

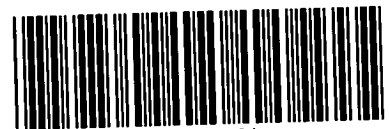
Ecotricity Group Ltd

**Annual Report and Consolidated Financial
Statements**

Registered number 03521776

For the year ended 30 April 2023

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Company Information

Directors

Dale Vince
Alistair Harrison
Andrew Hibberd
Asif Rehmanwala
Paul Sands
Anita Yandell-Jones

Registered office

Lion House
Rowcroft
Stroud
Gloucestershire
GL5 3BY

Auditor

PKF Francis Clark
Chartered Accountants
90 Victoria Street
Redcliffe
Bristol
BS1 6DP

Strategic Report

The Directors present their strategic report for the year ended 30 April 2023.

Principal activities

The principal activities of Ecotricity Group Ltd (the “Company”) are the provision of central services to subsidiaries of Green Britain Group Limited (the “wider Group”) and a holding company for various subsidiaries.

The Company together with its subsidiaries (the “Group”) undertake the following activities:

- The supply of green energy to homes and businesses in Britain
- The generation of power through the Group’s wind and solar park portfolio and the development of green generation projects.

Group activities

The Group’s mission is to fight climate change. It promotes sustainability in all walks of life, with the vision of making a Green Britain and reducing the use of fossil fuels.

The unique business model we operate uses customers’ energy bills to fund the building of new sources of green energy, which we term ‘Bills to Mills’ – energy bills into windmills, gas mills or sun mills.

The Group operates a ‘not for dividend’ model which enables the re-investment of profits back into the mission.

Business review

Trading Activity

Supply

Trading conditions in the energy supply sector have been challenging throughout financial year 2023. Rising gas prices caused by the war in Ukraine and economic sanctions with Russia caused uncertainty over gas supplies in Europe. Gas prices increased ten-fold from historical averages in the run-up to winter 2022-23.

Despite this challenging backdrop, Ecotricity Limited (company number 03043412) delivered a pre-tax profit of £44.7 million (2022: £9.7 million), offset in part by increased management charge for support services to Group companies of £56.0 million (2022: £36.0 million). This has been driven by strong revenue growth, increasing by 60.9% to £540.8 million (2022: £336.0 million). The continued use of a strong hedging strategy has helped to mitigate the risk of volatile power prices and ensure the company continued to have liquidity with its suppliers in the wholesale market. In addition, the Directors have also had a strong focus on cost control and efficiency which has also contributed to the supply business’ profitable outcome.

Through financial year 2023, significant progress has been made in improving the customer service offering with the completion of a migration of Business customers onto a new billing system and the start of a project to migrate Domestic customers onto a new customer relationship management system. This will significantly improve productivity and customer experience.

Generation

The Generation business currently consists of 74 turbines across 23 wind parks (87.8 MW) (windmills) and three solar assets (17.4 MW) (sun mills).

Wind and solar generation was 151 GWh (2022: 142 GWh). Overall turbine availability has improved, with the year-end position standing at 95.93% (2022: 92.72%).

Strategic Report (continued)

Development Projects

The Domestic Gas and Electricity (Tariff Cap) Act 2019 came into force in July 2018. This Act placed a duty on Ofgem to introduce a default tariff cap for domestic consumers on Standard Variable Tariffs (SVTs) and default tariffs. Ofgem granted a temporary derogation in January 2019 to Ecotricity Limited and extended this to an enduring derogation in September 2019. The Group has committed that it will continue to develop and build new green energy generation projects as part of the derogation.

At the end of financial year 2023, construction at Dalby (8.7MW) and Bulkworthy (7.9MW) solar projects in Leicestershire and Devon had been completed. Both contribute to our power derogation spend and use our existing infrastructure at two of our windmill sites.

Hill Farm green gas mill (5.5MW) is our first vegan gas-producing facility and construction began in financial year 2023. It will produce biomethane via anaerobic digestion, using grass from the local area as the primary feedstock. The project is expected to generate 46 GWh of biomethane. It is due for completion in late 2023 and will contribute to our gas derogation spend.

The Group is also proceeding with a 10MW battery storage project for our Alveston windmill site. This project is an exciting step for the Group to help drive the energy transition and is key to developing our 'Smart Grids' proposition. The battery is expected to be in service in early 2024.

Full-year results

The turnover of the Group has grown year on year to £544.1 million (2022: £340.6 million). The increase is mainly due to revenue growth in the energy supply company.

The strong sales growth in the year, allied to a well-hedged wholesale cost position, has enabled our gross profit to increase to £144.4 million (2022: £99.3 million).

Total pre-tax profit was £50.3 million (2022: £41.6 million).

The overall net asset position of the group increased from £92.3 million to £127.5million.

Long-term liabilities, which stood at £42.4 million as at the balance sheet date (2022: £51.2 million), have declined with debt repayment obligations. The Coronavirus Large Business Interruption Loan Scheme was fully repaid in the year, and the mortgage on our head office has been repaid early, post year end.

Future developments

The Directors are pleased with the performance of the Group, despite the volatile trading conditions. They recognise that the outlook for energy supply remains challenging. Power and gas prices remain volatile and higher than the historic pre-2022 average due to macro-economic factors. Competition and differentiation are more challenging in the current retail market due to a volatile wholesale market, the consolidation of suppliers that is currently underway and the regulatory environment. The Directors continue to exercise a robust hedging strategy to reduce volatility for our customers.

In addition, the 'cost of living crisis' is making it more difficult for customers to meet everyday bills including higher energy costs which are nearly double the historic average. Management maintains a robust debt collection process and evaluation of customer credit worthiness whilst also investing in our technology platforms to improve our customer experience and efficiency.

The Directors continue to commit to re-investing any profits made into the Group's projects, primarily to support the continued generation of green energy, but also its other initiatives which underpin the wider Group's mission, to promote sustainability in all walks of life.

Strategic Report (continued)

Principal risks and uncertainties

The principal risks arising from the Group's activities continue to be:

Political and regulatory risk

There have been a significant number of changes to the regulations governing the energy industry. The Smart Meter rollout requires the Group to continue to invest resources and costs to ensure the Group remains both compliant and competitive.

The regulatory environment since Autumn 2021 has become more complex. There has been accelerated scrutiny covering all conditions within the supply license. The resulting pressure, for a group of our size, is leading to higher costs that will be a challenge to absorb and will, therefore, likely be passed on. As such, the Directors believe a one-size-fits-all regulatory policy will not allow a competitive and financially stable market to grow and be maintained.

Government stepped in to mitigate the impact of higher wholesale prices on consumers. This support was welcomed by the Directors as it helps UK consumers and the energy market deal with higher prices seen in 2022/23. There is a requirement for the Group to manage these schemes as they wind down, to remain compliant. The Group continues to engage with industry and government consultations to help improve energy policy and regulation and ensure regulation best serves consumers.

Weather volatility and demand

Variability in relation to the weather directly impacts both customer demand and energy purchasing strategy. The supply business purchases energy both within the Group from the generation portfolio as well as trading on the wholesale market. To mitigate commodity price risk associated with weather change, a robust hedging model is maintained. This facilitates the avoidance of short-term system imbalances and ensures the business remains adequately hedged.

Competition

The Group is exposed to a competitive supply market for gas and power for both domestic and business customers. This impacts the operation in several ways including customer growth, customer retention, supply volume, and earnings. Market competitiveness was impacted in the year due to high energy prices and a number of recent market exits. The Directors continue to monitor competitive conditions. The Group manages this risk through its ethical pricing strategy, and consistent offering of excellent customer service, underpinned by its green credential status to attract like-minded customers.

Financial risk management

The Group is exposed to a variety of financial risks including commodity price risk, interest rate risk, credit risk and liquidity risk. The Group monitors energy prices and analyses supply and demand volumes to manage exposure to these risks. The Group's hedging policy results in buying power and gas 'forward', to mitigate future risk. The Group does not enter into or trade financial instruments, including derivatives, for speculative purposes.

The hedging strategy employed has the Group purchasing energy for the length of a customer's fixed contract or in increments over a year before the energy is consumed by our customers. This gives the Group and its customers stability in the prices it can offer and helps the group maintain liquidity with its suppliers in the wholesale market were there to be a spike in wholesale prices like that seen in 2022. This, however, differentiates from how wholesale prices are observed in Ofgem's Price Cap which leads suppliers to hedge for the next season and is the reference price for the market. This will lead to the Group's financial profitability being more volatile where there is extreme wholesale price volatility between two financial years. However, the Directors have assessed the risk and have identified, that in the long term, the benefits of the Group's hedging strategy outweigh this. They have put in place additional monitoring controls to help them monitor and navigate this risk.

Strategic Report *(continued)*

Section 172 statement

The stakeholders of the Group and its subsidiaries are critical to the success of our strategy and business model. Engagement with our stakeholders sets out the key priorities for the direction of the Group, assisting with Directors' decision making throughout the year.

A director of a company must act to promote the success of the company for the benefit of all its members, and in so doing considering (amongst other matters):

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company in maintaining a reputation for high standards of business conduct, and
- The need to act fairly between members of the company.

In order to fulfil these duties, the Directors consider a number of areas including:

The Directors are responsible for key decisions relating to the Group's strategic direction. They are provided with information to inform these decisions from operational and administrative functions within the business. Finance help to facilitate these decisions by running an annual budgeting process, in-year reforecasting and business cases for specific projects or initiatives.

Our people

Our people are at the heart of what we do. They drive the Group forward in achieving our goal to provide 100% green energy to help stop climate change. Employees are supported in areas such as their health and well-being through the provision of the Simply Health care plan, as well as providing a safe, inclusive and enjoyable place to work. The Group has supported its people through the cost of living crisis by giving all staff two pay rises during the financial year; the first a 5% inflationary uplift and the second a flat £1,500 increase for all employees. The Group focuses on great management of people to bring out the best in the team and to focus on their development. Employees are given the opportunity to give back to the community by providing a charity day each year.

The Group engages with its employees through an Employee Forum. It meets regularly to engage with the Directors and senior management about the workplace, policies and decisions currently being made.

Our customers

The Group focuses on engagement with our customers to deliver a quality service, shown by its improvement in its Citizen's Advice Bureau customer service rating, whilst at the same time assisting our customers in their own green journeys to work towards our mission of fighting climate change, with reduced use of fossil fuels and a Green Britain. What makes Ecotricity different from other energy companies is that the money made from customers' bills is used to build new forms of green energy.

This is called Bills into Mills and it means that by customers' paying their bills every month they are helping fight climate change. Every new windmill, gas mill or sun mill built reduces Britain's reliance on fossil fuels. The Group has also made a significant investment to upgrade the billing system to help customer care and experience.

The energy market was affected by the energy crisis during the financial year, where wholesale prices were substantially higher than the historical average and were volatile throughout the year. As a result, Ofgem more than doubled the price cap from April 2022 to January 2023, meaning a significant increase in costs for our customers. The Group focused on communicating with them about prices and the reason for the prices, to better enable them to plan for price movements as they occurred.

During the autumn and winter of 2022/23, the Government introduced a number of support schemes designed to assist both domestic and business energy customers to pay their energy bills. The Group incorporated these into its pricing

Strategic Report (continued)

and communications with customers to pass on the savings and to ensure they received all the support and information they were entitled to.

Business relationships and the community

In a year where the energy crisis was a significant challenge for the industry, it was important for the Group to maintain its relationships with suppliers to ensure continuous supply of energy to customers. The Group's prudent hedging strategy helps ensure it achieves this. It also continued to maintain good working relationships with its trading counterparties.

Building a Green Britain isn't something that can be done alone. The Group partners with companies and organisations that share its values, from powering their operations to running campaigns about the issues the Group cares about. The Group has affiliations with a wide variety of environmentally conscious organisations.

Environment

The Group's mission is to fight climate change. As an energy company, the best way to do this is to end fossil fuels by giving people an alternative – green energy. As Britain's greenest energy company, the Directors are aware that the Group needs to go further than supplying green energy and that the activities the Group undertakes need to be as sustainable as possible. To achieve this an environmental policy has been put in place, which is regularly updated, alongside a range of measures including constant monitoring of the Group's environmental footprint.

Government

Since Ecotricity was founded in 1995, Britain has increased its green energy output, from ~5% to ~40%, but there is still a long way to go to meet the UK Government's target of net zero by 2050. The Group continues to lobby the UK Government to pursue wider reaching and more determined policies to address the climate emergency.

Events after the balance sheet date

See note 26 to the financial statements.

Approved by the Board on

14 / 11 /

2023 and signed on its behalf by:

A Rehmanwala
Director

Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY

Directors' Report

The Directors present the Directors' Report and financial statements for the year ended 30 April 2023.

Directors

The Directors who held office during the year and up to the date of this report were as follows:

Dale Vince
Kate Vince (resigned 14 September 2023)
Asif Rehmanwala
Alistair Harrison
Andrew Hibberd (appointed 1 May 2023)
Paul Sands
Anita Yandell-Jones

Employees

The Section 172 Statement explains how the Group engages with its employees. The Group is committed to ensuring the development of its employees including disabled employees. The Group values the differences between employees that define them as unique individuals and that diversity within the workplace is an integral part of achieving success. This includes giving full and fair consideration to applications for employment by the Company made by disabled persons, having regard to their particular aptitudes and abilities and the continuing employment of, and for arranging appropriate training for, employees of the company who have become disabled persons during the period when they were employed by the Company.

Political and charitable contributions

The Group made charitable donations of £8.2 million (2022: £0.3 million) in the year. This includes £7.9 million (2022: £0.2 million) to the Green Britain Foundation, a charity and company of which one of the directors is also a director.

The Group made political donations of £0.5 million (2022: £0.2 million) in the year to the Labour Party.

Directors' liabilities

Green Britain Group Limited has put in place third-party indemnity provisions for all the Directors of the Company.

Disclosures

Disclosures around future developments, post balance sheet events and financial risk management objectives and policies required in the Directors' report have been presented in the Strategic Report.

Going concern

The Group has net assets of £127.5 million (2022: £92.3 million) and net current assets of £30.0 million (2022: £7.2 million). The Group made a profit before tax in the year of £38.8 million (2022: £32.8 million). The Group is part of the Green Britain Group; the Company provides not only financial but also administrative and operational support to the Group. The operations of the Group are closely linked with the operations of other members of the Green Britain Group. The Company has received written confirmation from Green Britain Group Limited that it intends to continue to support the Company as necessary.

The Directors have undertaken an assessment of the wider Group's cash flows for a period of 12 months from the date of signing, and also considered the potential cash flows into the future. This was done by undertaking a detailed assessment of the wider Group's performance for the financial years 2024 and 2025. This forecast uses the latest outlook for power and gas wholesale prices and the Group's current hedged position. This includes generation from the Group's own generation sites which are assumed to be at historical generation levels.

Directors' report (continued)

It has taken the Director's view of how competition in the market will change given wholesale prices. It assumes that:

- Energy prices are now lower than during the energy crisis, but at higher than historical average levels
- Energy use will remain low compared to historical average consumption levels driven in part by consumer response to higher energy prices
- Domestic customer numbers will remain stable with some targeted growth in business customers
- Reducing levels of bad debt due to lowering wholesale prices.

The forecast also takes into account the Group's non-energy activities and assumes current trading levels will continue. The wider Group's forecast considers current and projected cash balances, borrowings including bond redemptions, as well as anticipated capital expenditure.

Sensitivity analysis has been prepared consisting of several scenarios, which are considered plausible. These include:

- Wholesale prices at higher than historical levels but less than those seen during the 2022 energy crisis
- Wholesale prices dropping to the long-term historical average power prices
- 10% lower wind yields from our generating assets
- Interest rate rises alongside continuing cost of living pressures leading to Ecobonds being redeemed by all bondholders at one time for repayment in January 2025.

Plausible mitigating actions have also been considered in the preparation of these scenarios. The Director's consider these as potential levers they can use in any scenario, no matter how unlikely. These include a hedging strategy that allows Director's to manage volatile wholesale prices seen in the current energy market and navigate peaks of high prices seen in recent years. The wider Group's Directors closely manage and monitor capital expenditure as well as operational costs to ensure the future viability of the Group, and if needed could obtain a working capital facility or defer capital expenditure. Bond redemptions must be notified at least six months in advance of cash being released, giving the Directors time to arrange alternate sources of funding or the generation of cash through asset sales. The Group has a 105.2MW generation fleet which is a highly attractive set of assets.

In the scenarios forecast, the wider Group has sufficient cash reserves to meet its obligations and the Directors, therefore, consider that it can continue to operate as a going concern for a period of at least 12 months from the date of approving these financial statements.

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

PKF Francis Clark, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006, unless the company receives notice under section 488(1) of the Companies Act 2006.

Approved by the Board on 14/11/2023 and signed on its behalf by:


A Rehmanwala

Director

Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY

Statement of Directors' responsibilities in respect of the Annual report and the Financial statements

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, they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Ecotricity Group Ltd

Opinion

We have audited the financial statements of Ecotricity Group Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2023, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement, Consolidated Analysis of Net Debt, 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 Group's and the parent Company's affairs as at 30 April 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Group 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent Company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Opinion 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the Group and the parent 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 by the Group and parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group and parent Company 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 Statement of Directors' Responsibilities 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 Group's and the parent 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 Group or the parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group, industry and conversations with management and in-house legal counsel, we identified that the principal risks of non-compliance with laws and regulations as relating to breaches around health and safety and Ofgem regulations. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as The Companies Act 2006, the Financial Reporting Standard 102 and relevant tax legislation (Corporation Tax, VAT etc.). We considered the extent to which non-compliance with these laws and regulations may have a material effect on the financial statements.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to the overstatement of profit, either through overstating revenue, understating expenditure or management bias in accounting estimates. Based on this understanding we designed our audit procedures to identify irregularities. Our procedures involved the following:

- Enquiries to members of Management and the in-house legal counsel, regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
- Review of the Ofgem and other material licenses that the Group held, and processes required to comply with these;
- Challenging assumptions and judgements made by management in its significant accounting estimates in relation to revenue recognition around unbilled energy usage, valuation of wind and solar park assets and valuation of other assets including development costs;
- Evaluating the design and implementation of management's controls designed to prevent and detect irregularities;
- Examining draft tax computations and involving the use of our tax and other specialists as required;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business; and
- Reviewing financial statement disclosures and testing to supporting documentation and for compliance with applicable financial reporting requirements.

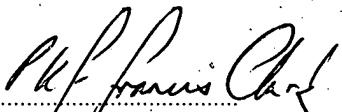
We did not identify any matters relating to non-compliance for laws or regulations or relating to fraud in the Group and Company or any material component on which audit procedures were performed.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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.


Paul Putnam (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor
90 Victoria Street
Redcliffe
Bristol
BS1 6DP

Date: 14 November 2023

Consolidated Profit and Loss Account
for the year ended 30 April 2023

	<i>Note</i>	2023 £m	2022 £m
Turnover	2	544.1	340.6
Cost of sales		(399.7)	(241.3)
Gross profit		<u>144.4</u>	<u>99.3</u>
Administrative expenses		(104.0)	(87.1)
Other operating income	3	2.9	3.6
Gain on disposal of group undertakings		10.7	30.2
Fair value loss on external investments		(1.2)	(1.5)
Operating profit		<u>52.8</u>	<u>44.5</u>
Interest receivable and similar income		0.2	-
Interest payable and similar charges	7	(2.7)	(2.9)
Profit on ordinary activities before taxation		<u>50.3</u>	<u>41.6</u>
Tax charge on profit on ordinary activities	0	(11.5)	(8.8)
Profit for the financial year		<u>38.8</u>	<u>32.8</u>
Profit attributable to:			
Shareholders of the parent company		38.8	32.8
Non-controlling interests		<u>-</u>	<u>-</u>
Total profit for the year		<u>38.8</u>	<u>32.8</u>

The notes on pages 22 to 43 form part of the financial statements.

Consolidated Statement of Other Comprehensive Income
for the year ended 30 April 2023

	<i>Note</i>	2023 £m	2022 £m
Profit for the year		38.8	32.8
Other comprehensive loss			
Revaluation of tangible fixed assets	10	(6.3)	(10.6)
Deferred tax on other comprehensive income	0	2.7	(0.3)
Other comprehensive loss for the year, net of income tax		(3.6)	(10.9)
Total comprehensive profit for the year		35.2	21.9
Total comprehensive income attributable to:			
Shareholders of parent company		35.2	21.9
Non-controlling interests		-	-
		35.2	21.9

The notes on pages 22 to 43 form part of the financial statements.

Consolidated Balance Sheet
at 30 April 2023

	Note	2023	2022
		£m	£m
Fixed assets			
Intangible assets	9	10.0	7.5
Negative goodwill	9	(1.7)	(1.6)
Tangible assets	10	141.9	139.4
Investments	11	10.6	10.8
		<u>160.8</u>	<u>156.1</u>
Current assets			
Stock		0.7	0.9
Debtors	12	125.7	162.3
Cash	13	86.6	38.4
		<u>213.0</u>	<u>201.6</u>
Creditors: amounts falling due within one year	14	<u>(183.0)</u>	<u>(194.4)</u>
Net current assets		<u>30.0</u>	<u>7.2</u>
Total assets less current liabilities		<u>190.8</u>	<u>163.3</u>
Creditors: amounts falling due after more than one year	15	<u>(42.4)</u>	<u>(51.2)</u>
Deferred tax liability	18	<u>(20.9)</u>	<u>(19.8)</u>
Net assets		<u>127.5</u>	<u>92.3</u>
Capital and reserves			
Called up share capital	19	-	-
Revaluation reserve		29.0	36.1
Profit and loss account		99.3	57.0
Equity attributable to the parent's shareholders		<u>128.3</u>	<u>93.1</u>
Non-controlling interests		(0.8)	(0.8)
Shareholders funds		<u>127.5</u>	<u>92.3</u>

The notes on pages 22 to 43 form part of the financial statements.

These financial statements were approved by the board of directors on 14/6/2023 and were signed by:


A Rehmanwala

Director

Company registered number: 03521776

Company Balance Sheet
at 30 April 2023

	<i>Note</i>	2023		2022	
		£m	£m	£m	£m
Fixed assets					
Intangible assets	9		9.1		7.6
Tangible assets	10		10.5		12.6
Investments	11		23.1		22.9
			<u>42.7</u>		<u>43.1</u>
Current assets					
Debtors	12	51.1		75.4	
Cash	13	<u>2.9</u>		<u>0.8</u>	
		54.0		76.2	
Creditors: amounts falling due within one year	14	(62.5)		(88.8)	
Deferred tax liability		(1.0)		-	
Net current liabilities			<u>(9.5)</u>		<u>(12.6)</u>
Total assets less current liabilities			<u>33.2</u>		<u>30.5</u>
Creditors: amounts falling due after more than one year	15		(2.6)		(3.0)
			<u>30.6</u>		<u>27.5</u>
Net assets					
Capital and reserves					
Called up share capital	19		-		-
Profit and loss account			<u>30.6</u>		<u>27.5</u>
Shareholders funds			<u>30.6</u>		<u>27.5</u>

The financial statements consolidate the accounts of Ecotricity Group Ltd and all of its subsidiary undertakings ('subsidiaries'). Intra-group sales and profits are eliminated fully on consolidation. No individual profit and loss account is prepared for Ecotricity Group Ltd as provided by Section 408 of the Companies Act 2006. The Company's profit after tax for the financial year was £3.1 million (2022 : £38.5 million).

The notes on pages 22 to 43 form part of the financial statements.

These financial statements were approved by the board of directors on 14 / 11 / 2023 and were signed by:


A Rehmanwala
Director

Company registered number: 03521776

Consolidated Statement of Changes in Equity

	Called up share capital £m	Revaluation reserve £m	Profit & loss account £m	Total shareholders equity £m	Non- controlling interests £m	Total Equity £m
<i>Balance as at 01 May 2021</i>	-	51.1	20.1	71.2	(0.8)	70.4
Total comprehensive income for the year						
Profit for the year	-	-	32.8	32.8	-	32.8
Other comprehensive loss	-	(10.9)	-	(10.9)	-	(10.9)
Total comprehensive income for the year	-	(10.9)	32.8	21.9	-	21.9
Transactions with owners, recorded directly in equity						
Transfer from revaluation reserve	-	(4.1)	4.1	-	-	-
Total contributions by and distributions to owners	-	(4.1)	4.1	-	-	-
<i>Balance as at 30 April 2022</i>	-	36.1	57.0	93.1	(0.8)	92.3

Consolidated Statement of Changes in Equity (continued)

	Called up share capital £m	Revaluation reserve £m	Profit and loss account £m	Total shareholders equity £m	Non- controlling interests £m	Total Equity £m
<i>Balance as at 01 May 2022</i>	-	36.1	57.0	93.1	(0.8)	92.3
Total comprehensive income for the year						
Profit for the year	-	-	38.8	38.8	-	38.8
Other comprehensive loss	-	(3.6)	-	(3.6)	-	(3.6)
Total comprehensive income for the year	-	(3.6)	38.8	35.2	-	35.2
Transactions with owners, recorded directly in equity						
Transfer from revaluation reserve	-	(3.5)	3.5	-	-	-
Total contributions by and distributions to owners	-	(3.5)	3.5	-	-	-
<i>Balance as at 30 April 2023</i>	-	29.0	99.3	128.3	(0.8)	127.5

The notes on pages 22 to 43 form part of the financial statements.

Company Statement of Changes in Equity

	Called up share capital £m	Profit and loss account £m	Total Equity £m
<i>Balance as at 01 May 2021</i>	-	(11.0)	(11.0)
Total comprehensive income for the year			
Profit for the year	-	38.5	38.5
Total comprehensive income for the year	-	38.5	38.5
<i>Balance as at 30 April 2022</i>	-	27.5	27.5
	Called up share capital £m	Profit and loss account £m	Total Equity £m
<i>Balance as at 01 May 2022</i>	-	27.5	27.5
Total comprehensive income for the year			
Profit for the year	-	3.1	3.1
Total comprehensive income for the year	-	3.1	3.1
<i>Balance as at 30 April 2023</i>	-	30.6	30.6

The notes on pages 22 to 43 form part of the financial statements.

Consolidated Cash Flow Statement
for the year ended 30 April 2023

	2023 £m	2022 £m
Cash flows from operating activities		
Profit for the year	38.8	32.8
Adjustments for :		
Depreciation, impairment and amortisation of fixed assets	15.3	12.5
Amortisation of loan fee	0.4	0.5
Net interest charge	2.5	2.9
Loss on disposal of fixed assets	-	0.1
Gain on disposal of group undertakings	(10.7)	(30.2)
Change in fair value of investments	1.2	1.5
Change in fair value of derivative	(0.4)	(0.3)
Taxation expense	11.5	8.8
Decrease/(increase) in stock	(0.6)	0.1
Decrease/(increase) in trade and other debtors	77.1	(95.3)
(Decrease)/increase in trade and other creditors	(34.9)	85.3
	100.2	18.7
Cash from operations		
Tax paid	(4.9)	(0.1)
Net cash from operating activities	95.3	18.6
Cash flows from investing activities		
Interest received	0.2	-
Proceeds from the sale of fixed assets	-	1.3
Proceeds from the sale of associates	-	32.1
Purchases of tangible and intangible assets	(26.5)	(8.7)
Purchase of shares in listed entities	(1.0)	(0.6)
Acquisition of subsidiary undertakings	(0.4)	-
	(27.7)	24.1
Net cash flow from investing activities		
Interest paid	(2.3)	(2.4)
Cash flows from financing activities		
Repayment of borrowings	(17.1)	(15.0)
Issue of new borrowings	-	0.8
	(19.4)	(16.6)
Net cash used in financing activities		
Net increase in cash and cash equivalents	48.2	26.1
Cash and cash equivalents at 01 May 2022	38.4	12.3
Cash and cash equivalents at 30 April 2023	86.6	38.4

The notes on pages 22 to 43 form part of the financial statements.

Consolidated Analysis of Net Debt

	At 1 May 2022 £m	Cash flows £m	Non-cash changes £m	Acquisitions & disposals £m	At 30 April 2023 £m
Cash and cash equivalents					
Cash	38.1	48.5	-	-	86.6
Short term deposits	0.3	(0.3)	-	-	-
Borrowings					
Debt due within one year	(15.5)	17.1	(9.2)	(41.6)	(49.2)
Debt due more than one year	(51.2)	-	8.8	-	(42.4)
	<u>(28.3)</u>	<u>65.3</u>	<u>(0.4)</u>	<u>(41.6)</u>	<u>(5.0)</u>

The notes on pages 22 to 43 form part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Ecotricity Group Ltd (the "Company") is a private company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £0.1 million.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No cash flow statement or net debt reconciliation has been presented for the parent Company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in totals of the wider Group consolidation; and
- Disclosures in respect of the parent Company's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a material impact in the next year are discussed in Note 25.

1.01 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: certain financial instruments classified at fair value through profit or loss and tangible fixed assets measured in accordance with the revaluation model.

1.02 Going concern

The Group meets its day-to-day working capital requirements through its cash balance and bank facilities. The energy industry and wider economic conditions continue to create uncertainty over both wholesale energy prices and market prices for energy supply. The Group's forecasts and scenario projections for the period to 30 April 2025, taking account of severe but plausible changes in wholesale prices, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being the period of these forecasts.

The Company has received written confirmation from Green Britain Group Limited that the Group will continue to provide the necessary financial and operational support to allow it to continue in operation for the foreseeable future, being a period of at least 12 months from the date of approval of these accounts.

As a result, the Directors have continued to prepare the financial statements on a going concern basis.

1.03 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 April 2023. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Notes (continued)

1 Accounting policies (continued)

1.03 Basis of consolidation (continued)

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights. However, where there is no significant influence despite a holding between 20% and 50%, this presumption can be rebutted. Investments with a holding between 20% and 50% without significant influence have been presented in the Balance Sheet within fixed asset investments.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1.04 Basic financial instruments

Trade, other debtors / creditors and deferred / accrued income

Trade, other debtors and accrued income are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors and accrued income.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash

Cash is cash at bank and held at nominal value. The Group's cash includes ring-fenced balances where there are restrictions in place.

1.05 Other financial instruments

Financial instruments not considered to be basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of basic financial instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

1.06 Tangible fixed assets

Tangible fixed assets, including assets under construction, other than power-generating assets, are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example, land is treated separately from buildings.

The Group assesses at each reporting date whether tangible fixed assets are impaired.

Notes (continued)

1 Accounting policies (continued)

1.06 Tangible fixed assets (continued)

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings 10-50 years
- Plant and machinery 15-30 years (less residual value based on estimates of scrap value)
- Fixtures, fittings and equipment 3-20 years
- Motor vehicles 4-5 years.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits. Assets under construction are not depreciated until the asset is available for use.

The Group has elected to apply the provisions of s841(5) of the Companies Act 2006 to transfer excess depreciation charged as a result of revaluations above historical cost from the revaluation reserve into the profit and loss account.

Revaluation

Power-generating assets are stated at fair value less any subsequent accumulated depreciation and impairment losses. Power generating assets are valued using a discounted cash flow valuation.

Gains on revaluation are recognised in other comprehensive income and accumulated in a revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss. Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

Development projects

Development projects are capitalised as assets under construction when it is probable that future economic benefits will flow to the entity. All expenditure directly attributable to the construction of the assets are capitalised at cost. After the project has completed, the asset will be reclassified and subsequently measured in line with the Group's accounting policy for that class of asset.

1.07 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Notes (continued)

1 Accounting policies (continued)

1.08 Intangible assets, goodwill and negative goodwill

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of investment. Where the consideration is related to transactions involving subsidiaries already within the Group, this is eliminated on consolidation.

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit. The expected life of negative goodwill is between 10-20 years.

Software development costs

Software development costs are capitalised as an intangible asset when it is probable that future economic benefits will flow to the entity, and the development costs can be reliably measured. The asset is initially recognised at cost. It is not amortised until the asset is available for use.

Other intangible assets

Software and other intangibles that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination is capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Brand name 15 years
- Software 10 years.

The basis for choosing the brand name useful life is a prudent assessment of the period in which the intangible will not require additional expenditure to refresh the brand.

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with FRS 102 Section 27 *Impairment of assets* when there is an indication that goodwill or an intangible asset may be impaired.

1.09 Impairment excluding stocks and deferred tax assets

Financial assets (including trade, other debtors, and accrued income)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes (continued)

1 Accounting policies (continued)

1.9 Impairment excluding stocks and deferred tax assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro-rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses associated with goodwill are not reversed.

1.10 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.11 Provisions and accruals

A provision or an accrual is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.12 Turnover

Turnover comprises turnover from i) the sale of electricity and gas to business and domestic customers, ii) electricity generation and related renewable credits, iii) the sale of other goods and services during the year and iv) government support schemes.

Turnover from the sale of electricity and gas to customers is recognised when earned on the basis of a contractual agreement with the customer. It reflects the value of the volume supplied, including an estimated value of the volume supplied to customers, between the date of their last meter reading and the year end.

Turnover from electricity generation and renewable credits is recognised when power is supplied.

Notes (continued)

1 Accounting policies (continued)

1.12 Turnover (continued)

Sales of goods and services are recognised when goods are delivered and title has passed, along with the risks and rewards of ownership, or when the service has been performed.

Government support schemes

During the financial year, the Government introduced schemes designed to offer support to customers through a time of higher wholesale prices.

The Energy Price Guarantee (EPG) scheme was introduced 1 October 2022 and is designed to reduce energy costs for domestic customers by placing a cap on the rates charged by energy suppliers. Energy suppliers are compensated by the Government for the savings they provide customers. The scheme is expected to continue until April 2024.

The Energy Bill Relief Scheme (EBRS) was introduced 1 October 2022 and is designed to reduce energy costs for customers on non-domestic contracts by applying a standardised reduction to their contract rate, subject to a minimum supply price set by the Government. Energy suppliers are compensated by the Government for the savings given to customers. The scheme ended on 31 March 2023.

The Group has determined that it is appropriate to recognise EPG and EBRS grant income as revenue. It is judged that the income arises from the ordinary activities of the Group. This revenue is recognised to the extent that it can reasonably be assured that the Group will comply with the requirements and conditions of the schemes and that the income will be received.

1.13 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and finance leases recognised in profit or loss using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable, including payments on bonds issued by Ecotricity Bonds Plc, are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates actually or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Notes (continued).

1 Accounting policies (continued)

1.14 Taxation (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model deferred tax is provided at the rates and allowances applicable to the sale of the asset. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.15 Forward contracts for the purchase of energy

These contracts are entered into and continue to be held for the purpose of the receipt or delivery of electricity and gas in accordance with the entity's expected usage requirements. These contracts are settled net in cash and are not settled with another financial instrument. As such these contracts are not accounted for as financial instruments.

2 Turnover

Turnover consists of sales wholly in the United Kingdom arising on the following activities:

	2023 £m	2022 £m
Other goods and services	4.7	1.3
Electric and gas supply	412.9	333.1
Electricity generation and related renewable energy credits	2.6	4.2
Group management recharge	0.7	2.0
Government grants	123.2	-
	<u>544.1</u>	<u>340.6</u>

Government grants is the support delivered to customers through a time of higher wholesale prices provided by the Government under the EPG and EBRS schemes. See Note 1 for the accounting policy and key estimates for Government support schemes.

3 Other operating income

	2023 £m	2022 £m
Other income	0.1	0.7
FIT administration income	2.8	2.7
Grants	-	0.2
	<u>2.9</u>	<u>3.6</u>

4 Operating profit

Included in profit are the following:

	2023 £m	2022 £m
Depreciation of tangible fixed assets	7.8	10.1
Amortisation of intangible fixed assets	1.8	2.3
Operating lease expenses	0.6	0.4
Impairment losses on tangible fixed assets	5.7	0.1
Loss on disposal of tangible fixed assets	-	0.1
Bad debt expense	15.3	16.4
Intercompany bad debt provision	14.0	16.7

Notes (continued)

4 Operating profit (continued)

Auditor's remuneration:

	2023	2022
	£000	£000
Audit of these financial statements	35	30
Audit of financial statements of subsidiaries	118	88

There were no non-audit services provided by the auditor in 2023.

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Group	Group
	2023	2022
	£m	£m
Administration and Support	490	479
Sales, Marketing and Distribution	34	32
Construction and Operations	36	31
Development	7	6
	<u>567</u>	<u>548</u>

The Company had 135 staff in the year (2022: 122).

The aggregate payroll costs of these persons were as follows:

	Group	Group
	2023	2022
	£m	£m
Salaries and wages	22.1	17.1
Social security costs	2.3	1.8
Pension costs	1.1	0.9
Payroll capitalisation	(0.8)	(0.6)
	<u>24.7</u>	<u>19.2</u>

6 Directors' remuneration

	Group	Group
	2023	2022
	£m	£m
Directors' remuneration	1.6	1.0
Company contribution to pension plans	-	-
	<u>1.6</u>	<u>1.0</u>

The aggregate of remuneration and amounts receivable under long-term incentive schemes of the highest-paid director was £359,000 (2022: £184,000). Company pension contributions of £13,000 (2022: £11,000) were made to the money purchase scheme on their behalf. Key management personnel are considered to be the same individuals as the statutory Directors.

7 Interest payable and similar charges

	Group	Group
	2023	2022
	£m	£m
On bank borrowings	<u>2.7</u>	<u>2.9</u>

Notes (continued)

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2023 £m	2022 £m
<i>Current tax</i>		
Current tax on income for the year	9.3	3.8
Adjustments in respect of prior periods	(1.6)	-
Total current tax	7.7	3.8
<i>Deferred tax (see Note 17)</i>		
Origination and reversal of timing differences	0.4	(0.5)
Adjustments in respect of prior periods	0.7	0.7
Effect of tax rate change on opening balance	-	5.1
Total deferred tax	1.1	5.3
Total tax	8.8	9.1

	Current tax £m	Deferred tax £m	2023 Total tax £m	Current tax £m	Deferred tax £m	2022 Total tax £m
Recognised in Profit and loss account	7.7	3.8	11.5	3.8	5.0	8.8
Recognised in other comprehensive income	-	(2.7)	(2.7)	-	0.3	0.3
Total tax	7.7	1.1	8.8	3.8	5.3	9.1

Reconciliation of effective tax rate

The tax assessed for the year is higher than (2022: *higher than*) the standard rate of corporation tax in the UK of 19.5% (2022: 19.0%). The differences are explained below:

	2023 £m	2022 £m
Profit for the year	38.8	32.8
Total tax charge	11.5	8.8
Profit excluding taxation	50.3	41.6
Tax using the UK corporation tax rate of 19.5% (2022: 19.0%)	9.8	7.9
Fixed asset differences	(1.3)	(1.9)
Expenses not deductible for tax purposes	4.3	2.0
Income not taxable for tax purposes	(2.2)	(6.2)
Group relief claimed	(1.0)	(1.2)
Adjustments in respect of prior periods	(1.6)	-
Adjustments in respect of prior periods (deferred tax)	0.7	0.7
Current year losses for which no deferred tax asset was recognised	-	3.2
Remeasurement of deferred tax for changes in tax rates	0.1	4.6
Deferred tax charged directly to other comprehensive income	2.7	(0.3)
Total tax expense included in profit	11.5	8.8

In the March 2021 Budget statement it was announced that the main rate of corporation tax would increase to 25% from 1 April 2023.

Notes (continued)

9 Intangible assets and goodwill

Group

	Negative goodwill £m	Goodwill £m	Brand name £m	Software £m	Assets under construction £m	Total £m
Cost						
Opening as at 01 May 2022	(2.3)	-	3.3	12.6	-	13.6
Additions	(0.2)	0.6	-	-	0.3	0.7
Transfers	-	-	-	2.5	1.0	3.5
At end of year	(2.5)	0.6	3.3	15.1	1.3	17.8
Amortisation						
Opening as at 01 May 2022	(0.7)	-	3.2	5.2	-	7.7
Charge in year	(0.1)	-	0.1	1.8	-	1.8
At end of year	(0.8)	-	3.3	7.0	-	9.5
Net book value						
At 30 April 2023	(1.7)	0.6	-	8.1	1.3	8.3
At 30 April 2022	(1.6)	-	0.1	7.4	-	5.9

Company

	Brand name £m	Software £m	Assets under construction £m	Total £m
Cost				
Opening as at 01 May 2022	3.3	12.7	-	16.0
Transfers	-	2.5	1.0	3.5
At end of year	3.3	15.2	1.0	19.5
Amortisation				
Opening as at 01 May 2022	3.2	5.2	-	8.4
Charge in year	0.1	1.9	-	2.0
At end of year	3.3	7.1	-	10.4
Net book value				
At 30 April 2023	-	8.1	1.0	9.1
At 30 April 2022	0.1	7.5	-	7.6

Notes (continued)

10 Tangible fixed assets

Group	Freehold land and buildings (historical cost) £m	Plant and machinery (historical cost) £m	Plant and machinery (revaluation) £m	Fixtures, fittings & equipment £m	Motor vehicles £m	Assets under construction £m	Total £m
Cost							
Opening as at 01 May 2022	12.0	7.8	115.5	7.7	0.7	9.5	153.2
Additions	0.2	-	-	-	-	25.6	25.8
Disposals	-	(0.8)	-	(0.2)	-	-	(1.0)
Revaluations	-	-	(13.0)	-	-	-	(13.0)
Impairments	-	-	(0.8)	-	-	(4.9)	(5.7)
Transfers	-	-	-	-	-	(3.5)	(3.5)
At end of year	12.2	7.0	101.7	7.5	0.7	26.7	155.8
Depreciation							
Opening as at 01 May 2022	2.5	4.6	-	6.3	0.4	-	13.8
Charge in year	0.2	0.3	6.7	0.5	0.1	-	7.8
On disposals	-	(0.7)	-	(0.3)	-	-	(1.0)
Revaluations	-	-	(6.7)	-	-	-	(6.7)
At end of year	2.7	4.2	-	6.5	0.5	-	13.9
Net book value							
At 30 April 2023	9.5	2.8	101.7	1.0	0.2	26.7	141.9
At 30 April 2022	9.5	3.2	115.5	1.4	0.3	9.5	139.4

An internal valuation of plant and machinery was performed by the Directors as at 30 April 2023 based on the asset's forecasted discounted future cash flows. See Note 25.

Notes (continued)

10 Tangible fixed assets (continued)

The following information relates to tangible fixed assets carried on the basis of revaluations.

	Plant and Machinery	
	2023	Restated 2022
	£m	£m
At full valuation	101.7	115.5
Aggregate depreciation thereon	-	-
Net book value	101.7	115.5
Historical cost of revalued assets	104.0	104.0
Aggregate depreciation thereon	(53.3)	(46.5)
Historical cost net book value	50.7	57.5

Company	Land and buildings	Fixtures, fittings & equipment	Motor vehicles	Assets under construction	Total
	£m	£m	£m	£m	£m
Cost					
Opening as at 01 May 2022	11.9	6.9	0.6	1.7	21.1
Additions	0.2	0.1	-	2.0	2.3
Transfers	-	-	-	(3.7)	(3.7)
At end of year	12.1	7.0	0.6	-	19.7
Depreciation					
Opening as at 01 May 2022	2.5	5.6	0.4	-	8.5
Charge in year	0.1	0.5	0.1	-	0.7
At end of year	2.6	6.1	0.5	-	9.2
Net book value					
At 30 April 2023	9.5	0.9	0.1	-	10.5
At 30 April 2022	9.4	1.3	0.2	1.7	12.6

11. Fixed asset investments

	Group shares in listed companies
	£m
Cost or valuation	
Opening as at 01 May 2022	10.8
Additions	1.0
Change in fair value	<u>(1.2)</u>
At end of year	10.6
Impairment	
Opening as at 01 May 2022	-
At end of year	-
Net book value	
At 30 April 2023	<u>10.6</u>
At 30 April 2022	<u>10.8</u>

Notes (continued)

11 Fixed asset investments (continued)

Other listed investments have been revalued to their fair value at the balance sheet date resulting in a loss through the profit and loss account.

	Company shares in subsidiary undertakings £m	Company shares in listed companies £m	Total £m
Cost or valuation			
Opening as at 01 May 2022	12.1	10.8	22.9
Additions	0.4	1.0	1.4
Change in fair value	-	(1.2)	(1.2)
At end of year	12.5	10.6	23.1
Impairment			
Opening as at 01 May 2022	-	-	-
At end of year	-	-	-
Net book value			
At 30 April 2023	12.5	10.6	23.1
At 30 April 2022	12.1	10.8	22.9

The Group acquired 100% of the ordinary share capital of Ecotricity (Smart Grid) Limited, Green Britain Group Holding Company Limited, and Ecotricity Bonds PLC on 28 April 2023 for a total consideration of £0.4 million. On this date, the Group also disposed of 100% of the ordinary share capital of Britwind Limited for £0.0 million. At the disposal date, Britwind Limited had contributed a £0.5m loss to the consolidated profit and loss.

The aggregate value of the assets and liabilities at the acquisition date have been scheduled below:

Assets & liabilities recognised at the acquisition date	Book value £m	Fair value £m
Intangible fixed assets	0.3	0.3
Debtors	43.3	43.3
Cash	0.1	0.1
Creditors	(43.7)	(43.7)
Goodwill	0.4	0.4
Consideration paid	0.4	0.4

The aggregate value of the assets and liabilities at the disposal date have been scheduled below:

Assets & liabilities recognised at the disposal date	Book value £m	Fair value £m
Tangible fixed assets	0.2	0.2
Stock	0.8	0.8
Debtors	0.9	0.9
Cash	0.1	0.1
Creditors	(12.7)	(12.7)
Profit on disposal	10.7	10.7
Consideration received	-	-

Notes (continued)

11 Fixed asset investments (continued)

The undertakings in which the Company's interest at the year-end is more than 20% and significant influence exists are as follows:

<i>Subsidiary undertakings</i>	Company number	Country of incorporation	Principal activity	Class and percentage of shares held	
Alveston Wind Park Limited ¹	6231505	UK	Wind park	Ordinary	100%
Ballymena Wind Park Limited ^{1,2}	6697374	UK	Wind park	Ordinary	100%
Bambers Wind Park Limited ^{1,2}	3860584	UK	Wind park	Ordinary	100%
Bristol Port Wind Park Limited ^{1,2}	5416579	UK	Wind park	Ordinary	100%
Cardiff Wind Park Limited ^{1,2}	6211148	UK	Wind park	Ordinary	100%
Dagenham Wind Park Limited ^{1,2}	3530168	UK	Wind park	Ordinary	100%
Dalby Wind Park Limited ^{1,2}	6559922	UK	Wind park	Ordinary	100%
Dundee Merchant Wind Park Limited ^{1,2}	4364643	UK	Wind park	Ordinary	100%
Ecotech Wind Park Limited ^{1,2}	3538096	UK	Wind park	Ordinary	100%
Fen Farm Solar Park Limited ^{1,2}	6211102	UK	Solar park	Ordinary	100%
Fen Farm Wind Park Limited ^{1,2}	5416570	UK	Wind park	Ordinary	100%
Galsworthy Wind Park Limited ^{1,2}	6231489	UK	Wind park	Ordinary	100%
Green Park Wind Park Limited ^{1,2}	3530169	UK	Wind park	Ordinary	100%
Heck Fen Wind Park Limited ^{1,2}	8323021	UK	Wind park	Ordinary	75.1%
Kings Lynn Wind Park Limited ¹	5778700	UK	Wind park	Ordinary	100%
Lynch Knoll Wind Park Limited ^{1,2}	3082227	UK	Wind park	Ordinary	100%
Merchant Wind Park (East Kilbride) Limited ^{1,2}	3820286	UK	Wind park	Ordinary	100%
Mablethorpe Wind Park Limited ^{1,2}	4017489	UK	Wind park	Ordinary	100%
Pollington Wind Park Limited ¹	5860765	UK	Wind park	Ordinary	100%
Sandy Wind Turbine Limited ¹	6231495	UK	Wind park	Ordinary	100%
Shooters Bottom Wind Park Ltd ^{1,2}	4004619	UK	Wind park	Ordinary	100%
Somerton Wind Park Limited ^{1,2}	3538134	UK	Wind park	Ordinary	100%
Swaffham Windpark Limited ^{1,2}	4129172	UK	Wind park	Ordinary	100%
Worksop Wind Park Limited ^{1,2}	5922477	UK	Wind park	Ordinary	100%
B S Green Energy Limited ^{1,2}	9360064	UK	Gas mill	Ordinary	100%
Ecotricity (Alveston) Limited ¹	11335772	UK	Holding company	Ordinary	100%
Ecotricity Generation Limited	3117225	UK	Holding company	Ordinary	100%
Ecotricity Holding Company Limited ^{1,2}	11099404	UK	Holding company	Ordinary	100%
Ecotricity Merchant Holdings Limited ¹	10777900	UK	Holding company	Ordinary	100%
Ecotricity Solar (Borrower) Limited ^{1,2}	12473398	UK	Holding company	Ordinary	100%
Ecotricity Solar (Holdco) Limited ^{1,2}	12463635	UK	Holding company	Ordinary	100%
Ecotricity Wind and Sun Parks (Holding) Limited ¹	9283903	UK	Holding company	Ordinary	100%
Ecotricity Wind and Sun Parks (Issuing) Limited ¹	9286545	UK	Holding company	Ordinary	100%
Green Britain Group Holding Company Limited ^{1,2}	13220251	UK	Holding company	Ordinary	100%
Next Generation Wind Holdings Limited ^{1,2}	4776116	UK	Holding company	Ordinary	100%
New Power Company Limited ^{1,2}	4228063	UK	Holding company	Ordinary	100%
Wind Holdings Nord Limited ^{1,2}	6305025	UK	Holding company	Ordinary	100%
Ecotopia Limited ²	5249772	UK	Retail	Ordinary	83.05%
Ecotricity Bonds Plc	7368912	UK	Financing	Ordinary	100%
Ecotricity Limited	3043412	UK	Utilities supplier	Ordinary	100%
Ecotricity (Smart Grid) Limited ²	11574520	UK	Smart grid	Ordinary	100%
Forest Green Sun Company Limited ^{1,2}	9290653	UK	Rooftop solar	Ordinary	100%
Bicker Fen Energy Storage Limited ¹	04300047	UK	Dormant	Ordinary	100%
Dulater Hill Wind Park Limited ¹	06439166	UK	Dormant	Ordinary	100%
Ecotricity (Alveston Storage) Limited ¹	11631831	UK	Dormant	Ordinary	100%
Ecotricity (Berkeley Storage) Limited ¹	11757293	UK	Dormant	Ordinary	100%
Ecotricity (Bulkworthy Solar) Limited ¹	11631730	UK	Dormant	Ordinary	100%
Ecotricity (Butts Field) Limited ¹	11631950	UK	Dormant	Ordinary	100%
Ecotricity (Cooles Farm Solar) Limited ¹	13476758	UK	Dormant	Ordinary	100%

Notes (continued)

11 Fixed asset investments (continued)

<i>Subsidiary undertakings</i>	Company number	Country of incorporation	Principal activity	Class and percentage of shares held	
Ecotricity (Dalby Solar) Limited ¹	11631817	UK	Dormant	Ordinary	100%
Ecotricity (Heck Fen Solar) Limited ¹	13225224	UK	Dormant	Ordinary	100%
Ecotricity (Leechpool) Limited ¹	11855335	UK	Dormant	Ordinary	100%
Ecotricity (Lodge Farm Solar) Limited ¹	11757440	UK	Dormant	Ordinary	100%
Ecotricity (Sparsholt Gasmill) Limited ¹	10716387	UK	Dormant	Ordinary	100%
Ecotricity Biz Limited	13796549	UK	Dormant	Ordinary	100%
Ecotricity Trading Limited	13716684	UK	Dormant	Ordinary	100%
Eco Park J13 Limited ¹	11306140	UK	Dormant	Ordinary	100%
Upper Sonachan Wind Park Limited ¹	09800322	UK	Dormant	Ordinary	100%

Note 1 – shares held by a subsidiary company, all companies registered at Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

Note 2 – Green Britain Group Limited has provided the necessary parental guarantees under section 479A of the Companies Act 2006 to enable the companies listed exemption from audit.

12 Debtors

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Trade debtors	54.3	47.7	0.2	0.1
Amounts owed by group undertakings	16.3	50.0	46.6	68.5
Other debtors	5.6	0.2	0.2	0.1
Prepayments and accrued income	39.0	54.9	1.9	1.4
Derivative asset	0.5	0.1	-	-
Security deposits	10.0	9.4	-	-
VAT	-	-	2.2	2.5
Deferred tax	-	-	-	2.8
	<u>125.7</u>	<u>162.3</u>	<u>51.1</u>	<u>75.4</u>

13 Cash

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Cash at bank	86.6	38.1	2.9	0.4
Short term deposits	-	0.3	-	0.3
	<u>86.6</u>	<u>38.4</u>	<u>2.9</u>	<u>0.7</u>

Included in the Group's cash balance is £15.4 million (2022: £11.4 million) which is held in restricted accounts as dictated by external financing covenants and other restrictions. Although the Group can access the cash the Directors do not intend to use the restricted amounts.

Notes (continued)

14 Creditors: amounts falling due within one year

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Bank loans and overdrafts	7.0	15.0	0.4	0.4
Bondholders	41.9	-	-	-
Trade creditors	8.0	5.8	0.8	1.6
Amounts owed to group undertakings	2.1	61.2	44.6	63.1
Other taxation and social security	0.8	0.8	0.8	0.8
VAT	4.7	3.3	-	-
Other creditors	15.2	24.5	11.1	20.0
Accruals and deferred income	98.8	82.0	3.0	1.1
Finance leases	0.3	0.5	0.3	0.5
Corporation tax	4.2	1.3	1.5	1.3
	<u>183.0</u>	<u>194.4</u>	<u>62.5</u>	<u>88.8</u>

Included within other creditors is £11.1 million (2022: £19.9 million) of loans from Directors (see Note 23). These loans are interest free and are repayable on reasonable demand.

15 Creditors: amounts falling due after more than one year

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Bank loans	42.4	51.2	2.6	3.0

16 Interest-bearing loans and borrowings

This Note provides information about the contractual terms of the Group's and parent company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Creditors falling due after more than one year				
Bank loans	42.4	51.2	2.6	3.0
Creditors falling due within less than one year				
Bank loans	7.0	15.0	0.4	0.4
Finance leases	0.3	0.5	0.3	0.5
Bondholders	41.9	-	-	-
Total interest-bearing loans and borrowings	<u>91.6</u>	<u>66.7</u>	<u>3.3</u>	<u>3.9</u>
Coronavirus Large Business Interruption Loan Scheme	-	9.3	-	-
Construction loan A	22.3	27.8	-	-
Construction loan B	15.6	16.6	-	-
Construction loan C	3.2	3.4	-	-
Construction loan D	5.3	5.7	-	-
Other bank loans	3.0	3.4	3.0	3.4
	<u>49.4</u>	<u>66.2</u>	<u>3.0</u>	<u>3.4</u>
Finance leases	<u>0.3</u>	<u>0.5</u>	<u>0.3</u>	<u>0.5</u>

Notes (continued)

16 Interest-bearing loans and borrowings (continued)

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Ecobond One	7.5	-	-	-
Ecobond Two	6.6	-	-	-
Ecobond Three	14.8	-	-	-
Ecobond Four	13.0	-	-	-
	<u>41.9</u>	<u>-</u>	<u>-</u>	<u>-</u>

Bank loans

The Group had the following loans:

	Group 2023 £m	Group 2022 £m	Entered into	Instalments continue to	Interest rate
Coronavirus Large Business Interruption Loan Scheme	-	9.4	2021		2.7% Effective
Construction loan A	23.0	28.8	2015	2031	4.0% Fixed
Construction loan B	16.0	17.0	2016	2034	4.2% Fixed
Construction loan C	3.2	3.5	2018 & 2020	2033	3.8% to 4.4%
Construction loan D	5.4	5.7	2019 & 2021	2033	4.7% Effective
Other bank loans	3.0	3.4		2029	BOE Base +3.0%
Less capitalised loan fees	(1.2)	(1.6)			
	<u>49.4</u>	<u>66.2</u>			

In accordance with FRS102.11.13, capitalised loan issue costs of £2.3 million (2022: £2.3 million) have been presented as a reduction to the proceeds of the construction loans and are being amortised over the loan periods.

The bank loans are secured on the wind parks or property to which they relate.

The maturity of the bank loans is as follows:

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Less than one year	7.0	15.0	0.4	0.4
Between one and five years	23.3	28.2	-	1.8
Over five years	19.1	23.0	-	1.2
	<u>49.4</u>	<u>66.2</u>	<u>0.4</u>	<u>3.4</u>

Ecobonds

The Ecobonds currently in issue of £41.9 million are part of the original issue of £51.8 million in the six years since 2010. Key information relating to each bond issue is as follows:

	Bond 1	Bond 2	Bond 3	Bond 4
Date raised	16 Dec 2010	16 Dec 2011	16 Dec 2015	16 Dec 2016
Value raised	£10.0 m	£10.0 m	£17.3 m	£14.5 m
Coupon payable	7.0%	6.0%	5.5%	4.5%
Additional for Ecotricity customers	0.5%	0.5%	0.5%	0.5%
Interest payment frequency	6 months	6 months	6 months	6 months
Final Repayment Date	16 Dec 2014	16 Dec 2015	16 Dec 2020	16 Dec 2021

Notes (continued)

16 Interest-bearing loans and borrowings (continued)

The following applies to all Ecobonds:

- Interest is payable every six months up to and including the date on which Ecobonds are redeemed.
- The Group may prepay all or any of the Ecobonds at any time after the Final Repayment Date
- Bondholders may, on six months' notice, at their option redeem Ecobonds on the later of the Final Repayment Date or any subsequent anniversary thereof.

The following information applies to the 2023 redemption cut-off date:

	Bond 1	Bond 2	Bond 3	Bond 4	Total
Redemption notice cut-off date	30 Jun 2023	16 Jun 2023	16 Jun 2023	16 Jun 2023	
Valid repayment requests	£0.1 m	£0.2 m	£0.5 m	£0.8 m	£1.6 m
 This compares to 2022:					
Valid repayment requests	£0.3 m	£0.3 m	£0.7 m	£1.0 m	£2.3 m

The maturity of Ecobonds is as follows:

	Group 2023 £m	Group 2022 £m
Less than one year	41.9	44.2

17 Financial instruments

The financial instruments are as follows:

	Group 2023 £m	Group 2022 £m	Company 2023 £m	Company 2022 £m
Financial assets				
Financial assets held at amortised cost	211.8	200.6	51.8	73.6
Financial assets held at fair value	11.1	10.9	10.6	10.8
	<u>222.9</u>	<u>211.5</u>	<u>62.4</u>	<u>84.4</u>
Financial liabilities				
Financial liabilities held at amortised cost	(215.7)	(240.1)	(62.8)	(89.7)
	<u>(215.7)</u>	<u>(240.1)</u>	<u>(62.8)</u>	<u>(89.7)</u>

18 Deferred tax assets and liabilities

	Notes	Group £m	Company £m
Deferred taxation			
At beginning of year		19.8	(2.8)
Charge to profit and loss for the year	0	3.8	3.8
Charge to other comprehensive income for the year	0	(2.7)	-
At end of year		<u>20.9</u>	<u>1.0</u>

Notes (continued)

18 Deferred tax assets and liabilities (continued)

The elements of deferred taxation are as follows:

	Group 2023 £m	Group 2022 £m
Asset revaluations and accelerated capital allowances	22.0	24.0
Short-term timing differences	-	-
Tax losses carried forward and other deductions	(1.1)	(4.2)
Tax liabilities	<u>20.9</u>	<u>19.8</u>

Deferred tax assets of £1.1 million (2022: £2.2 million) have not been recognised because they are trapped in loss-making companies.

19 Capital and reserves

Share capital

The ordinary share capital as at 30 April 2023 was £1.80 (2022: £1.80), representing 180 ordinary shares at £0.01 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Revaluation reserve

Where tangible fixed assets are revalued, the cumulative increase in the fair value in excess of any previous impairment losses is included in the revaluation reserve.

Profit and loss reserve

The cumulative profits of the business which have not been distributed to the shareholders as dividends.

20 Employee benefits

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £1.1 million (2022: £0.9 million). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

21 Commitments

Capital commitments

There was £7.6 million of capital commitments at the end of the financial year (2022: £25.2 million).

22 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2023 £m	Group (Restated) 2022 £m
Less than one year	0.5	0.4
Between one year and five years	1.3	1.1
More than five years	6.0	3.6
	<u>7.8</u>	<u>5.1</u>

Notes (continued)

22 Operating leases (continued)

For several of the wind park sites, rental payments are based on a percentage of revenue and as such are contingent. Where there is no specified minimum rent and no obligation on the company to generate electricity, the minimum lease payments are £nil.

The comparative has been restated because it did not disclose all operating leases held by the Group.

During the year £0.6m was recognised as an expense in the profit and loss account in respect of operating leases (2022: £0.4m).

23 Related party disclosures

Group

At 30 April 2023, the balance owed by the Company to D Vince is £11.1 million (2022: £19.9 million), which is classified in other creditors (see Note 14). The balance is interest-free and is repayable on reasonable demand.

Charitable donations were made during the year to a charity of which one of the directors is also a Director of the Company. £7.9 million was donated to the Green Britain Foundation (2022: £0.2 million).

At 30 April 2023, the Group were owed £nil (2022: £0.1 million) from the Green Britain Foundation, which is classified in other debtors (see Note 12). The balance is interest-free and is repayable on reasonable demand.

Company

The following other transactions took place between the Company and non-wholly owned subsidiaries but still under control of the ultimate parent company, Green Britain Group Limited.

	Debtors outstanding		Creditors outstanding	
	2023	2022	2023	2022
	£m	£m	£m	£m
Other Group undertakings	-	2.9	0.2	0.2

With the exception of the below transactions, all transactions with non-wholly owned subsidiaries were financing transactions rather than the sale or purchase of goods or services.

	Recharges to		Costs incurred	
	2023	2022	2023	2022
	£m	£m	£m	£m
Other Group undertakings	0.1	0.3	-	-

24 Ultimate controlling party

The Company's ultimate and immediate parent undertaking is Green Britain Group Limited, a Company incorporated in England and Wales. The ultimate controlling party of the Company is D Vince, the only shareholder of Green Britain Group Limited. The registered office of which is Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

The largest Group in which the results of the Company are consolidated is that headed by Green Britain Group Limited. The smallest group in which the results of the Company are consolidated is these financial statements headed by Ecotricity Group Ltd. The wider Group's consolidated financial statements may be obtained from Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

Notes (continued)

25 Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in Note 1, the directors are required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting estimates and judgements in applying the Group and Company's accounting policies

Generation asset valuation

The Group's power-generating assets are stated at fair value less any subsequent accumulated depreciation and impairment losses with a quarter residual value assumed. An internal valuation of plant and machinery was performed by Directors as at 30 April 2023 based on the asset's forecasted discounted future cash flow. The future cash flow model assumes that the historical generation levels recorded by the asset over its life will continue subject to an appropriate forecast degradation level. Expenditure patterns are assumed to be consistent with expected inflationary increases and with expected maintenance works taken into account. The discount rate has been calculated in reference to available industry data. Assets are depreciated to a residual value, which is calculated as the estimated scrap value less costs to sell.

External valuations are performed with sufficient frequency to ensure that the carrying value does not differ materially from the fair value at the end of the reporting period which is normally deemed to be 5 years.

The carrying amount relating to power-generating assets is £101.7 million (2022: £115.5 million).

Ecotricity Limited revenue recognition and unbilled income

Turnover calculated from energy sales includes an estimate of the value of the electricity or gas supplied to customers between the date of their last meter reading and the end of the reporting period. This is estimated using historical consumption patterns and industry data. The total accrued revenue relating to unbilled energy at the year-end is £33.6 million (2022: £50.9 million), which is stated after a provision of £52.0 million (2022: £15.2 million). There are a number of judgements and estimates in calculating the level of accrued revenue – these include:

- The accuracy of the data available
- The age of any unbilled consumption
- The nature of the customer
- The likelihood of recovery of any unbilled amounts from the customer.

During the year, Ecotricity Limited improved its method of estimating its provision against unbilled income to assess it on an individual customer account level (previously grouped by customer type), in addition to assessing the unbilled provision combined with customer debt on an account level basis. This change in estimate contributed to an increase in provision as a percentage of unbilled revenue to 59.5% (2022: 22.6%).

Bad debt provision

The Group provides for all its debts which are deemed to be irrecoverable. The provision is estimated by considering the ageing of the debts as well as payment method and assessing the likelihood of recoverability of specific debts. The likelihood is judged against historical patterns of recoverability. The carrying value of the provision at year end was £31.5 million (2022: £22.4 million).

Share classification

The shares in Good Energy Plc have remained classed as other listed investments as the presumption of the shares being an associate was rebutted as significant influence could not be demonstrated due to:

- No representation on the board
- No influence over strategic decisions.

Notes (continued)

25 Accounting estimates and judgements (continued)

Internal investment impairment

The Company makes an estimate of the recoverable value of internal investments. When assessing impairment of investments, management considers factors including the current net asset value of the investment entity, its projected future cash flows, and historical experience. See Note 11 for the net carrying amount of the fixed asset investments.

Intercompany debtor provisions

Intercompany debtors are assessed for their recoverability. When assessing impairment of investments, management considers factors including the current net asset value of the investment entity, its projected future cash flows, and historical experience. See Note 12 for the net balance of amounts owed by group undertakings.

Changes in critical accounting estimates and judgements in applying the Group and Company's accounting policies

Development projects

The Group has changed its accounting estimate for development projects. Development projects are projects to construct assets, including wind turbines and solar parks. On consolidation these projects are recognised in assets under construction in the tangible fixed asset note.

As per FRS 102 section 2.37 an entity shall recognise an asset in the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. Management has changed their assessment of when this threshold is met. Project costs are now only capitalised after project planning permission has been granted. This change has been implemented because there is more certainty at this point that the project will complete, and therefore that future economic benefits will flow to the entity. This change provides more reliable and relevant information to the users of the accounts.

This change has been applied prospectively. The impact of the change in accounting estimate in the 2023 financial year is an increase in expenditure and corresponding decrease in assets of £4.9 million.

26 Events after the balance sheet date

The Directors are not aware of any matters or circumstances that have significantly affected or may significantly affect the Group.