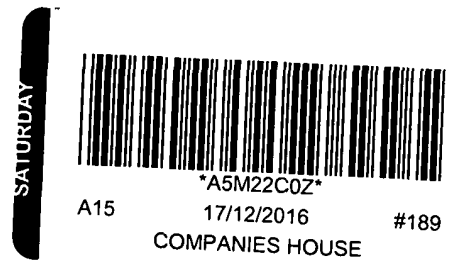


Company Registration No. 07513319 (England and Wales)

ECONOMY ENERGY TRADING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016



ECONOMY ENERGY TRADING LIMITED

COMPANY INFORMATION

Directors	Ms L Khilji Mr T Foster Mr J A McKenzie
Company number	07513319
Registered office	10th Floor Friars House Manor House Drive Coventry CV1 2TE
Auditor	Baldwins Audit Services Limited Churchill House 59 Lichfield Street Walsall West Midlands WS4 2BX

ECONOMY ENERGY TRADING LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 6
Statement of income and retained earnings	7
Balance sheet	8
Statement of cash flows	9
Notes to the financial statements	10 - 22

ECONOMY ENERGY TRADING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present the strategic report for the year ended 31 March 2016.

Fair review of the business

Financial review

The results for the year and the financial position of the Company are shown in the following financial statements.

During the year to 31 March 2016 the Company made significant progress in growing its customer base with the total number of customers increasing by 134%. This resulted in revenues up 57% from the previous year to £56.9m (2015: £36.2m).

Wholesale prices for both gas and electricity remained favourable and despite an increase in sales and administrative costs the Company delivered an increase in operating profit of 68% to £1.8m (2015: £1.1m).

Objectives and strategy

The objective of the Company is to deliver long term value to its shareholders whilst providing competitive pricing and outstanding service to its customers. The board's strategy to achieve this involves continuous investment in infrastructure, systems and people. The company relocated its head office in January 2016 and has continued to invest in order to support its continued drive for growth. During 2015 and early 2016 the Company began to make plans to begin acquiring and installing Smart meters. The Directors believe that the introduction of Smart meters will deliver significant benefits to its customers and have invested heavily to ensure that a roll out of these meters could begin in 2016.

Markets

The UK market for the supply of energy remains highly competitive amongst the newer independent suppliers, the number of which has increased significantly in the past year. The market is also highly regulated and some major reforms are set to come into force in 2017 following the conclusion of the Competition and Market Authority's report into the Energy Sector and its subsequent recommendations for change.

The principal change affecting the Company will be the introduction of a prepayment meter price cap in April 2017. It is possible that this measure will impact upon the Company's gross margins and may have the effect of reducing competition in the prepayment market. The Directors continue to monitor the potential impact of this measure and have taken steps to diversify the Company's customer base and to ensure that the Company continues to offer a compelling product proposition to prospective customers.

ECONOMY ENERGY TRADING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

Principal risks and uncertainties

Risks to achieving the Company's objectives

Risk is inherent in all businesses. Risks are constantly monitored by the board and the senior management team in order that processes can be implemented to mitigate them. The directors consider the principal risks to the Company achieving its objectives are those identified below. They also recognise, however, that the nature of those risks changes and that there may be additional risks, not yet identified, or risks currently considered immaterial that may impact on the business;

a. *Economic environment*

The economic environment, and changes to it, can impact upon customer spending. The directors seek to mitigate this risk by means of investment in systems and by ensuring that the Company's offering remains competitive.

b. *Managing customer expectations*

The business has invested and continues to invest in both systems and people to ensure that the customer experience is both monitored and continuously improving.

c. *Competition*

The Company monitors both the activities of new entrants to the market and of existing competitors to ensure that it is able to maintain and expand its own market position. Changes proposed by the Competition and Markets Authority due to be implemented in 2017 are likely to have a significant negative effect on levels of competition particularly within the prepayment sector of the energy market.

d. *Cash flow and liquidity risk*

The company is debt free. Cash flow forecasts are produced on a regular basis, and are updated at least weekly, to ensure that liquidity is maintained and that longer term and strategic funding requirements are identified.

e. *Employees*

The board recognises the importance of a well trained, knowledgeable and highly motivated workforce. As a result it remains committed to attracting, developing and maintaining staff of the highest calibre.

f. *Volume and price risks*

Fixed price energy is obtained to match demand in accordance with an agreed hedging strategy. The board monitors wholesale prices closely and during 2016 engaged in a number of forward contracts to ensure certainty of prices in what can be a volatile market.

g. *Regulatory and legislative risk*

In common with all energy supply businesses, the Company is subject to extensive regulatory requirements across all areas of its operations. Failure to comply with those requirements can have serious consequences not least being financial and reputational damage. Consequently, the board continues to direct increasing resources towards ensuring that there is a compliance regime that monitors and, where possible, mitigates such risks.

Key performance indicators

The board monitors performance by a variety of financial KPIs together with equally important non financial measures. The key financial performance indicators include:

	2016	2015
Revenue	£56.9m	£36.2m
Gross Margin	13.05%	12.67%
Net funds	£7.4m	£2.8m

On behalf of the board



Ms L Khilji

Director

13/12/16

ECONOMY ENERGY TRADING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their annual report and financial statements for the year ended 31 March 2016.

Principal activities

The principal activity of the company is that of trading in energy sources.

Directors

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

Ms L Khilji

Mr T Foster

Mr J A McKenzie

Mrs A Beardsmore

Mr K Jakobsen

(Resigned 31 August 2016)

(Appointed 10 March 2016 and resigned 3 June 2016)

Results and dividends

The results for the year are set out on page 7.

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

Political donations

No political donations have been made within the year.

Research and development

The company is looking at compiling an R&D claim to submit to HMRC. Any tax credits or adjustments resulting from such have not been recognised within the attached financial statements.

Future developments

As referred to in more detail in the notes to the financial statements, in September 2016 Ofgem opened an investigation. This investigation has not yet been concluded upon. As a result there is no fiscal impact relating to the investigation reflected in these financial statements.

Auditor

After the year end but prior to the authorisation of the company's financial statements, the company's auditor changed its name from Baldwins (Coventry) Limited to Baldwins Audit Services Limited and in accordance with the company's articles, a resolution proposing that Baldwins Audit Services Limited be reappointed as auditor of the company 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



Ms L Khilji

Director

13/12/16

ECONOMY ENERGY TRADING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

The directors are responsible for preparing the Strategic Report, 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;
- 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.

ECONOMY ENERGY TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECONOMY ENERGY TRADING LIMITED

We have audited the financial statements of Economy Energy Trading Limited for the year ended 31 March 2016 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 March 2016 and of its profit 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

ECONOMY ENERGY TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ECONOMY ENERGY TRADING LIMITED

Matters on which we are required to report by exception

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.



Mr John Edwards (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services Limited

13 December 2016

Chartered Accountants
Statutory Auditor

Churchill House
59 Lichfield Street
Walsall
West Midlands
WS4 2BX

ECONOMY ENERGY TRADING LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	4	56,935,553	36,208,181
Cost of sales		(49,504,393)	(31,620,775)
Gross profit		<u>7,431,160</u>	<u>4,587,406</u>
Administrative expenses		(5,594,348)	(3,495,086)
Operating profit	5	<u>1,836,812</u>	<u>1,092,320</u>
Interest receivable and similar income	9	7,160	6,398
Interest payable and similar charges	10	(1,503)	(2,309)
Profit before taxation		<u>1,842,469</u>	<u>1,096,409</u>
Taxation	11	(330,940)	(231,338)
Profit for the financial year		<u>1,511,529</u>	<u>865,071</u>
Retained earnings at 1 April 2015		930,680	101,109
Dividends	12	-	(35,500)
Retained earnings at 31 March 2016		<u>2,442,209</u>	<u>930,680</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ECONOMY ENERGY TRADING LIMITED

BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	13		197,174		120,657
Investments	14		3		3
			<u>197,177</u>		<u>120,660</u>
Current assets					
Stocks	16	127,161		94,714	
Debtors	17	4,851,689		2,774,061	
Cash at bank and in hand		7,430,780		2,816,368	
		<u>12,409,630</u>		<u>5,685,143</u>	
Creditors: amounts falling due within one year	18	(10,099,135)		(4,809,660)	
Net current assets			<u>2,310,495</u>		<u>875,483</u>
Total assets less current liabilities			<u>2,507,672</u>		<u>996,143</u>
Provisions for liabilities	20		(25,363)		(25,363)
Net assets			<u>2,482,309</u>		<u>970,780</u>
Capital and reserves					
Called up share capital	21	40,100		40,100	
Profit and loss reserves		2,442,209		930,680	
Total equity			<u>2,482,309</u>		<u>970,780</u>

The financial statements were approved by the board of directors and authorised for issue on 13/12/16 and are signed on its behalf by:



Ms L Khilji
Director

Company Registration No. 07513319

ECONOMY ENERGY TRADING LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	1		4,780,301		(43,020)
Interest paid			(1,503)		(2,309)
Income taxes paid			(186,605)		(11,324)
			<u> </u>		<u> </u>
Net cash inflow/(outflow) from operating activities			4,592,193		(56,653)
Investing activities					
Purchase of tangible fixed assets		(175,890)		(28,295)	
Proceeds on disposal of tangible fixed assets		748		2,648	
Proceeds on disposal of fixed asset investments		-		(1)	
Proceeds from other investments and loans		190,201		(190,201)	
Interest received		7,160		6,398	
		<u> </u>		<u> </u>	
Net cash generated from/(used in) investing activities			22,219		(209,451)
Financing activities					
Repayment of borrowings		-		(3,201)	
Dividends paid		-		(35,500)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			-		(38,701)
			<u> </u>		<u> </u>
Net increase/(decrease) in cash and cash equivalents			4,614,412		(304,805)
Cash and cash equivalents at beginning of year			2,816,368		3,121,173
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			7,430,780		2,816,368
			<u> </u>		<u> </u>

ECONOMY ENERGY TRADING LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

1	Cash generated from operations	2016	2015
		£	£
	Profit for the year after tax	1,511,529	865,071
	Adjustments for:		
	Taxation charged	330,940	231,338
	Finance costs	1,503	2,309
	Investment income	(7,160)	(6,398)
	Loss on disposal of tangible fixed assets	34,239	-
	Depreciation and impairment of tangible fixed assets	64,386	46,531
	Movements in working capital:		
	(Increase)/decrease in stocks	(32,447)	17,863
	(Increase) in debtors	(2,256,447)	(743,741)
	Increase/(decrease) in creditors	5,133,758	(455,993)
	Cash generated from/(absorbed by) operations	<u>4,780,301</u>	<u>(43,020)</u>

2 Accounting policies

Company information

Economy Energy Trading Limited is a company limited by shares incorporated in England and Wales. The registered office is 10th Floor, Friars House, Manor House Drive, Coventry, CV1 2TE.

2.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2016 are the first financial statements of Economy Energy Trading Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

2.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

ECONOMY ENERGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

2 Accounting policies

(Continued)

2.3 Turnover

Revenue arises from the supply of gas and electricity and related services as these costs are incurred; amounts are derived from provision of goods and services that fall within the ordinary activities of the company. Revenue is recognised net of value added tax (VAT) and climate change levy (CCL).

All revenue arose in the United Kingdom

2.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Leasehold improvements	- 20% straight line
Fixtures, fittings & equipment	- 25% reducing balance
Computer equipment	- 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 credited or charged to profit or loss.

2.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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.

2.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs associated with delivery. Stock is valued using AVCO.

ECONOMY ENERGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

2 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

2.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

2.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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 have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

ECONOMY ENERGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

2 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

2.9 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.

2.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

ECONOMY ENERGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

2 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2.11 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 stock or fixed 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.

3 Judgements and key sources of estimation uncertainty

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Ofgem investigation

Ofgem opened an investigation in September 2016. At the date of approval of these accounts the investigation had not been concluded.

ECONOMY ENERGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

4 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Gas	22,932,000	11,589,461
Electricity	33,822,686	23,197,944
ROC	-	1,355,534
Other	180,867	65,242
	<u>56,935,553</u>	<u>36,208,181</u>

Other significant revenue

Interest income	<u>7,160</u>	<u>6,398</u>
-----------------	--------------	--------------

Turnover analysed by geographical market

	2016 £	2015 £
UK	<u>56,935,553</u>	<u>36,208,181</u>

5 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	64,386	46,531
Loss on disposal of tangible fixed assets	34,239	-
Cost of stocks recognised as an expense	<u>44,003,858</u>	<u>31,426,211</u>

6 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	<u>26,250</u>	<u>26,250</u>

Upon appointment of Baldwins Audit Services Limited as auditors, the company entered into a limited liability agreement with the auditors. The principle term of the agreement is that liability is limited in terms of losses, damages, costs and expense caused by the auditors negligence or wilful default is limited to £5,000,000 in any circumstances.

The auditors remuneration as detailed above for the 2016 year includes £15,000 payable to Baldwins (Coventry) Limited, the company's previous auditors. The remainder of the audit fees specified above pertain to Baldwins Audit Services Limited.

ECONOMY ENERGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

7 Employees

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

	2016 Number	2015 Number
Directors	4	1
Call centre staff (including sales and complaints)	35	26
Other	35	21
	<u>74</u>	<u>48</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,210,324	1,313,197
Social security costs	178,266	92,585
	<u>2,388,590</u>	<u>1,405,782</u>

8 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	<u>429,385</u>	<u>59,900</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>134,000</u>	<u>-</u>
--------------------------------------	----------------	----------

9 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	330	737
Other interest income	6,830	5,661
	<u>7,160</u>	<u>6,398</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>330</u>	<u>737</u>
--	------------	------------

ECONOMY ENERGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

10 Interest payable and similar charges

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	326	2,309
Other finance costs:		
Other interest	1,177	-
	<u>1,503</u>	<u>2,309</u>

11 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	390,000	234,283
Adjustments in respect of prior periods	(59,060)	-
Total current tax	<u>330,940</u>	<u>234,283</u>
Deferred tax		
Origination and reversal of timing differences	-	(2,945)
Total tax charge	<u>330,940</u>	<u>231,338</u>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£	£
Profit before taxation	<u>1,842,469</u>	<u>1,096,409</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	368,494	230,246
Tax effect of expenses that are not deductible in determining taxable profit	30,000	-
Permanent capital allowances in excess of depreciation	(8,494)	4,037
Under/(over) provided in prior years	(59,060)	-
	-	(2,945)
Tax expense for the year	<u>330,940</u>	<u>231,338</u>

ECONOMY ENERGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

12 Dividends

	2016 £	2015 £
Interim paid	-	35,500

13 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost				
At 1 April 2015	56,763	55,118	70,199	182,080
Additions	81,870	2,887	91,133	175,890
Disposals	(56,763)	(970)	(747)	(58,480)
At 31 March 2016	<u>81,870</u>	<u>57,035</u>	<u>160,585</u>	<u>299,490</u>
Depreciation and impairment				
At 1 April 2015	11,171	16,069	34,183	61,423
Depreciation charged in the year	15,415	10,939	38,032	64,386
Eliminated in respect of disposals	(22,523)	(970)	-	(23,493)
At 31 March 2016	<u>4,063</u>	<u>26,038</u>	<u>72,215</u>	<u>102,316</u>
Carrying amount				
At 31 March 2016	<u>77,807</u>	<u>30,997</u>	<u>88,370</u>	<u>197,174</u>
At 31 March 2015	<u>45,592</u>	<u>39,049</u>	<u>36,016</u>	<u>120,657</u>

14 Fixed asset investments

	2016 £	2015 £
Unlisted investments	3	3

ECONOMY ENERGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

14	Fixed asset investments	(Continued)	
	Movements in fixed asset investments		Investments other than loans £
	Cost or valuation		
	At 1 April 2015 & 31 March 2016		3
	Carrying amount		
	At 31 March 2016		3
	At 31 March 2015		3
15	Financial instruments	2016	2015
		£	£
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	3,770,221	2,544,804
	Equity instruments measured at cost less impairment	3	3
	Carrying amount of financial liabilities		
	Measured at amortised cost	3,084,208	559,386
16	Stocks	2016	2015
		£	£
	Electricity not yet supplied	127,161	94,714
17	Debtors	2016	2015
	Amounts falling due within one year:	£	£
	Trade debtors	2,435,425	750,906
	Corporation tax recoverable	11,382	-
	Amount due from parent undertaking	124,917	-
	Other debtors	1,821,744	1,943,191
	Prepayments and accrued income	458,221	79,964
		4,851,689	2,774,061

ECONOMY ENERGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

18 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	3,084,208	559,026
Corporation tax	390,000	234,283
Other taxation and social security	58,907	31,915
Other creditors	-	360
Accruals and deferred income	6,566,020	3,984,076
	<u>10,099,135</u>	<u>4,809,660</u>

The company has agreed facilities with its bank. As a result there is a multilateral guarantee over group assets that allows for set-off. A fixed and floating charge was created on 15 June 2015 over all assets of the company.

19 Provisions for liabilities

		2016	2015
		£	£
Deferred tax liabilities	20	25,363	25,363
		<u>25,363</u>	<u>25,363</u>

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities
	2016	2015
	£	£
Balances:		
ACAs	25,363	25,363
	<u>25,363</u>	<u>25,363</u>

There were no deferred tax movements in the year.

The deferred tax liability set out above is expected to reverse within 12 - 36 months and relates to accelerated capital allowances that are expected to mature within the same period.

21 Share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
40,100 Ordinary of £1 each	40,100	40,100
	<u>40,100</u>	<u>40,100</u>

22 Operating lease commitments

ECONOMY ENERGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

22 Operating lease commitments

(Continued)

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:

	2016 £	2015 £
Within one year	92,880	50,000
Between two and five years	325,080	-
	<u>417,960</u>	<u>50,000</u>

23 Events after the reporting date

In September 2016 Ofgem opened an investigation into the company's compliance under the gas and electricity licences (Standard Licence Condition 25). The investigation is ongoing at the time of authorising the financial statements. As the potential outcome of the investigation is not currently known, it is not possible at this stage to quantify fiscally any potential impact.

24 Related party transactions

Remuneration of key management personnel

	2016 £	2015 £
Aggregate compensation	<u>429,385</u>	<u>59,900</u>

No guarantees have been given or received in respect of the directors.

Director's Loan Account

The amount due from Ms L Khilji on her director's current account at 31st March 2016 was £nil (2015: £190,201). The maximum balance outstanding on the loan during the year was £249,254. The loan was subject to an annual interest of 3.25%. The loan was unsecured.

Transactions with other related parties

Trevor Foster provides his services as a director of Economy Energy Trading Limited through Trevillian LLP. During the year the company made purchases of £61,575 from Trevillian LLP, an entity in which Trevor Foster is a designated member. At the year end £12,328 was owed to Trevillian LLP.

ECONOMY ENERGY TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

25 Directors' transactions

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
Loan account	3.25	190,201	110,139	6,176	(306,516)	-
		<u>190,201</u>	<u>110,139</u>	<u>6,176</u>	<u>(306,516)</u>	<u>-</u>

26 Controlling party

The company's ultimate parent company is Economy Energy Holdings Limited, a company incorporated within the UK.