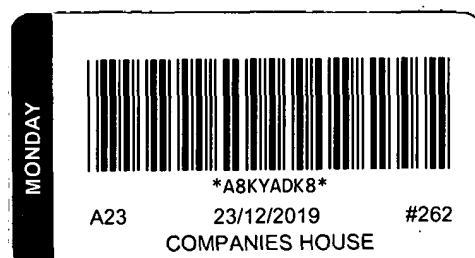


Company Registration No. 08520118 (England and Wales)

E (GAS AND ELECTRICITY) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



E (GAS AND ELECTRICITY) LIMITED

COMPANY INFORMATION

Director	Mr P A W Cooke
Company number	08520118
Registered office	T3 Trinity Park Bickenhill Lane Birmingham B37 7ES
Auditor	Baldwins Audit Services Bank House 8 Cherry Street Birmingham B2 5AL

E (GAS AND ELECTRICITY) LIMITED

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E (GAS AND ELECTRICITY) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The director presents the strategic report for the year ended 31 March 2019.

Fair review of the business

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 2019 the Company continued to make significant progress in growing its customer base. The growth in the customer base has resulted in a 24% increase in revenues from the previous year to £143.6m (2018: £115.6m) however, gross profit margin was significantly reduced at 1.16% (2018:5.65%).

Principal risks and uncertainties

The objective of the Company is to deliver long-term value to its shareholder whilst providing competitive pricing and great service to its customers. The strategy to achieve this involves continuous investment in technology, systems and people. We aim to ensure everything is simple and straightforward for our customers.

The company serves customers with pre- payment meters

In April 2017 the Prepayment Charge Restriction (PCR) was introduced for all domestic prepayment customers, this set a cap on the prices which could be charged. The price cap is set by Ofgem twice a year. Following a review by the Competition and Markets Authority (CMA) in July 2019 the CMA stated that "As a result of the change of circumstance relating to policy and pass-through smart metering costs, our conclusion is that the PCR is no longer effective in meeting all of its aims, due to underestimating the costs incurred by efficient suppliers." As a result of the review the level of the cap was increased to better reflect costs from 1st April 2019.

The incorrect cost assumptions in the first 2 years of the prepayment price cap have contributed to the poor performance this financial year. It is our belief that the new higher level of the price will enable us to deliver products that have an increased positive contribution at Gross Margin level.

Management believes that the take up of Smart meters is still a key element of improving experience for customers using a prepayment meter. The company has long-term agreements in place with a number of installation partners and is committed to supporting the supply chain to ensure we are able to continue with our market leading install rate. As at 31st March 2019 an estimated 50% of our customers are enjoying the benefits of smart meters.

Development and performance

The UK market for the domestic supply of energy remains highly competitive amongst the newer independent suppliers. The market is highly regulated and has seen some major reforms over the past year. Amongst these reforms, there is set to be an enhancement to the new licence approval process. This is designed to reduce the number of failing suppliers, thus reducing the mutualisation impact on the remaining suppliers. The mutualisation process of absorbing outstanding industry costs has a major impact on the net profit and loss of this company.

The Company took steps in 2017 to enhance customer service by providing an application that enables meter top ups anywhere to save its customers time and to provide an added value service which has been reviewed as being positive and will continue.

E (GAS AND ELECTRICITY) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Other performance indicators

Risk is inherent in all businesses. Risks are constantly monitored by the senior management team in order that processes can be implemented to mitigate them. The director's team consider the principal risks to the Company achieving its objectives are those identified below. They also recognise, however, that the nature of those risks change 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 technology and systems and by ensuring that the Company's offering remains competitive.

b. Managing customer expectations

The business has invested and continues to make significant investment 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.

d. Cash flow and liquidity risk

The company is debt free and cash flows are strong. Cash flow forecasts are produced on a regular basis to ensure that liquidity is maintained and that longer term and strategic funding requirements are both identified and managed.

e. Employees

Senior management 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. Wholesale energy market risks

Senior management monitors wholesale prices and trading strategies are in place to mitigate the volume and price risk.

g. Regulatory and legislative risk

In common with all energy supply businesses, the Company is subject to ever increasing 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, senior management continues to direct increasing resources towards ensuring that there are compliance and governance regimes that monitor and, where possible, mitigates such risks.

E (GAS AND ELECTRICITY) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Going Concern

The industry in which we operate has experienced a number of well publicised corporate failures. The reasons are well documented but reduced margins, a lack of credit and bad debts have all been contributory factors.

The Company is unusual amongst its peer group in that it has focussed on the pre-payment sector of the market and, as a result, is not exposed to the same degree of bad debt risk as those operating on a credit billing basis.

The pre-payment sector is regulated by a price cap, this has been in place since 1st April 2017. On 31st July 2019 the CMA published its Review of the Energy Market Investigation (Prepayment Charge Restriction) Order 2016 Final Decision. As a result of this review the price cap for prepayment customers was increased by £49 per dual fuel customer per annum effective from 1st April 2019. The increase in the cap and well-published 'expected' industry margins leads the management to believe that the Company will be able to return to profitability in the short term and assuming that customer levels are maintained.

In October 2019, the Company entered into a four-year trading agreement which provides a substantial credit line. This is deemed sufficient to enable the Company to purchase of gas and power for each six month price cap period, to cover any M2M movements, daily settlement exposure and future customer growth.

As a result of the foregoing the Director believes that, after a difficult year, action has been taken to mitigate risk as far as is possible and that, accordingly, it is appropriate that the accounts are drawn up on a going concern basis.

On behalf of the board



Mr P A W Cooke

Director

20 December 2019

E (GAS AND ELECTRICITY) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The director presents his director's report and financial statements for the year ended 31 March 2019.

Principal activities

The principal activity of the company continued to be that of trading in energy sources.

Director

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

Mr P A W Cooke

Results and dividends

The results for the year are set out on page 8.

Auditor

The Auditor, Baldwins Audit Services will be proposed for reappointment as auditor of the company in accordance with section 485 of the Companies Act 2006.

Statement of director's responsibilities

The director is responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

The director is responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

E (GAS AND ELECTRICITY) LIMITED

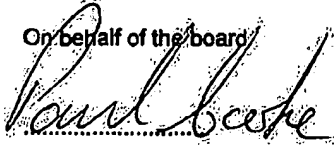
DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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 P A W Cooke
Director

Date: 20 December 2019

E (GAS AND ELECTRICITY) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF E (GAS AND ELECTRICITY) LIMITED

Opinion

We have audited the financial statements of E (Gas and Electricity) Limited (the 'company') for the year ended 31 March 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, 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 United Kingdom Accounting Standards, including FRS 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information included in the strategic report and directors' 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

E (GAS AND ELECTRICITY) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF E (GAS AND ELECTRICITY) 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 director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

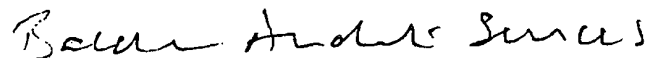
Auditor's responsibilities for the audit of the financial statements

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 on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to him 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 member for our audit work, for this report, or for the opinions we have formed.



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

20 December 2019

Statutory Auditor

Bank House
8 Cherry Street
Birmingham
B2 5AL

E (GAS AND ELECTRICITY) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

		Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Turnover	Notes 3	144,229	115,579
Cost of sales		(142,317)	(109,047)
Gross profit		1,912	6,532
Administrative expenses		(6,749)	(5,262)
Other operating income		38	20
Operating (loss)/profit	4	(4,799)	1,290
Interest receivable and similar income	7	94	72
Interest payable and similar expenses	8	(1)	(1)
(Loss)/profit before taxation		(4,706)	1,361
Taxation	9	-	(295)
(Loss)/profit for the financial year		(4,706)	1,066

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

There were no recognised gains or losses in 2019 or 2018 other than those recognised in the profit and loss account.

E (GAS AND ELECTRICITY) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
(Loss)/profit for the year	(4,706)	1,066
Other comprehensive income	-	-
Total comprehensive expense for the year	<u>(4,706)</u>	<u>1,066</u>

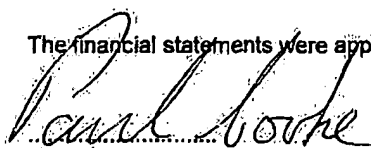
E (GAS AND ELECTRICITY) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019		2018	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	11		135		8
Tangible assets	12		2,861		2,566
			<u>2,996</u>		<u>2,574</u>
Current assets					
Debtors	13	18,223		16,875	
Cash at bank and in hand		3,749		9,339	
		<u>21,872</u>		<u>26,214</u>	
Creditors: amounts falling due within one year	14	(24,471)		(23,585)	
Net current (liabilities)/assets			(2,499)		2,629
Total assets less current liabilities			<u>497</u>		<u>5,203</u>
Provisions for liabilities	16		(28)		(28)
Net assets			<u>469</u>		<u>5,175</u>
Capital and reserves					
Profit and loss reserves			469		5,175

The financial statements were approved and signed by the director and authorised for issue on 20 December 2019



Mr P A W Cooke
Director

Company Registration No. 08520118

E (GAS AND ELECTRICITY) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Profit and loss reserves £000
Balance at 1 April 2017		4,118
Period ended 31 March 2018:		
Profit and total comprehensive Income for the period		1,066
Dividends	10	(9)
		<hr/>
Balance at 31 March 2018		5,175
Period ended 31 March 2019:		
Loss and total comprehensive expense for the period		(4,706)
		<hr/>
Balance at 31 March 2019		469
		<hr/> <hr/>

E (GAS AND ELECTRICITY) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £000	£000	2018 £000	£000
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	23		(5,522)		3,170
Interest paid			(1)		(1)
Income taxes paid			-		(1,229)
Net cash (outflow)/inflow from operating activities			(5,523)		1,940
Investing activities					
Purchase of intangible assets		(145)		(2)	
Purchase of tangible fixed assets		(409)		(2,444)	
Proceeds on disposal of tangible fixed assets		-		28	
Proceeds from other investments and loans		393		(824)	
Interest received		94		72	
Net cash used in investing activities			(67)		(3,170)
Financing activities					
Dividends paid		-		(9)	
Net cash used in financing activities			-		(9)
Net decrease in cash and cash equivalents			(5,590)		(1,239)
Cash and cash equivalents at beginning of year			9,339		10,578
Cash and cash equivalents at end of year			3,749		9,339

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

E (Gas and Electricity) Limited is a private company limited by shares incorporated in England and Wales. The registered office is T3 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES.

1.1 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 thousand pound.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

E (Gas and Electricity) Limited is a wholly owned subsidiary of E Holdings Limited and the results of E (Gas and Electricity) Limited are included in the consolidated financial statements of E Holdings Limited which are available from the registered office.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. Please refer to the strategic report for further information regarding going concern.

1.3 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).

All revenue arose in the United Kingdom

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.5 Intangible fixed 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 fair value of the asset can be measured reliably.

Amortisation 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:

Software - straight line over 3 years

1.6 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:

Land	- no depreciation on Land
Fixtures, fittings & equipment	- straight line over 4 years
Computer equipment	- straight line over 3 years
Motor vehicles	- straight line over 3 years

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.

1.7 Impairment of fixed assets

At each reporting period 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.

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.

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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.

1.8 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 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 balance sheet 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 publicly 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.

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 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. 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

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.

1.10 Equity instruments

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

1.11 Taxation

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

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.

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

The deferred tax balance has not been discounted.

1.12 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.

1.13 Retirement benefits

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

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

2 Judgements and key sources of estimation uncertainty (Continued)

Revenue Recognition

The nature of the energy industry in the UK in which the Company operates is such that revenue recognition is subject to a degree of estimation.

Revenue for the supply of electricity and gas, supplied through a prepaid meter, is recognised based on remittances less an estimate for energy paid for, not yet supplied, in the week leading up to the company's year end.

Energy purchase costs

Settlement of energy purchase costs and volumes can typically take 14 months to be finalised due to the settlement procedures standard in the energy market. Therefore, there is an element of energy purchase costs that need to be estimated based on industry data that is available at any particular point in time.

3 Turnover and other revenue

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

	2019 £000	2018 £000
Turnover analysed by class of business		
Gas	58,642	68,803
Electricity	85,587	46,776
	<u>144,229</u>	<u>115,579</u>

	2019 £000	2018 £000
Other significant revenue		
Interest Income	94	72
	<u>94</u>	<u>72</u>

	2019 £000	2018 £000
Turnover analysed by geographical market		
UK	144,229	115,579
	<u>144,229</u>	<u>115,579</u>

4 Operating (loss)/profit

	2019 £000	2018 £000
Operating (loss)/profit for the period is stated after charging/(crediting):	£000	£000
Research and development costs	517	-
Fees payable to the company's auditor for the audit of the company's financial statements	38	19
Depreciation of owned tangible fixed assets	114	83
Profit on disposal of tangible fixed assets	-	(4)
Amortisation of intangible assets	18	7
Operating lease charges	257	128
	<u>257</u>	<u>128</u>

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

5 Employees

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

	2019 Number	2018 Number
Management	15	15
Customer Service	127	99
	<u>142</u>	<u>114</u>

Their aggregate remuneration comprised:

	2019 £000	2018 £000
Wages and salaries	2,953	2,302
Social security costs	239	193
Pension costs	71	92
	<u>3,263</u>	<u>2,587</u>

6 Director's remuneration

	2019 £000	2018 £000
Remuneration for qualifying services	8	78
Company pension contributions to defined contribution schemes	-	58
	<u>8</u>	<u>136</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2018 - 1).

7 Interest receivable and similar income

	2019 £000	2018 £000
Interest income		
Interest received	93	71
Other interest income	1	1
	<u>94</u>	<u>72</u>

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

8 Interest payable and similar expenses

	2019 £000	2018 £000
Other interest	1	1

9 Taxation

	2019 £000	2018 £000
Current tax		
UK corporation tax on profits for the current period	-	302
Deferred tax		
Origination and reversal of timing differences	-	(7)
Total tax charge	-	295

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

	2019 £000	2018 £000
(Loss)/profit before taxation	(4,706)	1,361
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(894)	259
Tax effect of expenses that are not deductible in determining taxable profit	105	27
Unutilised tax losses carried forward	827	-
Permanent capital allowances in excess of depreciation	(38)	17
Deferred tax adjustments in respect of prior years	-	(7)
Loss on sale of fixed assets	-	(1)
Taxation charge for the period	-	295

10 Dividends

	2019 £000	2018 £000
Interim paid	-	9

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

11 Intangible fixed assets

	Software £000
Cost	
At 1 April 2018	22
Additions	145
At 31 March 2019	<u>167</u>
Amortisation	
At 1 April 2018	14
Amortisation charged for the year	18
At 31 March 2019	<u>32</u>
Carrying amount	
At 31 March 2019	<u>135</u>
At 31 March 2018	<u>8</u>

12 Tangible fixed assets

	Land	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2018	2,417	166	138	-	2,721
Additions	107	203	39	60	409
At 31 March 2019	<u>2,524</u>	<u>369</u>	<u>177</u>	<u>60</u>	<u>3,130</u>
Depreciation					
At 1 April 2018	-	67	88	-	155
Depreciation charged in the year	-	70	44	-	114
At 31 March 2019	<u>-</u>	<u>137</u>	<u>132</u>	<u>-</u>	<u>269</u>
Carrying amount					
At 31 March 2019	<u>2,524</u>	<u>232</u>	<u>45</u>	<u>60</u>	<u>2,861</u>
At 31 March 2018	<u>2,417</u>	<u>99</u>	<u>50</u>	<u>-</u>	<u>2,566</u>

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

13 Debtors	2019	2018
	£000	£000
Amounts falling due within one year:		
Trade debtors	3,012	3,044
Corporation tax recoverable	-	65
Amounts owed by group undertakings	-	95
Other debtors	6,428	8,923
Prepayments and accrued income	1,945	1,874
	<u>11,385</u>	<u>14,001</u>
	2019	2018
	£000	£000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	5,338	1,374
Other debtors	1,500	1,500
	<u>6,838</u>	<u>2,874</u>
Total debtors	<u>18,223</u>	<u>16,875</u>
14 Creditors: amounts falling due within one year	2019	2018
	£000	£000
Trade creditors	5,387	3,356
Corporation tax	(21)	44
Other taxation and social security	75	61
Other creditors	(8)	(204)
Accruals and deferred income	19,038	20,328
	<u>24,471</u>	<u>23,585</u>

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

15 Provisions for liabilities

Provisions in respect of onerous contracts are recognised in the period when it comes probable that there will be a future outflow of funds resulting from past operations or events that can be reasonably estimated.

The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

A change in estimate of a recognised provision or liability would result in a charge or credit to profit and loss account in the period in which the change occurs.

16 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 2019 £000	Liabilities 2018 £000
Balances:		
Accelerated Capital Allowances	28	28

There were no deferred tax movements in the year.

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

17 Retirement benefit schemes

	2019	2018
	£000	£000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	71	92

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.

18 Share capital

Reconciliation of movements during the year:

	Ordinary Number	Ordinary E Number
At 1 April 2018	4	-
Issue of fully paid shares	96	4
At 31 March 2019	100	4

An allotment of additional 96 Ordinary £1 Shares and 4 Ordinary E £1 shares occurred on 26th November 2018. The consideration received on issue of these shares was £1 per Ordinary Share and £1 per Ordinary E share.

19 Financial commitments, guarantees and contingent liabilities

During the year the company offered a new customer signing loyalty reward which is redeemable after a year's contract has been fulfilled. The directors are not able to reliably estimate the financial effect expected as the number of customers fulfilling the one years contract is unpredictable.

In September 2016 Ofgem opened an investigation and this case was closed in July 2019. The outcome of the investigation resulted in a fine to E (Gas and Electricity) Limited of £650,000 and this has been accounted for within the financial statements.

20 Operating lease commitments

Lessee

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:

	2019	2018
	£	£
Within one year	209,305	46,304
Between two and five years	767,452	-
	976,757	46,304

E (GAS AND ELECTRICITY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

21 Related party transactions

E (Fuels) Limited

E (Fuels) Limited, a fellow subsidiary company owned by parent company E Holdings Limited, owes £1,623,646 (2018: £1,459,126) to E (Gas and Electricity) Limited. This is shown within debtors in the financial statements.

During the year E (Fuels) Limited provided services to E (Gas and Electricity) Limited amounting to £23,750 (2018: £120,000).

E Holdings Limited

E Holdings Limited, the parent company, was not paid a dividend during the year (2018: £9,000) and owes £9,700 to E (Gas and Electricity) Limited.

P C Connect Limited

P C Connect Limited, a company owned by the Director Mr P Cooke, owes £3,692,631 to E (Gas and Electricity) Limited. This is shown within debtors in the financial statements.

22 Ultimate controlling party

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

The ultimate controlling party is Paul Cooke by virtue of share holdings.

The smallest and largest groups to consolidate these financial statements is E Holdings Limited.

23 Cash (absorbed by)/generated from operations

	2019 £000	2018 £000
(Loss)/profit for the year after tax	(4,706)	1,066
Adjustments for:		
Taxation charged	-	295
Finance costs	1	1
Investment income	(94)	(72)
Gain on disposal of tangible fixed assets	-	(4)
Amortisation and impairment of intangible assets	18	7
Depreciation and impairment of tangible fixed assets	114	83
Movements in working capital:		
Increase in debtors	(1,806)	(6,735)
Increase in creditors	951	8,529
Cash (absorbed by)/generated from operations	(5,522)	3,170