



SMART ENERGY CODE COMPANY LIMITED
Company Number 08430267

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021



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FOR THE YEAR ENDED 31 MARCH 2021**

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

DIRECTORS

Peter Davies	Director & Chairman
Edward Rees	Director
Simon Trivella	Director
Ashley Pocock	Director
Karen Lee	Director
Tracey Saunders	Director
Ro Crawford	Director
Terry Jefferson	Director
Ralph Baxter	Director (Appointed 01 July 2020)
Sarah Hayes	Director (Appointed 23 September 2020)
Alexander Travell	Director (Appointed 01 October 2020)

COMPANY SECRETARY

Louise Evans

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

RSM UK AUDIT LLP
25 Farringdon Street
London
EC4A 4AB

BANKERS

The Royal Bank of Scotland
49 Bishopsgate
London EC2N 3AS

COMPANY REGISTRATION NUMBER

08430267

Contact Details

Email: secas@gemserv.com

Website: smartenergycodecompany.co.uk



SMART ENERGY CODE COMPANY LIMITED

CHAIRMAN'S STATEMENT

This Annual Report covers the period April 2020 to March 2021, a year which has seen significant industry disruption, as a result of the COVID-19 restrictions.

SEC Parties have experienced constraints on their time and resources, and smart meter installation rates have been forced to slow down. Yet the business operation of the SEC Panel and its Sub-Committees has been largely unaffected, thanks to its swift transition to full remote working. Digitalisation enabled in-person meetings and events to become virtual, and Privacy and Security assessments to be conducted remotely. In addition, the Operations Group regularly reviewed the operational status of the Data Communications Company's (DCC) critical services and staff, as part of its Business Continuity Plan, to ensure these remained available to Users.

Beyond COVID-19, the SEC Panel has continued to monitor and manage the issues and risks arising from increased utilisation of the DCC systems, through its various Sub-Committees and SECAS, the Code Administrator and Secretariat. During the period, SECAS hosted over 180 remote meetings to facilitate SEC Panel business, key decision points for the DCC, to identify and mitigate high-profile operational issues, and to meet the SMETS1 enrolment and adoption go-live schedule.

The SEC Panel has continued to fulfil its duties in relation to assessing DCC readiness at various stages of meter rollouts. Activities have included the assessment against Live Services Criteria to inform go-live decisions associated with the enrolment of SMETS1 Device Model Combinations into DCC systems; operational support and issue resolution given the increased volume of SMETS2 installations; and assessment of modifications that have the potential to impact the technical and business architectures.

The Department for Business, Energy & Industrial Strategy (BEIS) and Ofgem continue to seek assurance and technical oversight from the SEC Panel in relation to the DCC's delivery of services and projects to support quality outputs. As part of the Panel's duty to consider developments in services from a SEC Party perspective, BEIS has asked the Panel to provide a view on the DCC's Network Evolution proposals, which will form the BEIS decision. The Sub-Committees meet regularly with the DCC to ensure milestones are delivered on time, to review programme documentation, and to help shape the Panel's view.

The SEC Panel and Sub-Committees continue to emphasise and adhere to good Code governance through rigorous assessment and cross-committee collaboration. The Strategic Working Group (SWG) has also been founded to ensure that the SEC, and how it is fulfilled, remains relevant and fit for purpose in an evolving GB energy market, and to support the Panel with developing a long-term strategic approach to projects and industry matters.

Throughout the year, SEC Party Engagement has increased, with the introduction of monthly engagement calls by Party type to improve two-way communication and transparency. Topic-focused webinars have been rolled out and a remote Annual SEC Party Engagement Day held. Increased focus has been placed on website and newsletter content to ensure it remains relevant and engaging, and we now have 470 registered users of CodeWorks, the digital version of the SEC, which allows users to engage with content relevant to their Party Type.



SMART ENERGY CODE COMPANY LIMITED
CHAIRMAN'S STATEMENT (continued)

Throughout the year, SEC Parties have been regularly consulted for their views on matters which impact them.

In total there are 335 Parties to the Code representing 263 Voting Groups. During the year, 21 Parties acceded to the SEC, 15 Parties completed the User Entry Process, and 99 Parties underwent Security Assessments.

With increased experience, Parties have requested further adaptations to the Code, with 39 new Modification Proposals being raised. Three scheduled SEC Releases were delivered, with 27 modifications implemented across the year. A review of 'SEC Section D' was carried out to identify enhancements and efficiencies to the framework, aimed at reducing the timescales and cost of change moving forward.

Security and Privacy activities have remained consistent throughout the pandemic, with Privacy and Security Assessments now being carried out remotely. Following the transition of Commercial Product Assurance (CPA) decision-making responsibilities from the National Cyber Security Centre (NCSC) to the Security Sub-Committee (SSC) in 2019, it continues to monitor Devices with expired or removed CPA certificates and requests Supplier remediation plans to determine whether to remove Devices from the Central Products List (CPL).

Throughout the year, SECAS has continued to provide support to the SEC Panel and its Sub-Committees, building the resource and capability to support the increased volume and complexity linked to live operations, and ensuring a smooth transition to remote service delivery. SECAS reports activity levels and costs to the Panel and SECCo Board on a monthly basis, seeking prior approval via quarterly work packages, which set out resourcing and cost estimates.

The SECCo Board continues to oversee and maintain several contractual arrangements, seeking to ensure best value for money for SEC Parties via competitive tenders. Of note, a successful procurement of the User Competent Independent Organisation (CIO) and User Independent Public Accountant (IPA) was carried out.

In March 2020, the Panel agreed its annual budget of £8.3m for the year to 31 March 2021 (excluding recharge income and expenditure for the User CIO). Expenditure against this budget was £7.2m with the remaining unused amount credited to the DCC.

I would like to take this opportunity to recognise and give my sincere thanks to those who support the SEC Sub-Committees and Working Groups with their time and expertise, without which we would simply not be able to function. The workload of the Sub-Committees and expert groups has increased significantly over the year with additional meetings needed to those scheduled to meet a wide range of priorities and SEC Obligations.

DocuSigned by:

Peter Davies

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Peter Davies
Director & Chairman
16 July 2021



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 2021.

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 Licence¹ 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. 7 new shares were issued during the year. The total number of shareholders increased from 309 to 316 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.

1 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:

	DATE OF APPOINTMENT	DATE OF RESIGNATION
Peter Davies	14.02.14	—
Michael Gibson	23.09.14	22.09.20
Simon Trivella	23.09.13	—
Michael Woodhall	23.09.18	22.09.20
Ashley Pocock	23.09.20	—
Ralph Baxter	01.07.20	—
Sarah Hayes	23.09.20	—
Karen Lee	23.09.17	—
Ro Crawford	09.11.18	—
Paul Fitzgerald	12.04.19	22.09.20
Edward Rees	24.09.19	—
Tracey Saunders	24.09.19	—
Alexander Travell	01.10.20	—
Terry Jefferson	23.09.19	—

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 that 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

RSM UK Audit LLP has expressed its willingness to continue in office.

BASIS OF PREPARATION

The report of the Directors has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.



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.

DocuSigned by:

Peter Davies

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Peter Davies

Director & Chairman

16 July 2021



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 2021 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 2021 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.

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.



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. 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.

Malcolm Pirouet [Senior Statutory Auditor]
for and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street, London, EC4A 4AB
16 July 2021



SMART ENERGY CODE COMPANY LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	NOTE	<u>2021</u> £'000	<u>2020</u> £'000
TURNOVER		8,262	8,294
Administrative Expenses		<u>(8,262)</u>	<u>(8,294)</u>
PROFIT/LOSS BEFORE TAXATION		-	-
Tax on profit/loss on ordinary activities		-	-
RESULT FOR THE YEAR		<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 2021

	NOTES	<u>2021</u> £'000	<u>2020</u> £'000
CURRENT ASSETS			
Debtors falling due within one year	4	937	315
Cash at bank and in hand		<u>2,173</u>	<u>1,173</u>
		3,110	1,488
CREDITORS			
Amounts falling due within one year	5	<u>(3,110)</u>	<u>(1,488)</u>
		<u>-</u>	<u>-</u>
NET CURRENT ASSETS			
		<u>-</u>	<u>-</u>
TOTAL ASSETS LESS LIABILITIES			
		<u>-</u>	<u>-</u>
CAPITAL AND RESERVES			
Share capital	6	-	-
Profit and loss account		-	-
		<u>-</u>	<u>-</u>
EQUITY SHAREHOLDERS' FUNDS			
		<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 16 July 2021 and signed on its behalf by:

DocuSigned by:

Peter Davies

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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 2021

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. Having considered potential impacts of COVID-19, the directors are of the view that the company will have adequate resources to continue to operate and remain in 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:

	<u>£'000</u>	<u>£'000</u>
Auditor's remuneration		
– Audit services	8	6
– Tax services	2	1
	<u> </u>	<u> </u>



SMART ENERGY CODE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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>2021</u>	<u>2020</u>
11	11

The total amount of Directors' remuneration was £157k (2020: £153k), this was made up of a salary of £139k and national insurance of £18k.

4 DEBTORS

	<u>2021</u> £'000	<u>2020</u> £'000
Trade debtors	937	200
VAT recoverable	-	115
	<u>937</u>	<u>315</u>

As at 31 March 2021, "Trade debtors" includes receivables from DCC, an entity with which the company has a common director, amounting to £0.9m (2020: 0.2m) arising from expenses incurred and recharged to DCC.

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2021</u> £'000	<u>2020</u> £'000
Trade creditors	2,353	829
Other taxation and social security	5	6
Accruals and deferred income	714	653
VAT payable	38	-
	<u>3,110</u>	<u>1,488</u>



**SMART ENERGY CODE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

6 SHARE CAPITAL	<u>2021</u>	<u>2020</u>
	£	£
Authorised, Allotted		
316 (2020: 309) Ordinary shares allotted during the year of £1 each	316	309

All parties that accede to the SEC are offered the option to become a shareholder in SECCo Limited.

7 PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.