income for the year ended 31 March 2019

| | Note | 2019 £ | Restated 2018 £ |
|--|------|----------------------|-----------------------|
| Turnover | 4 | 823,306,818 | 182,770,092 |
| Cost of sales | | (814,896,264) | (174,964,209) |
| Gross profit | | 8,410,554 | 7,805,883 |
| Administrative expenses | | (136,157,719) | (35,387,731) |
| Operating loss | 5 | (127,747,165) | (27,581,848) |
| Interest receivable and similar income | 8 | 3,274 | 2,388 |
| Interest payable and similar charges | 9 | (1,497,705) | (449,699) |
| Loss before tax | | (129,241,596) | (28,029,159) |
| Taxation | 10 | - | 14,912 |
| Loss for the financial year | | (129,241,596) | (28,014,247) |

All amounts relate to continuing operations.

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 11 to 23 form part of these financial statements.

Bulb Energy Limited
Registered number: 08469555

Statement of Financial Position
as at 31 March 2019

| | Note | 2019 £ | Restated 2018 £ |
|---|------|----------------------|-----------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 4,118 | 4,118 |
| Tangible assets | 12 | 746,698 | 245,773 |
| | | 750,816 | 249,891 |
| Current assets | | | |
| Debtors | 13 | 122,861,558 | 42,174,488 |
| Cash and cash equivalents | | 17,113,044 | 8,632,009 |
| | | 139,974,602 | 50,806,497 |
| Creditors: amounts falling due within one year | 14 | (266,058,659) | (81,818,533) |
| Net current liabilities | | (126,084,057) | (31,012,036) |
| Total assets less current liabilities | | (125,333,241) | (30,762,145) |
| Creditors: amounts falling due after more than one year | 15 | (34,670,500) | - |
| Net liabilities | | (160,003,741) | (30,762,145) |
| Capital and reserves | | | |
| Share capital | 17 | 100 | 100 |
| Accumulated losses | 18 | (160,003,841) | (30,762,245) |
| | | (160,003,741) | (30,762,145) |

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


.....
A Gudka
Director

Date: 17 January 2020

The notes on pages 11 to 23 form part of these financial statements.

Bulb Energy Limited

Statement of Changes in Equity for the year ended 31 March 2019

| | Share capital £ | Accumulated losses £ | Total equity £ |
|--|-----------------------|-----------------------------|-----------------------------|
| At 1 April 2018 (as previously stated) | 100 | (26,465,265) | (26,465,165) |
| Prior year adjustment (note 19) | - | (4,296,980) | (4,296,980) |
| At 1 April 2018 (as restated) | <u>100</u> | <u>(30,762,245)</u> | <u>(30,762,145)</u> |
| Comprehensive income for the year | | | |
| Loss and total comprehensive income for the year | - | (129,241,596) | (129,241,596) |
| At 31 March 2019 | <u><u>100</u></u> | <u><u>(160,003,841)</u></u> | <u><u>(160,003,741)</u></u> |

Statement of Changes in Equity for the year ended 31 March 2018

| | Share capital £ | Accumulated losses £ | Total equity £ |
|--|-----------------------|----------------------------|----------------------------|
| At 1 April 2017 | 100 | (2,747,998) | (2,747,898) |
| Comprehensive income for the year | | | |
| Loss and total comprehensive income for the year (as restated) | - | (28,014,247) | (28,014,247) |
| At 31 March 2018 (as restated) | <u><u>100</u></u> | <u><u>(30,762,245)</u></u> | <u><u>(30,762,145)</u></u> |

The notes on pages 11 to 23 form part of these financial statements.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

1. General information

Bulb Energy Limited is a private company, limited by shares, and incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report.

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 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 following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Simple Energy Limited as at 31 March 2019 and these financial statements may be obtained from 155 Bishopsgate, London, EC2M 3TQ.

2.3 Going concern

Notwithstanding current year losses of £129,241,596, which were expected and part of the company's growth strategy, the company's financial statements have been prepared on a going concern basis on the grounds that current sources of funding at the date of signing of the 2019 financial statements will be adequate to meet the company's needs together with the fact that the parent company, Simple Energy Limited, have provided a letter confirming they will provide support, as required, for a period of at least 12 months from the date of approval of these financial statements.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

2. Accounting policies (continued)

2.4 Turnover

Turnover represents electricity and gas supplied during the year, net of VAI. This includes an estimate of the energy supplied to customers between the date of the last meter reading and the year end. Energy consumed but not yet billed to the customer is recognised as accrued income. Deferred income is recognised where customers are billed in advance of consuming energy.

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.7 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

| | | |
|------------|---|----------|
| Trademarks | - | 10 years |
|------------|---|----------|

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|-----------------------|---------------------------|
| Fixtures and fittings | - 25% on straight line |
| Office equipment | - 33% on reducing balance |
| Computer equipment | - 25% on reducing balance |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.10 Debtors

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

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the statement of comprehensive income as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulate impairment losses.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

2. Accounting policies (continued)

2.14 Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment as impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset of cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amounts. Impairment losses are recognised in profit or loss.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

2. Accounting policies (continued)

2.15 Current and deferred taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

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

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

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

In preparing these financial statements, the directors have identified the following key sources of estimation uncertainty:

- Turnover for energy supply activities includes the energy supplied to customers between the date of the last meter reading and the year end on a customer by customer basis. The value of energy supplied but not billed or measured is calculated with reference to consumption data estimates provided by independent third parties.
- Provisions for doubtful debts are recognised where receipt of cash is no longer probable. The directors have based their assessment of the level of provision on collection rates experienced by the group to date. The estimates and assumptions used to determine the level of provision will continue to be reviewed periodically.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

All turnover arose within the United Kingdom.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

5. Operating loss

The operating loss is stated after charging:

| | 2019 £ | 2018 £ |
|------------------------------------|----------------|---------------|
| Depreciation | 116,082 | 36,486 |
| Marketing and customer acquisition | 56,896,937 | 22,215,646 |
| Research and development | 1,494,236 | 218,615 |
| | <u>116,082</u> | <u>36,486</u> |

6. Auditor's remuneration

| | 2019 £ | 2018 £ |
|---|----------------|---------------|
| Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements | 165,000 | 28,000 |
| | <u>165,000</u> | <u>28,000</u> |
| Fees payable to the company's auditor and its associates in respect of: | | |
| All other services | 2,000 | - |
| | <u>2,000</u> | <u>-</u> |

7. Employees

The company has no employees other than the directors, who did not receive any remuneration from the company (2018 - £Nil).

8. Interest receivable and similar income

| | 2019 £ | 2018 £ |
|-----------------------|--------------|--------------|
| Bank deposit interest | 3,274 | 2,388 |
| | <u>3,274</u> | <u>2,388</u> |

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

9. Interest payable and similar charges

| | 2019 £ | 2018 £ |
|---------------|------------------|----------------|
| Loan interest | <u>1,497,705</u> | <u>449,699</u> |

10. Taxation

| | 2019 £ | 2018 £ |
|--|-----------|-----------------|
| Corporation tax | | |
| Adjustments in respect of previous periods | - | (14,912) |
| Total current tax | <u>-</u> | <u>(14,912)</u> |
| Taxation on loss on ordinary activities | <u>-</u> | <u>(14,912)</u> |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 2019 £ | Restated 2018 £ |
|--|----------------------|-----------------------|
| Loss on ordinary activities before tax | <u>(129,241,596)</u> | <u>(28,029,159)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | <u>(24,555,903)</u> | <u>(5,325,540)</u> |
| Effects of: | | |
| Expenses not deductible for tax purposes | 136,005 | 922 |
| Other permanent differences | - | 54,532 |
| Adjustments to tax charge in respect of prior periods | - | (14,912) |
| Adjust deferred tax to average rate of 19% | - | 468,717 |
| Deferred tax not recognised | <u>24,419,898</u> | <u>4,801,369</u> |
| Total tax charge/(credit) for the year | <u>-</u> | <u>(14,912)</u> |

Factors that may affect future tax charges

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

10. Taxation (continued)

The company has estimated tax losses of £142,466,883 (2018 - £25,858,252) available to be carried forward and offset against future profits. There has been no deferred tax asset recognised due to the uncertainty concerning the timescale as to its recoverability.

11. Intangible assets

| | Trademarks £ |
|--------------------------------|-------------------------|
| Cost and net book value | |
| At 1 April 2018 | 4,118 |
| At 31 March 2019 | <u>4,118</u> |

The amortisation charge in relation to trademarks is immaterial and on this basis the directors are satisfied it is not recorded in the financial statements.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

12. Tangible fixed assets

| | Fixtures and fittings £ | Office equipment £ | Computer equipment £ | Total £ |
|-----------------------|-------------------------------|--------------------------|----------------------------|-----------------------|
| Cost | | | | |
| At 1 April 2018 | - | 31,334 | 256,718 | 288,052 |
| Additions | 50,349 | 147,479 | 419,179 | 617,007 |
| At 31 March 2019 | <u>50,349</u> | <u>178,813</u> | <u>675,897</u> | <u>905,059</u> |
| Depreciation | | | | |
| At 1 April 2018 | - | 9,797 | 32,482 | 42,279 |
| Charge for the year | 278 | 19,463 | 96,341 | 116,082 |
| At 31 March 2019 | <u>278</u> | <u>29,260</u> | <u>128,823</u> | <u>158,361</u> |
| Net book value | | | | |
| At 31 March 2019 | <u><u>50,071</u></u> | <u><u>149,553</u></u> | <u><u>547,074</u></u> | <u><u>746,698</u></u> |
| At 31 March 2018 | <u><u>-</u></u> | <u><u>21,537</u></u> | <u><u>224,236</u></u> | <u><u>245,773</u></u> |

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

13. Debtors

| | 2019 £ | Restated 2018 £ |
|--------------------------------|--------------------|-----------------------|
| Trade debtors | 55,557,305 | 22,550,730 |
| Other debtors | 8,024,299 | 7,655,403 |
| Prepayments and accrued income | 59,279,954 | 11,968,355 |
| | <u>122,861,558</u> | <u>42,174,488</u> |

All amounts shown under debtors fall due for payment within one year.

14. Creditors: Amounts falling due within one year

| | 2019 £ | Restated 2018 £ |
|------------------------------------|--------------------|-----------------------|
| Bank loan | 145,515 | 29,660,784 |
| Trade creditors | 33,432,111 | 3,724,885 |
| Amounts owed to group undertakings | 63,714,788 | 4,671,008 |
| Other creditors | 175,338 | 95,370 |
| Accruals and deferred income | 168,590,907 | 43,666,486 |
| | <u>266,058,659</u> | <u>81,818,533</u> |

15. Creditors: Amounts falling due after more than one year

| | 2019 £ | 2018 £ |
|------------|-------------------|-----------|
| Bank loans | 34,670,500 | - |
| | <u>34,670,500</u> | <u>-</u> |

During the year the company fully drew down a new interest-bearing loan facility of £35,000,000. The principal is repayable in full by 31 December 2021. The loan has been guaranteed by Simple Energy Limited, the company's immediate parent undertaking.

The loan is secured by a mortgage and first fixed charge on the shares of the company and the assets of the company and its immediate parent undertaking.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

16. Loans

Analysis of the maturity of loans is given below:

| | 2019 £ | 2018 £ |
|--|-------------------|-------------------|
| Amounts falling due within one year | | |
| Bank loans | 145,515 | 29,660,784 |
| Amounts falling due 1-2 years | | |
| Bank loans | 34,670,500 | - |
| | <u>34,816,015</u> | <u>29,660,784</u> |

17. Share capital

| | 2019 £ | 2018 £ |
|---|------------|------------|
| Allotted, called up and fully paid | | |
| 100 (2018 - 100) Ordinary shares of £1 each | 100 | 100 |
| | <u>100</u> | <u>100</u> |

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

18. Reserves

Accumulated losses

Accumulated losses represents cumulative profits or losses, net of dividends paid and other adjustments.

19. Prior year adjustments

The prior year financial statements did not accrue for expenses relating to network electricity that were invoiced subsequent to the financial period end. The omission resulted in creditors falling due within a year being understated, and loss for the year understated by £3,054,758.

The prior year financial statements also incorrectly classified costs associated with wholesale gas as prepaid expenses, rather than expensing them in the year. The incorrect classification of the expenses resulted in prepaid expenses being overstated by £1,242,231, and consequently loss for the year being understated by the same amount.

The overall impact on the financial statements is a reduction in opening net assets and equity of £4,296,980.

20. Commitments

At 31 March 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 £ | 2018 £ |
|--|-------------------|-----------|
| Not later than 1 year | 3,936,006 | - |
| Later than 1 year and not later than 5 years | 20,590,770 | - |
| Later than 5 years | 2,546,947 | - |
| | <u>27,073,723</u> | <u>-</u> |

The operating lease commitments relate to the minimum rent and service charge payments for 155 Bishopsgate. The lease was signed on 7 January 2019 and the property was moved into in July 2019. Part of the property is being sublet to a tenant, for a monthly fee of £19,430, guaranteed until 24 March 2021.

As at 31 March 2019 the company was committed to purchase electricity with a total value of £36,457,500 (2018: £5,942,720) under forward price contracts. As at 31 March 2019, the company was also committed to purchase gas under forward price contracts with a total value of £34,235,445 (2018: £10,488,52).

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2019

21. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose related party transactions with other wholly owned members of the group.

As at 31 March 2019, the company was owed £100 by A Gudka, a director and shareholder (2018 - £100). The balance is repayable on demand.

In April 2018, Bulb Energy Limited received an unsecured short term loan from Amit Gudka and a family member of £750,000. The loan was non-interest bearing and was fully repaid by 30 April 2018.

In April 2018 Simple Energy Limited, the Bulb Energy Limited's parent company, received an unsecured short term loan of £690,000 from Hamilton Holdings Partnership. Hayden Wood is a partner in Hamilton Holdings Partnership. The loan was non-interest bearing and was fully repaid by 30 April 2018.

22. Controlling party

The ultimate controlling party is Simple Energy Limited. Bulb Energy Ltd is a wholly owned subsidiary of Simple Energy Limited. The registered office of Simple Energy Limited is: 155 Bishopsgate, London, England, EC2M 3TQ.

23. Post balance sheet events

Subsequent to the balance sheet date, another financial institution committed £20m on top of the existing £35m loan facility. The £20m had not been drawn down at the date of approving the Directors' report.