



**SMART ENERGY CODE COMPANY LIMITED**  
**Company Number 08430267**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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**SMART ENERGY CODE COMPANY LIMITED  
OFFICERS, ADVISORS AND REGISTERED OFFICE**

**DIRECTORS**

Peter Davies	Director & Chairman
Michael Gibson	Director
Simon Trivella	Director
Ashley Pocock	Director
Karen Lee	Director
Leigh Page	Director
Gary Cottrell	Director
Paul Fitzgerald	Director (Appointed 12 April 2019)
Helen Fleming	Director (Resigned 13 June 2018)
Ro Crawford	Director (Appointed 9 November 2018)
Michael Woodhall	Director (Appointed 23 September 2018)
Hugh Mullens	Director (Resigned 23 September 2018)
David Lane	Director (Resigned 18 March 2019)

**COMPANY SECRETARY**

Daniel Carter-Clout

**REGISTERED OFFICE**

8 Fenchurch Place  
London EC3M 4AJ  
Telephone: 020 7090 1000  
Fax: 020 7090 1001

**SERVICE PROVIDER**

Gemserv Limited  
8 Fenchurch Place  
London EC3M 4AJ

**AUDITORS**

Grant Thornton UK LLP  
101 Cambridge Science Park  
Milton Road  
Cambridge  
CB4 0FY

**BANKERS**

The Royal Bank of Scotland  
62-63 Threadneedle St  
London EC2R 8LA

**COMPANY REGISTRATION NUMBER**

08430267

**Contact Details**

Email: [secas@gemserv.com](mailto:secas@gemserv.com)

Website: [smartenergycodecompany.co.uk](http://smartenergycodecompany.co.uk)

## SMART ENERGY CODE COMPANY LIMITED

### CHAIRMAN'S STATEMENT

#### Introduction

This Smart Energy Code Company (SECCo) Annual Report covers the period from April 2018 to March 2019.

This period has seen further development of the Smart Energy Code (SEC) arrangements and take-up of Data Communications Company (DCC) services by industry. The SEC Panel, through its Sub-Committees and SECAS, continues to monitor the challenges and issues which have arisen as the smart meter rollout gains momentum, and Parties adapt to increased utilisation of DCC systems.

By the end of March 2019, there were 325 Parties to the Code representing 255 Voting Groups. During the year, 47 Parties acceded to the SEC, and 49 Parties went through the User Entry Process.

59 Parties underwent Security Assessments, with the Security Sub-Committee (SSC), Panel and SECAS working closely with the User Competent Independent Organisation (CIO), to deliver continuous improvements to the Security Assessment process.

With increased experience, Parties have requested further adaptations to the Code, with 23 new Modification Proposals being raised, and 21 implemented. In total there were 19 versions of the SEC designated. In response to feedback, a Section D review was undertaken by SECAS, resulting in several enhancements to the process, including the introduction of the Development Stage, designed to ensure that the issue identified by the Proposer has been fully understood, and the right parties engaged, before the development of a solution. SECAS also implemented the first two SEC Releases under the enduring arrangements.

In light of an increase in Events of Default, and Supplier of Last Resort events, SECAS facilitated workshops with DCC and Ofgem to further define and refine processes. In addition, several successful Party Engagement events were held.

The SEC Panel and the Sub-Committees continued to meet at least monthly, with the SSC meeting biweekly.

The Testing Advisory Group focused on Release 2 and SMETS1 Enrolment & Adoption testing activities, building strong working relationships with the DCC. The Ops Group continued to deal with operational matters, forming a sub-group to focus specifically on industry-wide Data Quality issues.

The main focus of Technical Architecture and Business Architecture Sub-Committee (TABASC) was maintaining the integrity of the technical and business architecture, ensuring updates were made for SMETS1.

The SSC reviewed the DCC's SMETS1 Risk Assessment and Security Architecture in the lead up to Initial Operating Capability go live, developed guidance on SMETS1 Device Assurance, initiated a project on Mitigating Risks from Interconnected Devices, and worked with the User CIO to improve security assessment procedures. The Smart Metering Key Infrastructure Policy Management Authority (SMKI PMA) continued to support the SEC Panel in the operational elements of SMKI PMA.

Throughout the year, SECAS have continued to provide support to the SEC Panel and the Sub-Committees in its operations. SECAS have strengthened the team with additional resources required to support the increased activity levels linked to live operations. SECAS report to the Panel and the SECCo Board on a monthly basis via the Operations and Management Report, which sets out the activities undertaken within the reporting period and the associated costs. The Board are also provided with quarterly work packages for approval, in advance of activities being undertaken to ensure full control of costs.

The SECCo Board continue to oversee and maintain several contractual arrangements, including those with the Independent Chairs for the relevant Sub-committees, Independent specialists, the User CIO, and legal advisors. The contract with SECAS was extended by a further two years.

In April 2018, the Panel agreed their annual budget of £6,768m for the year to 31 March 2019. The total billings made was £7.635m of which £6.589m has been recognized as turnover in the year. This included income from the accession fees as well as pass-through costs for the Security Assessments attributable to specific Parties. All work undertaken on behalf of SECCo is within budget. The unused amount to be returned to the DCC will be £1,045m.

Peter Davies  
Director & Chairman  
12 July 2019

## **SMART ENERGY CODE COMPANY LIMITED**

### **DIRECTORS' REPORT**

#### **INTRODUCTION**

The Directors present their report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 March 2019.

#### **PRINCIPAL ACTIVITIES**

SECCo was established on behalf of Parties to the Smart Energy Code (SEC) in order to assist the SEC Panel in meeting its responsibilities to ensure that the objectives of the SEC are achieved. The SEC is the legal agreement that sets out the rights and obligations between the holder of the DCC Licence<sup>1</sup> and the organisations that wish to use the services that the DCC provides. This is a multi-party framework for Great Britain, comprising the DCC licensee and organisations that hold energy licences (Electricity Suppliers, Gas Suppliers, Electricity Distribution Businesses and Gas Network Operators); as well as other businesses engaged in commercial activities connected with the supply of energy.

The Company operates as the corporate vehicle that assists the SEC Panel in the exercise of its functions and powers, including entering into contracts with third party providers.

The running costs and expenses of the Company are met by the DCC in accordance with the provisions of the SEC (Section C8.1). The principal contract SECCo holds is with Gemserv Limited for the provision of the code administration and secretariat services.

#### **RESULTS AND DIVIDENDS**

The Company is run on a 'break-even' basis. The Company therefore makes neither a profit nor a loss, with any surplus being offset with amounts due from the DCC, in the following financial year. The Directors do not intend to declare a dividend.

#### **SHARE ISSUES**

All parties that accede to the SEC are offered the option to become a shareholder in SECCo Limited. 28 new shares were issued during the year. Eight shares were returned: one by a withdrawing Party and seven via nominee from expelled Parties. The total number of shareholders increased from 264 to 292 in the year.

#### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The Company was incorporated in March 2013 and over the last year has focused on ensuring the appropriate contractual arrangements are in place to ensure the SEC requirements are effectively and efficiently delivered. This has included working with the Independent Chairs in place for a number of the Sub-Committees and maintaining oversight of the User Competent Independent Organisation.

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<sup>1</sup> Granted under section 6(1A) of the Electricity Act and section 7AB(2) of the Gas Act

**SMART ENERGY CODE COMPANY LIMITED**  
**DIRECTORS' REPORT (continued)**

**DIRECTORS**

The Directors who served during the year were as follows:

	<b>DATE OF APPOINTMENT</b>	<b>DATE OF RESIGNATION</b>
Peter Davies	14.02.14	–
Michael Gibson	23.09.14	–
David Lane	23.09.13	18.03.19
Hugh Mullens	23.09.14	23.09.18
Simon Trivella	23.09.13	–
Michael Woodhall	23.09.18	–
Ashley Pocock	23.09.17	–
Leigh Page	23.09.17	–
Gary Cottrell	23.09.17	–
Karen Lee	23.09.17	–
Helen Fleming	17.07.17	13.06.18
Ro Crawford	09.11.18	–
Paul Fitzgerald	12.04.19	–

**PAYMENT OF COMMERCIAL DEBTS**

The Company maintains a policy of paying its suppliers in accordance with agreed credit terms.

**CORPORATE GOVERNANCE**

The Company believes in complying with the principles of good corporate governance and this statement describes how these principles have been applied.

***Directors***

The Directors supervise the management of the company. The Board meets frequently throughout the year and Directors may attend in person or by teleconference. The Board has reserved certain items for its review and approval, including the annual accounts, significant capital expenditure and services agreements. The annual budget is approved by the Board members sitting as the SEC Panel in consultation with all the SEC Parties. Other than the independent Chairman all Directors are representative of SEC Parties and accordingly are not remunerated apart from reimbursement of expenses.

## SMART ENERGY CODE COMPANY LIMITED DIRECTORS' REPORT (continued)

### ***Internal Financial Controls***

The Company has established a system of internal financial control which is designed to provide reasonable but not absolute assurance that the company's assets are safeguarded from misstatement or loss. The key procedures are:

**1**     ***Control environment***

There are clear responsibilities and accountabilities within a defined organisational structure.

**2**     ***Control procedures***

There are comprehensive policies and procedures which cover authorisation, recording of data and physical security, along with segregation of duty procedures are in line with companies of this size and complexity.

**3**     ***Information and financial reporting systems***

There are planning procedures in place, which include detailed operational budgets for the year ahead. These budgets are approved by the Board and actual results are monitored regularly in comparison with budgets and forecasts.

### **AUDITORS**

Grant Thornton UK LLP will be re-appointed as auditors of Smart Energy Code Company Limited. A resolution proposing their re-appointment will be put forward at a General Meeting.



## **SMART ENERGY CODE COMPANY LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and 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;
- 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In preparing this report, the directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.

Director  
12 July 2019

## Independent auditor's report to the members of Smart Energy Code Company Limited

### Opinion

We have audited the financial statements of Smart Energy Code Company Limited (the 'company') for the year ended 31 March 2019 which comprise the income statement, the statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

## **Independent auditor's report to the members of Smart Energy Code Company Limited (continued)**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matter on which we are required to report under the Companies Act 2006**

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 directors' report.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report.

## **Independent auditor's report to the members of Smart Energy Code Company Limited (continued)**

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 9, 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: [www.frc.org.uk/auditorsresponsibilities](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.

Paul Brown

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

12 July 2019

**SMART ENERGY CODE COMPANY LIMITED  
INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2019**

	<b>NOTE</b>	<b><u>2019</u></b> <b>£'000</b>	<b><u>2018</u></b> <b>£'000</b>
<b>TURNOVER</b>	1	6,589	6,840
Administrative Expenses		<u>(6,589)</u>	<u>(6,840)</u>
<b>PROFIT/LOSS BEFORE TAXATION</b>		-	-
Tax on profit/loss on ordinary activities	2	-	-
<b>RESULT FOR THE YEAR</b>		<u><u>-</u></u>	<u><u>-</u></u>

All amounts relate to continuing operations.

The notes on pages 15 to 17 form part of these financial statements.

**SMART ENERGY CODE COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2019**

	<b>NOTES</b>	<b><u>2019</u></b> <b>£'000</b>	<b><u>2018</u></b> <b>£'000</b>
<b>FIXED ASSETS</b>			
Property, Plant & Equipment	5	-	-
<b>CURRENT ASSETS</b>			
Debtors falling due within one year	6	1,204	1,497
Cash at bank and in hand		<u>1,449</u>	<u>936</u>
		2,653	2,433
<b>CREDITORS</b>			
Amounts falling due within one year	7	<u>(2,653)</u>	<u>(2,433)</u>
		<u>-</u>	<u>-</u>
<b>NET CURRENT ASSETS</b>			
		<u>-</u>	<u>-</u>
<b>TOTAL ASSETS LESS LIABILITIES</b>			
		<u>-</u>	<u>-</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	8	-	-
Profit and loss account		-	-
		<u>-</u>	<u>-</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>			
		<u>-</u>	<u>-</u>

The financial statements have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies and in accordance with FRS 102 Section 1A. The financial statements were approved by the Board on 12<sup>th</sup> July 2019 and signed on its behalf by:

Peter Davies  
Director & Chairman  
Company Number 08430267

The notes on pages 15 to 17 form part of these financial statements.

**SMART ENERGY CODE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**1 COMPANY INFORMATION AND ACCOUNTING POLICIES**

Smart Energy Code Company Limited (the Company) is a private company, limited by shares, domiciled in England and Wales. The registered office is 8 Fenchurch Place, London, EC3M 4AJ.

**(A) BASIS OF ACCOUNTING**

The financial statements are prepared under the historical cost convention and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland including Section 1A.

A summary of the principal accounting policies, all of which have been applied consistently throughout the year are set out below:

**(B) GOING CONCERN**

The shareholders receive income for the Company in accordance with the provisions of the SEC and the Company operates with the intention of breaking even. The directors are of the view that the company will have adequate resources to continue operation existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

**(C) TURNOVER**

Turnover represents the amount chargeable for the year to SEC Parties under the terms of the SEC agreement. Turnover is stated net of value added tax.

**(D) EXPENSES**

Expenses are recognised as incurred and are measured net of value added tax.

**(E) FINANCIAL INSTRUMENTS**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors. Both are measured at amortised cost.

**2 PROFIT/LOSS BEFORE TAXATION**

The profit/loss before taxation is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b><u>£'000</u></b>	<b><u>£'000</u></b>
Auditor's remuneration		
– Audit services	6	5
– Tax services	1	1
	<hr/>	<hr/>

### 3 DIRECTORS

The Company has one employee, who is also a director of the company. The average number of directors during the year was:

	<u>2019</u>	<u>2018</u>
	10	10

The total amount of Directors' remuneration was £146k (2018: £147k), this was made up of a salary of £127k and national insurance of £19k.

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2019</u> £'000	<u>2018</u> £'000
<b>Analysis of charge for the year</b>		
Current tax:		
Corporation tax on profit for the year	-	-
Tax under-provided in prior years	-	-
<b>Total current tax charge</b>	<u>-</u>	<u>-</u>

### 5 FIXED ASSETS

	£'000
As at 1 April 2018	2
Additions	-
<b>As at 31 March 2019</b>	<u><u>2</u></u>
As at 1 April 2018	2
Charge for the Year	-
<b>As at 31 March 2019</b>	<u><u>2</u></u>
<b>Net book value</b>	<u><u>-</u></u>



## 6 DEBTORS

	<u>2019</u> £'000	<u>2018</u> £'000
Trade debtors	1,204	1,497
Other debtors	-	-
	<u>1,204</u>	<u>1,497</u>

As at 31 March 2019, "Trade debtors" includes receivables from DCC, an entity with which the company has a common director, amounting to £1.2m (2018: £1.5 million) arising from expenses incurred and recharged to DCC.

## 7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2019</u> £'000	<u>2018</u> £'000
Trade creditors	1,053	635
Other taxation and social security	6	6
Accruals and deferred income	1,593	1,739
VAT Payable	1	53
	<u>2,653</u>	<u>2,433</u>

## 8 SHARE CAPITAL

	<u>2019</u> £	<u>2018</u> £
<b>Authorised, Allotted</b>		
292 (2018: 264) Ordinary shares allotted during the year of £1 each	292	264

28 Ordinary shares of £1 each were issued at par during the year.  
All parties that accede to the SEC are offered the option to become a shareholder in SECCo Limited.

## 9 PARENT COMPANY

There is no ultimate parent company.