Company Registration No. 06053905 (England and Wales)

I Supply Energy Limited

Annual Report and Financial Statements

for the Period Ended 31 December 2017

I Supply Energy Limited

Contents

I Supply Energy Limited

Company Information

Directors	Mr R J H Richmond	
	Mr B G Clark	(Appointed 18 July 2017)
	Mr M F Hagens	(Appointed 1 July 2017)
	Mr E A Hagland	(Appointed 1 July 2017)
	Mr. R G Gildert	
Secretary	Mr R J H Richmond	
Company number	06053905	
Registered office	37 Commercial Road Poole Dorset BH14 0HU	
Auditor	Ernst & Young LLP Wessex House 19 Threefield Lane Southampton Hampshire SO14 3QB	

Introduction

This report provides an overview of the business performance, business developments and the main issues that have been considered by the directors during the period 1st October 2016 – 31st December 2017 (hereafter referred to as the period). A 15-month reporting period was used to align the year end of iSupply with its new owner, Vattenfall.

Business review

The acquisition of iSupply by Vattenfall on the 1st July 2017 was a significant milestone in the history of iSupply. Owned by the Swedish state, Vattenfall is one of the largest utilities in Europe with operations across Northern Europe and serving over 6.4m electricity and 2.3m gas customers. In the UK, Vattenfall is best known as a leading developer and operator of offshore and onshore wind farms. The Directors are confident that, as part of the Vattenfall Group, iSupply is well placed to meet its long-term ambitions.

Alongside integration steps with the Vattenfall Group, iSupply continued to develop its regular business activities. Despite a highly competitive market, contract numbers increased from 65,950 to 195,271. However, the impact of this competition was seen in lower gross margins per contract than earned in previous years.

A key focus during the period was investing in people and processes to provide the best possible experience for our customers today and to ensure the business is well equipped to meet future growth ambitions. We have seen these investments reflected in our operational KPIs. In particular complaints per 100,000 customers which have fallen from 1,438 (Q3 2016) to 606 for Q4 2017.

During the last quarter of 2016 issues with the French nuclear generation assets lead to a spike in wholesale energy prices across mainland Europe and the UK. Due to credit restrictions iSupply had not purchased its expected energy requirements in the forward market, and consequently this price increase negatively impacted profitability levels. Looking forward, as part of the Vattenfall Group, we will no longer face restrictions preventing access to the forward wholesale market.

The combination of decreased margin levels and wholesale market losses resulted in a loss for the period of £12.93m (2016: £0.3m profit). Nevertheless, the directors are pleased with the progress made across the business with regard to increasing customer numbers and improved operational processes.

Principle risks and uncertainties

Financial Price Risk Commodity Price Risk
iSupply is subject to a range of financial risks across it's business activities, the main risk being the exposure to energy prices. Wholesale electricity and gas prices vary to reflect developments in demand and supply drivers such as temperature and power plant availability. In order to protect its margins from increases in wholesale prices iSupply buys its expected energy supply obligations on the forward market thereby securing the cost of this energy.

Exposure to foreign exchange fluctuations is limited and not material for iSupply.

Cash flow
To ensure sufficient liquidity to meet its obligations iSupply monitors projected cashflow on a continuous basis - including stressing the key cashflow drivers such as acquisition rates and energy prices.

Competitor Actions
iSupply is operating in a competitive market and is constantly monitoring its price levels versus those of our key competitors. We are seeing an increasing number of competitors offer prices at negative gross margin as they target market share. iSupply aims to minimise the impact of this on its own profitability levels by offering an excellent service to its customer and with careful management of its cost base.

Bad Debt
iSupply aims to minimise bad debt by collecting payments from its customers via monthly direct debits paid in advance. In addition, a dedicated Collections team monitors customer balances and takes action to collect payments if required.

Financial and Non-Financial Key Performance Indicators

The directors of iSupply monitor a set of financial and non-financial KPIs on an ongoing basis. These KPIs encompasses a range of growth, customer satisfaction and profitability metrics. Of note is:

	September 2016	December 2017
Contract numbers	65,950	195,271
Complaints per 100,000 contracts	1,438	606

During the period, iSupply began measuring Net Promoter Score as a measure of customer engagement.

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

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Mr B G Clark
Director

Date: 7/11/18

I Supply Energy Limited

Directors' Report

For the period ended 31 December 2017

The directors present their annual report and financial statements for the Period ended 31 December 2017.

Principal activities

The Company's principle activity is the supply of electricity and gas to UK based consumers. The Company is a private limited company, domiciled in the United Kingdom and incorporated in England and Wales. Following the acquisition by Vattenfall (1st July 2017) iSupply's immediate parent undertaking was Vattenfall UK Sales Ltd. and the ultimate parent undertaking of the company is Vattenfall AB.

Going Concern

The directors have considered the Company's funding and operational relationships with its parents and have considered available relevant information relating to Vattenfall's ability to continue as a going concern. In addition, the directors have no reason to believe that the respective Vattenfall companies will not continue to fund the company, should it become necessary, to enable it to continue in operational existence.

On the basis of these considerations, the directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting when preparing the financial statements.

Directors

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

Mr R J H Richmond	
Mr S Yarwood	(Resigned 16 June 2017)
Mr B G Clark	(Appointed 18 July 2017)
Mr M F Hagens	(Appointed 1 July 2017)
Mr E A Hagland	(Appointed 1 July 2017)
Mr. R G Gildert	

Results and dividends

The results for the Period are set out on page 10.

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

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

Future developments

The Company is continuously reviewing its business to stay responsive to the challenging energy market conditions. In particular we are assessing how to adapt iSupply to meet the overall business strategy of Vattenfall.

Auditor

Ernst & Young LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

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

This report has been approved by the board and signed on its behalf by:

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Mr B G Clark

Director

Date: 7/11/18

I Supply Energy Limited

Directors' Responsibilities Statement

For the period ended 31 December 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF I SUPPLY ENERGY LIMITED

Opinion

We have audited the financial statements of I Supply Energy Limited for the 15 month period ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 22, 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 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst + Young LLP
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James Harris (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton

Date: 9 NOVEMBER 2018

I Supply Energy Limited

Statement of Comprehensive Income

For the period ended 31 December 2017

	Notes	15 month Period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
Turnover	3	115,412	38,999
Cost of sales		(118,377)	(34,289)
Gross (loss)/profit		(2,965)	4,710
Administrative expenses		(11,041)	(4,334)
Operating (loss)/profit	4	(14,006)	376
Interest receivable and similar income	8	6	4
(Loss)/profit before taxation		(14,000)	380
Tax on loss/profit	9	1,072	(78)
(Loss)/profit for the financial Period		(12,928)	302
Total comprehensive (loss)/income for the Period		(12,928)	302

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

I Supply Energy Limited

Statement of Financial Position

As at 31 December 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Intangible assets	11		106		6
Tangible assets	12		143		82
			249		88
Current assets					
Debtors	13	14,504		9,239	
Cash at bank and in hand		3,260		329	
		17,764		9,568	
Creditors: amounts falling due within one year	14	(30,244)		(8,956)	
Net current (liabilities)/assets			(12,480)		612
Total assets less current liabilities			(12,231)		700
Provisions for liabilities	15		(14)		(17)
Net (liabilities)/assets			(12,245)		683
Capital and reserves					
Called up share capital	18		100		100
Profit and loss reserves			(12,345)		583
Total equity			(12,245)		683

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

....

Mr B G Clark

Director

Date: 7/11/18

Company Registration No. 06053905

The notes on pages 13 to 25 form part of these financial statements.

I Supply Energy Limited

Statement of Changes in Equity

For the period ended 31 December 2017

	Notes	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 October 2015		100	604	704
Period ended 30 September 2016:				
Profit and total comprehensive income for the period		-	302	302
Dividends	**10**	-	(323)	(323)
Balance at 30 September 2016		100	583	683
Period ended 31 December 2017:				
Loss and total comprehensive loss for the period		-	(12,928)	(12,928)
Balance at 31 December 2017		100	(12,345)	(12,245)

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1 Accounting policies

Company information

I Supply Energy Limited is a private company limited by shares incorporated in England and Wales. The registered office is 37 Commercial Road, Poole, Dorset, BH14 0HU.

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 £'000.

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 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Vattenfall AB. These consolidated financial statements are available from its registered office, Evenemangsgatan 13, SE-169 79 Solna, Sweden.

1.2 Going concern

The company has made a loss before taxation for the 15 months ended 31 December 2017 of £13,999,992 and has net liabilities of £12,245,154. The company's ultimate parent company, Vattenfall AB, has confirmed its continued financial support for the foreseeable future and accordingly the directors consider it appropriate to prepare the financial statements on the going concern basis.

1.3 Reporting period

The financial statements are presented for a 15 month period ending 31 December 2017.
The reporting period was extended to be concurrent with that of the company's parent company.

1 Accounting policies (Continued)

1.4 Turnover

Revenue arises from the supply of gas and electricity and other related services to domestic consumers. This is recognised as the fair value of the consideration received or receivable for the energy which is supplied during the period and is net of VAT and discounts. Revenue is recognised as costs are incurred and this is based on SF Run (the first settlement run, performed by Elexon, which is used as a basis of monetary settlement between industry parties). An estimate is made for the supply of energy, in terms of sales value from the last bill date to the period end date.

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 if the fair value 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:

Accounting software and HR package	5 years straight line
Website development	3 years straight line
Electricity licences and trademarks	5 years straight line

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:

Leasehold land and buildings	3 years straight line
Fixtures and fittings	25% reducing balance
Office equipment	25% reducing balance

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 Cash at bank and in hand

Cash at bank and in hand 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.

1.8 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.

1 Accounting policies (Continued)

1.8 Financial instruments (Continued)

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.

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 payments 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.

1 Accounting policies (Continued)

1.8 Financial instruments (Continued)

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 though 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.

1.9 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 income statement 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 income statement, 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.

1.10 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 Accounting policies (Continued)

1.11 Retirement benefits

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

1.12 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

1.13 Own-use Exemptions

iSupply uses forward commodity contracts to protect itself from energy price volatility. When commodity contracts have been entered into as part of the Company's normal business activity, the Company seeks to classify them as "own use contracts" outside the scope of Section 12 of FRS 102. This is achieved when:

- a physical delivery takes place under all such contracts;
- the volumes purchased or sold corresponds to the Company's operating requirements; and
- the contracts are not considered as written options as defined by the standard.

In the case of iSupply, the energy procurement contracts entered into fulfil the above requirements.

2 Judgements and key sources of estimation uncertainty

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Energy supplied and costs

Energy supplied to residential homes and the associated costs are subject to estimation and revision over a period of 14 months in accordance with industry practice. Where validated meter readings are not available iSupply applies standardised industry models to forecast energy supplied and the associated costs.
Direct acquisition costs, such as commission paid to third parties, are amortised over the expected lifetime of the customer. This lifetime is based on historical analysis of customer retention levels.

Bad debts

The company makes allowances for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied against receivables where events or changes in circumstances indicate that the carrying amounts may not be recovered. Management specifically analysed historical bad debts and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance of doubtful debts of receivables. Where the expectation is different from the original estimate, such differences will impact the carrying value of receivables.

3 Turnover and other revenue

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

	15 month Period ended 31 December 2017	Year ended 30 September 2016
	£'000	£'000
Turnover analysed by class of business		
Electricity sales	84,101	37,677
Government rebate	-	559
Gas sales	31,133	763
Non-energy income	178	-
	115,412	38,999

	15 month Period ended 31 December 2017	Year ended 30 September 2016
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom	115,412	38,999

4 Operating (loss)/profit

	15 month Period ended 31 December 2017	Year ended 30 September 2016
Operating (loss)/profit for the period is stated after charging:	£'000	£'000
Depreciation of owned tangible fixed assets	47	28
Amortisation of intangible assets	18	2
Operating lease charges	90	-

5 Auditor's remuneration

	15 month Period ended 31 December 2017	Year ended 30 September 2016
Fees payable to the company's auditor and associates:	£'000	£'000
For audit services		
Audit of the financial statements of the company	78	14

Total fees payable to the company's auditors and associates were £77,800. Of this amount, £26,375 was paid directly by the company and the remainder by Vattenfall UK Sales Limited.

6 Employees

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

	15 month Period ended 31 December 2017	Year ended 30 September 2016
	Number	Number
Directors	2	-
Other staff	165	-
	167	-

Their aggregate remuneration comprised:

	15 month Period ended 31 December 2017	Year ended 30 September 2016
	£'000	£'000
Wages and salaries	3,799	-
Social security costs	325	-
Pension costs	20	-
	4,144	-

Prior to the 24th March 2017, personnel supporting the company were employed by the Gilmond Group.

7 Directors' remuneration

	15 month Period ended 31 December 2017	Year ended 30 September 2016
	£'000	£'000
Remuneration for qualifying services	185	-
Company pension contributions to defined contribution schemes	3	-
	188	-

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 0).

8 Interest receivable and similar income

	15 month Period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
Interest income		
Interest on bank deposits	6	4

9 Taxation

	15 month Period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
Current tax		
UK corporation tax on profits for the current period	-	71
Group tax relief	(1,069)	-
Total current tax	(1,069)	71
Deferred tax		
Origination and reversal of timing differences	(3)	7
Total tax (credit)/charge	(1,072)	78

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

	15 month Period ended 31 December 2017 £'000	Year ended 30 September 2016 £'000
(Loss)/profit before taxation	(14,000)	380
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	(2,660)	76
Tax effect of expenses that are not deductible in determining taxable profit	4	1
Unutilised tax losses carried forward	1,585	-
Permanent capital allowances in excess of depreciation	2	(6)
Deferred tax	(3)	7
Taxation (credit)/charge for the period	(1,072)	78

9 Taxation (Continued)

Factors that may affect future tax charges

In the Budget 2016 the UK Government announced that the main rate of corporation tax would be reduced to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020. These rates were substantively enacted before the Balance Sheet date and therefore the closing net deferred tax liability has been calculated at the rate applicable for the period in which the underlying temporary difference is expected to unwind.

10 Dividends

	2017 £'000	2016 £'000
Final paid	-	323

11 Intangible fixed assets

	Accounting software and HR package £'000	Website development £'000	Electricity licences and trademarks £'000	Total £'000
Cost				
At 1 October 2016	-	-	15	15
Additions - separately acquired	40	42	-	82
Disposals	-	(2)	-	(2)
Transfers	-	52	-	52
At 31 December 2017	40	92	15	147
Amortisation and impairment				
At 1 October 2016	-	-	9	9
Amortisation charged for the Period	5	11	2	18
Transfers	-	14	-	14
At 31 December 2017	5	25	11	41
Carrying amount				
At 31 December 2017	35	67	4	106
At 30 September 2016	-	-	6	6

12 Tangible fixed assets

	Leasehold land and buildings	Fixtures and fittings	Website development	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2016	-	55	52	44	151
Additions	45	40	-	61	146
Transfers	-	-	(52)	-	(52)
At 31 December 2017	45	95	-	105	245
Depreciation and impairment					
At 1 October 2016	-	20	14	35	69
Depreciation charged in the Period	10	18	-	19	47
Transfers	-	-	(14)	-	(14)
At 31 December 2017	10	38	-	54	102
Carrying amount					
At 31 December 2017	35	57	-	51	143
At 30 September 2016	-	35	38	9	82

13 Debtors

	2017	2016
Amounts falling due within one year:	£'000	£'000
Trade debtors	121	2
Amounts owed by group undertakings	1,069	1,187
Other debtors	5,547	6,342
Prepayments and accrued income	7,767	1,708
	14,504	9,239

14 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	3,027	922
Amounts due to group undertakings	-	9
Corporation tax	-	71
Other taxation and social security	105	-
Other creditors	4,966	3,649
Accruals - amounts due to group undertakings	6,870	-
Other accruals and deferred income	15,276	4,305
	30,244	8,956

15 Provisions for liabilities

	Notes	2017 £'000	2016 £'000
Deferred tax liabilities	16	14	17

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Balances:	Liabilities 2017 £'000	Liabilities 2016 £'000
Accelerated capital allowances	14	17

Movements in the Period:	2017 £'000
Liability at 1 October 2016	17
Credit to profit or loss	(3)
Liability at 31 December 2017	14

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

The company has losses of £8,344,357 (2016: £nil) available to carry forward against future trading profits.

This represents a deferred tax asset of £1,418,541 (2016: £nil) which has not been recognised in the financial statements of the company as the criteria for recognition have not been met.

17 Retirement benefit schemes

Defined contribution schemes	2017 £'000	2016 £'000
Charge to profit or loss in respect of defined contribution schemes	20	-

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

	2017	2016
	£'000	£'000
Ordinary share capital		
Issued and fully paid		
100,002 ordinary shares of £1 each	100	100
	100	100

On the 1st of July 2017 Gilmond Holdings Limited sold 100,002 shares to Vattenfall UK Sales Limited for a total consideration of £100,002.

Profit and loss account
This account includes all current and prior period retained profit and losses.

19 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:

	2017	2016
	£'000	£'000
Within one year	135	-
Between two and five years	48	-
	183	-

20 Events after the reporting date

Following the balance sheet date, the company took inter-group loans totalling £10m from Vattenfall AB.

21 Related party transactions

Transactions with related parties

Gilmond Consulting Limited, a company of which Mr R J H Richmond and Mr R G Gildert are directors, provide software to supply I Supply's activities, under a contract reflecting an arms-length relationship. During the period the company made purchases amounting to £1,487,743 (2016: £nil) from Gilmond Consulting Limited. The balance due to Gilmond Consulting Limited by the company at the period end was £nil (2016: £nil).

The company has taken advantage of the exemption in FRS 102 Section 33 from the requirement to disclose transactions with group companies on the grounds that the company is a wholly owned subsidiary within the group.

22 Controlling party

From 1 July 2017 the company is controlled by Vattenfall UK Sales Limited, a company registered in England and Wales, by virtue of its 100% holding in the company's issued share capital. The ultimate parent company is Vattenfall AB and its registered office is Evenemangsgatan 13, SE-169 79 Solna, Sweden. The ultimate controlling party is the Swedish government by virtue of its 100% shareholding in the ultimate parent company.

Before 1 July 2017 the company was controlled by Gilmond Holdings Limited by virtue of its 100% shareholding in the company's issued share capital. The ultimate controlling parties were Mr R J H Richmond and MR R G Gildert by virtue of their majority shareholding in the ultimate parent company, Gilmond Holdings Limited.

Consolidated financial statements are prepared by the ultimate parent company and copies are available at its registered office.