COMPANY REGISTRATION NUMBER: 04847763

Utilita Group Limited

Financial Statements

For the year ended

31 March 2021

utilita
life with power

Utilita Group Limited

Financial Statements

Year ended 31 March 2021

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Utilita Group Limited

Officers and Professional Advisers

The board of directors	D.A. Lickorish MBE W.N. Bullen M.D.E. Smith
Company secretary	M.D.E. Smith
Registered office	Hutwood Court Bournemouth Road Chandler's Ford Eastleigh SO53 3QB
Auditor	Nexia Smith & Williamson Chartered accountants & statutory auditor 4th Floor Cumberland House 15-17 Cumberland Place Southampton SO15 2BG

Principal activity
The principal activity of the company during the year was acting as a holding company. The principal activity of the group was the supply of energy. We specialise in supplying gas and electricity to residential customers in GB.

Business review
The directors report that the turnover of the group has decreased by 5% to £816m (2020 16% increase to £856m). This fall is as a consequence of the workings of the safeguard tariff price cap when wholesale energy costs fall. The number of supply points that energy is supplied to has increased by 2% (2020 6%). A further increase is predicted for the year 2021-22. The group has steadily followed its growth path with the net addition of 18k (2020 41k) customers, and 32k (2020 73k) energy supply points, during the year bringing the total customer base to 793k (2020 775k) and 1,406k (2020 1,374k) energy supply points. The company is in the top 10 largest energy suppliers in GB and one of the largest prepayment meter energy suppliers. Some 90% of Utilita's customers are prepayment, 88% smart installed, and half of our customers have now downloaded the My Utilita app and are using it on a regular basis.

The growth in the energy retailing business continues to lead to extra demands being placed on the resources of the group. Independent banking facilities, office accommodation and a wholesale energy purchasing agreement have been put in place to enable this growth to be maintained.

The group has made a loss before tax in the current year of £5.3m (2020 as restated loss £26.0m). The onerous safeguard tariff cap and bad debt are the main reasons for the low level of profitability of the group. It is expected that the group will return to profit in 2021/22.

The group is operating in a regulated market with price caps imposed by the regulator, Ofgem. The cap set for prepayment customers remains at a level that makes it difficult for even an efficient energy supplier such as Utilita to be profitable. The methodology of the prepayment meter cap is being continually changed by the regulator, further revisions to the methodology are planned by Ofgem, the impact of which is difficult to determine at this time.

The group has continued to install Secure Meters' smart prepayment meters at its customers' homes, 88% (2020 87%) of our customers now have such a meter. This is the highest penetration of smart meters of all suppliers. The percentage is affected by new customers having to have an installation and customers leaving after their meter has been installed. Prepayment customers have a relatively high cost to serve compared to a Direct Debit (DD) customer, this is mitigated by installing a smart meter. We also continue to drive efficiencies in the business operations and cash collection through the use of technology, self-service and process improvements.

Over the summer and autumn 2021 the energy industry has experienced significant turmoil. This is covered in the events since the balance sheet date section of this report.

Principal risks and uncertainties
Market risk:
The GB retail energy market remains dominated by a small number of large suppliers, although independent suppliers now make up a larger proportion of the total than historically. Utilita has based its strategy on being a niche supplier to the prepayment segment of the market. This segment is poorly served by the large energy suppliers mainly due to a high cost to serve.

The group operates under a safeguard tariff (or 'price cap') set by Ofgem. This price cap is reviewed by Ofgem bi-annually. However, the base assumptions on costs do not reflect the reality of the actual costs incurred. Separate price caps were introduced on both Direct-Debit (DD) and Standard Variable tariffs (SVT). Further changes to the methodology of the caps are planned by Ofgem. Switching rates in the prepayment sector have fallen since the introduction of the safeguard tariff cap.

Industry databases enable competitors to target Smart Meter Installed customers and the activity of these competitors has a large impact on the churn of customers and the costs of that churn. Utilita continues to aim to diversify from its core prepayment business. Utilita Mobile is marketed especially to its domestic customers, while energy is sold in the smaller B2B market.

Technical risk:
As the group operates in an industry using sophisticated technology, there is a risk of technical issues related to utility meters used in the field, and from regulator intervention, which the group faces. New demands from the regulator placed on the company continue to need to be incorporated into systems and procedures. The ongoing introduction of SMETS2 meters will require further system changes. With SMETS2 prepayment functionality currently inferior to that available and in use in SMETS1 we continue to seek improvements in this respect. The business requires appropriate planning horizons and timescales to make major change in order to keep costs to customers down. Government's apparent strategy of drip-feeding delays adds costs to the programme.

Currency risk:
The group is not exposed to foreign currencies. All transactions are incurred in the functional currency, Sterling. However, GB energy prices have a significant link to the world price of oil, which is denominated in US Dollars.

Industry risk:
The group is exposed to many industry related risks that are outside its control. The GB retail energy market is dominated by the large energy suppliers and many industry practices are weighted in their favour. It is very difficult for a small independent supplier to influence practices and procedures that work to the detriment of small and new entrant suppliers. A number of energy suppliers have ceased trading over the last year or so. The mutualisation of certain costs of failed suppliers means that Utilita has to meet more than its fair share of these costs.

Wholesale energy market risk:
The group operates in the GB energy retail market and purchases its energy in the GB wholesale markets. The group fixes the prices to its customers until notifying a change and sources the energy from the wholesale market at the prevailing prices. Due to the volatility in the market, there remains a price risk in the energy retailing market. However, the group forward purchases wholesale energy, in accordance with a board level agreed hedging policy, to reduce the price risk. This hedging strategy aims to reduce risk but can not mitigate risk entirely, partially due to it not being possible to hedge energy in the same way as Ofgem set the tariff caps.

Liquidity risk:
The group is continually looking for growth, its market share and its addressable market are expanding, levels of liquidity requirements in the energy supply industry are constantly being squeezed and hence the group faces liquidity risk. However, cash flows are strong, and this risk is being efficiently managed. Industry regulations require us to have substantial levels of credit cover in place to cover future purchases but daily fluctuations in liabilities can still result in significant cash calls having to be paid out or cash deposits having to be placed. The wholesale energy purchasing agreement has reduced the group's exposure to liquidity risk by removing the requirement to place collateral for energy purchases.

Political and regulatory risk:
Energy remains an important political issue and this exposes the business to higher regulatory risk than would be the normal for any other retail market. The price cap methodologies are changed regularly. These interventions reduce the competitiveness of the market. It is expected that political intervention risk will continue for the foreseeable future.

Ofgem and BEIS are continually reviewing the energy supply industry and rules change regularly. Licence conditions are amended and added to every year. Some of these changes will impact profitability, compliance costs are rising. Supplier resiliance is being investigated which may lead to further requirements on capital and operating procedures.

Credit risk:
The increase to the group's number of credit customers has introduced credit risk to the business, i.e. the risk that a customer does not pay for the energy used.

Section 172
In performing their duties, the directors have a duty to promote the success of the company for the benefit of shareholders as a whole, having regard to a number of broader matters which are detailed in section 172 of the UK Companies Act 2006 and. which can be summarised as follows:

A director of a company must act in the way they consider, in good faith, would be the most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have regard (amongst other matters) to:

- the likely consequences of any decisions 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 maintaining a reputation for high standards of business conduct; and
- the need to act fairly between shareholders of the company.

The Board seeks to understand the respective interests of such stakeholder groups so that these may be properly considered in the Board's decisions. We do this through various methods, including: direct engagement by Board members; receiving reports and updates from members of management who engage with such groups; and coverage in our Board papers of relevant stakeholder interests with regard to proposed courses of action.

Utilita has defined eight core values that it operates under, these underlie our approach to all dealings with stakeholders.

- Trust - we do what we say we will do
- Excellence - we strive for performance excellence in all that we do
- Supportive - we provide stimulating rewarding jobs and career development opportunities for staff in a nurturing culture
- Agility - we strive to respond quickly and effectively to opportunities and challenges within our internal and external environments
- Fairness - we treat our customers, our staff, our partners, and our suppliers fairly
- Boldness - we dare to challenge accepted practise to do things better
- Smart - we will continue to invest in technology to develop smarter and better ways of serving our customers
- Respect - we treat our customers, staff, partners, suppliers, and the communities in which we operate with respect based on honesty and integrity

Our stakeholders
The directors consider that the following are the Company's key stakeholders.

- Our employees - the company aims to treat all its employees fairly. Utilita Energy Limited is a Living Wage Foundation Employer and we follow the principles of that across all Group companies
- Our shareholders - Utilita Group Limited prepares a quarterly statement for its shareholders and copies them in on the circulation of the in-house magazine U-Mag. An annual face-to-face meeting is held
- Our customers - we maintain our prices as low as we are able while having consideration of the various price caps in place. Customer engagement is maintained throughout the year with email, text and letter communications. We aim to offer the best customer features for prepayment supplies, including Power-up, Jackpot and our award-winning app
- Our suppliers - we aim to treat suppliers fairly and always aim to always pay our liabilities within agreed payment terms, on time and in full
- Our regulator - Utilita Energy Limited is regulated by Ofgem as a supplier of energy in GB. We aim to respond to all queries from the regulator in the specified time scales. Any regulatory compliance discussions are carried out as openly as possible. Fortnightly meetings are held with our Ofgem Account Manager
- The community and environment we operate in - we aim to respect our local communities and the environment. We have opened a number of local Hubs where communities are able to interact with our staff and have use of a community room. Our Hub staff are also involved with their local community in terms of charity activities and other community involvement. All employees are encouraged to donate work time to voluntary activities. In January 2021 Utilita announced that it would be carbon net-zero by 2030

Business relationships
The Board engages with a variety of stakeholders, including customers, regulators, and suppliers, to inform and enable balanced decisions that incorporate multiple viewpoints, whilst maintaining the Company's Strategy. In making decisions the Board considers outcomes from engagements with stakeholders as well as the importance of maintaining the Company's integrity, brand and reputation.

Examples of the engagement with stakeholders during 2020-21 include:
- Quarterly statements to shareholders and annual face to face meeting
- Regular communications with employees including monthly U-Mag, weekly "Ask the Bosses" sessions, weekly "Bill Bulletin". Since Covid-19 lockdown measures almost all interactions have been on-line. MS Teams has been rolled out to all staff, "Coffee Morning" sessions and regular Team meetings are held
- Key suppliers have regular "catch-up" sessions
- Fortnightly meeting with Ofgem Account Manager

Covid-19
On 23 March 2020 the United Kingdom entered a period of lock down due to the Coronavirus (Covid-19). This meant that most of the group's staff had to stay at home. New IT systems were ready to be deployed to enable more home working and this was accelerated so that by the end of March all staff that were able to work from home could do so. Minimal numbers of staff came into the offices. The Coronavirus Job Retention Scheme (CJRS) was introduced to pay salaries of staff who could not work from home. In the period March to July 2020 approximately 480 staff were included in the CJRS. All staff were brought back to work by the end of July, although a small number were made redundant. All systems were able to operate fully during the period, and all activities continued, although certain new customer acquisition activities were curtailed. It is the intention that the majority of staff will continue to work from home where possible for the foreseeable future. The second lockdown in November 2020 and the extended period in early 2021 caused little impact to Utilita except that the face-to-face sales staff were furloughed again as they could not work.

The group's customers were also affected by both the lockdown in 2020 and the one in 2021, B2B segment experienced reduced consumption and higher bad debt risk, while B2C prepayment was largely unaffected. It is expected that increased domestic consumption will continue over the coming winter.

Neither the company, nor the group, were able to take advantage of any of the government loan schemes but Utilita Energy Limited was eligible for the energy industry networks deferral schemes. All amounts owed under these schemes were repaid by 31 March 2021. These deferrals assisted the cash flow over the summer and enabled the group to continue paying all of its liabilities as they became due.

Many of the industry costs have a mutualisation element that spread the costs of a supplier failure across the whole industry. More than one mutualisation has triggered, and a risk remains that other supplier failures will occur that will trigger further mutualisations.

Events since the balance sheet date
Over the summer and autumn 2021 Covid-19 has remained a significant issue for the country. The group has continued to apply the guidance of HM Government and where possible staff have continued to work from home. Utilita Energy Limited has not seen a significant impact on its business as a result of Covid-19.

In late summer and autumn 2021 there was a material increase in the spot and forward prices of energy, and a number of retail energy suppliers failed and entered the Supplier of Last Resort (SoLR) process. Utilita Energy Limited successfully bid for the energy supplies of Omni Energy and transitioned those supplies in December 2021, a claim for the excess costs of taking on these customers has been made to the SoLR levy.

Utilita Energy Limited has forward hedged 100% of its energy requirements for the price cap period October 2021 to March 2022 and locked in costs for that period at a level consistent with the price cap. Utilita Energy Limited is still exposed to balancing and shaping costs and to weather related changes in demand. It is not exposed to fixed tariff roll off demand that other retail energy suppliers are experiencing.

Utilita Energy Limited reviewed its new customer take on policy when the increased costs of energy became apparent, and the costs of supplying energy to new customers became greater than the income derived from those customers. Utilita Energy Limited restricted sales activity to new customers, in line with almost all other retail energy companies.

Key performance indicators
Turnover:
Turnover as compared to last year has decreased by 5%.

Customer acquisition:
The number of energy supply points at 31 March 2021 as compared to last year has increased by 2%.

In addition management consider a wide range of commercially sensitive measures of performance in a weekly Management Information Pack, these include, churn, gross sales, customer experience, etc.

This report was approved by the board of directors on 28 January 2022 and signed on behalf of the board by:

M.D.E. Smith
Company Secretary

Registered office:
Hutwood Court
Bournemouth Road
Chandler's Ford
Eastleigh
SO53 3QB

Utilita Group Limited

Directors' Report

Year ended 31 March 2021

The directors present their report and the financial statements of the group for the year ended 31 March 2021.

Directors
The directors who served the company during the year were as follows:

D.A. Lickorish MBE
W.N. Bullen
M.D.E. Smith

Dividends
The directors do not recommend the payment of a dividend.

Greenhouse gas emissions and energy consumption

	Unit	2021	2020
Emissions resulting from activities for which the group is responsible	tCO2e	133	147
Emissions resulting from the purchase of energy by the group for its own use	tCO2e	455	597
Emissions resulting from the purchase of energy by the group for use by its customers	tCO2e	1,932,390	2,230,599
Total emissions	tCO2e	1,932,978	2,231,343
Total energy consumption	MWh	9,454,071	9,870,243
Intensity metric	tCO2e/MWh	0.20	0.23

Methodologies for energy and emissions calculations
The figures quoted are for the Utilita Group as a whole, separate calculations for Utilita Group Limited have not been prepared.

The emissions reported in this SECR statement are taken from Utilita's Carbon Footprint Report 2020. These emissions were calculated using the Greenhouse Gas Protocol standard and externally verified by Eunomia Research and Consulting Limited who undertook a limited assurance audit, applying the relevant requirements of the ISO 14064-3:2019 standard. Nothing came to Eunomia's attention to indicate that the GHG reported by Utilita were not fairly stated and free from material error.

All emissions reported were calculated by multiplying activity data by the relevant emission factor, sourced from BEIS Greenhouse Gas Reporting Conversion Factors 2020, Full Set. Where possible actual activity data was used. In the case of emissions from scope 3 electricity, all activity data was actual due to Utilita having a large proportion of customers with smart meters installed which take an energy consumption reading once every thirty minutes. Where actual activity data was not available estimations were made. Estimations only occurred in a minority proportion of scope 1 gas and scope 2 electricity.

The estimation methodology was as follows. The average staff occupancy over the course of the year (hence forth referred to as full time employee (FTE)), for each building with actual activity data was divided by the emissions resulting from the actual activity data to obtain a tCO2e/FTE. These buildings with actual activity data were then categorised by purpose, consisting of one of the following: office, call centre, warehouse, shop front. Then a weighted average of tCO2e/FTE for each building purpose was calculated, weighted by FTE. The buildings requiring estimations were also categorised by purpose and then the average tCO2e/FTE per building purpose type was multiplied by the FTE.

For diesel consumption only the litres of diesel used were known. For SECR reporting this needed to be converted into kWh. The conversation calculation was as follows. tCO_2e from diesel consumption was divided by the relevant emission factor and further multiplied by one thousand to derive litres of diesel consumed, this was then verified against the original activity data. This litre figure was then multiplied by 10.579 to convert into kWh.

Overall Utilita's carbon intensity fell by 9.53% in 2020, compared to 2019 levels.

Principal measures taken to increase energy efficiency
The following energy and carbon reduction initiatives have been carried out during 2020-21:

- Utilita purchased 886,000 REGOs, equivalent to 886,000 MWh of carbon free electricity generation between April 2020 and March 2021. Under the current Fuel Mix Disclosure rules this allows Utilita to report a reduction of 364,264 tCO_2e to the emissions resulting from the generation of electricity.
- Work completed in the last financial year includes completion of the LED light roll out including the underground car park lights with movement sensors/installation of some aeration devices in taps and showers, to reduce water consumption/installation of CO_2 sensing to help reduce unnecessary power use with Air Handling Units - reducing power consumption by up to 70% - mainly in the head office, with plans to replicate in other sites in the future.

Energy Policy Statement
Utilita recognises the need to go further than the regulations. We annually report a companywide carbon footprint of our Scope 1, 2 and 3 greenhouse gas emissions. This footprint adheres to the Greenhouse Gas protocol Standard and is externally verified to a limited assurance standard using the relevant requirements of ISO 14064-3:2019. This reporting cycle enable us monitor progress towards our target to be net-zero carbon by 2030.

Employment of disabled persons
Utilita Group Limited is committed to providing equal opportunities for all employees and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit.

Striving to ensure that the work environment is free of harassment and bullying and that everyone is treated with dignity and respect is an important aspect of ensuring equal opportunities in employment.

Employee involvement
Utilita Group Limited is committed to involving and consulting employees in all aspects of the group's business. This includes the use of "U" Magazine, company-wide emails, an intranet, open access to HR staff and senior management. During the year the U-Team has been set up as a discussion forum for staff this is chaired each month by Bill Bullen, CEO.

The group's statement on Modern Slavery and its Gender Pay Gap report is available on the website, utilita.co.uk

Disclosure of information in the strategic report
Certain information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the strategic report.

Directors' responsibilities statement
The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor
Each of the persons who is a director at the date of approval of this report confirms that:

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

Nexia Smith & Williamson are deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 28 January 2022 and signed on behalf of the board by:

M.D.E. Smith
Company Secretary

Registered office:
Hutwood Court
Bournemouth Road
Chandler's Ford
Eastleigh
SO53 3QB

Nexia Smith & Williamson

Opinion

We have audited the financial statements of Utilita Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Income Statement, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 3 in the financial statements. The directors have reviewed their cashflow forecasts which indicate that the group and parent company's ability to continue as a going concern is dependent on the availability of additional financial support being made available to the parent company's subsidiary undertaking, Utilita Energy Limited, by a major supplier. If the additional support was not available, then alternative sources of finance would be required.

As stated in note 3, these factors indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Notwithstanding the above, in auditing the financial statements we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 other information comprises the information included in the Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 directors' responsibilities statement set out on pages 8 and 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:

We obtained a general understanding of the group's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the group's industry and regulation.

We understand that the group complies with the framework through:

- Outsourcing tax compliance to external experts.
- Subscribing to relevant updates from external experts, and making changes to internal procedures and controls as necessary.
- Updating operating procedures, manuals, internal controls, systems and reporting as legal and regulatory requirements change such as changes to OFGEM rules
- Regular reporting to both the directors and senior management meaning that any instances of non-compliance with laws and regulations, litigation or claims would come to their attention directly.
- Regular visits and reporting by an accredited third party to review the controls and processes in place around the storage and security of data as well as perform penetration testing of IT systems to assess any weaknesses.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the group's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the group:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.
- Compliance with the licence conditions as a supplier of gas and electricity as regulated by the Office of Gas and Electricity Markets ("OFGEM") and in particular the requirements of the default tariff cap for the group's prepayment meter customers.
- General Data Protection Regulation (GDPR) relating to data protection and privacy for all individuals within the UK.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Held discussions with individuals outside the finance function pertaining to matters of laws and regulations and compliance.
- Performed a review of the OFGEM website for any investigations during the year or post year end.
- Communication with the group's external legal counsel regarding existing litigation.
- Reviewed the results of any compliance audit reports during the year from regulators or third parties where available.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Manipulation of the financial statements, especially revenue, via fraudulent journal entries particularly focussing on revenue recognition at the year end.
- Payment of bonuses based on performance to budget, which creates an incentive for management to manipulate results.
- Bad debt provision, accruals and useful economic life of intangibles as these are estimates made by management.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Substantive work on material areas affecting profits.
- Challenging management regarding the assumptions used in the estimates identified above, and comparison to historical data, market data and post-year-end data as appropriate.
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts.

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 parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson
Nexia Smith & Williamson (Jan 28, 2022 17:26 GMT)

Andrew Edmonds

Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
4th Floor Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

Date: 28/01/2022

Utilita Group Limited

Consolidated Income Statement

Year ended 31 March 2021

	Note	2021 £000	2020 *(restated)* £000
Turnover	**4**	815,858	856,452
Cost of sales		740,910	791,428
Gross profit		74,948	65,024
Administrative expenses		83,472	92,031
Other operating income	**5**	3,550	981
Operating loss	**6**	(4,974)	(26,026)
Other interest receivable and similar income	**10**	649	178
Interest payable and similar expenses	**11**	967	166
Loss before taxation		(5,292)	(26,014)
Tax on loss	**12**	(801)	(6,664)
Loss for the financial year		(4,491)	(19,350)

All the activities of the group are from continuing operations.

The group has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 21 to 37 form part of these financial statements.

Utilita Group Limited

Consolidated Statement of Financial Position

31 March 2021

	Note		2021		2020 *(restated)*
			£000		**£000**
Fixed assets					
Intangible assets	**13**		55,690		58,134
Tangible assets	**14**		6,475		7,366
			62,165		65,500
Current assets					
Stocks	**16**	20,832		7,226	
Debtors	**17**	87,115		99,579	
Cash at bank and in hand		3,685		1,681	
		111,632		108,486	
Creditors: amounts falling due within one year	**18**	192,286		188,488	
Net current liabilities			80,654		80,002
Total assets less current liabilities			(18,489)		(14,502)
Provisions					
Deferred taxation	**19**	8		11	
Other provisions	**19**	501		-	
			509		11
Net liabilities			(18,998)		(14,513)
Capital and reserves					
Called up share capital	**23**		16		16
Share premium account	**24**		1,975		1,969
Capital redemption reserve	**24**		29		29
Other reserves	**24**		800		800
Profit and loss account	**24**		(21,818)		(17,327)
Shareholders deficit			(18,998)		(14,513)

These financial statements were approved by the board of directors and authorised for issue on 28 January 2022, and are signed on behalf of the board by:

W Bullen
W Bullen (Jan 28, 2022 15:26 GMT)

W.N. Bullen
Director

Company registration number: 04847763

The notes on pages 21 to 37 form part of these financial statements.

Utilita Group Limited

Company Statement of Financial Position

31 March 2021

	Note		2021 £000		2020 £000
Fixed assets					
Investments	**15**		11,556		11,556
Current assets					
Debtors	**17**	4,810		35	
Cash at bank and in hand		12		37	
		4,822		72	
Creditors: amounts falling due within one year	**18**	8,159		3,889	
Net current liabilities			3,337		3,817
Total assets less current liabilities			8,219		7,739
Net assets			8,219		7,739
Capital and reserves					
Called up share capital	**23**		16		16
Share premium account	**24**		1,975		1,969
Capital redemption reserve	**24**		29		29
Other reserves	**24**		800		800
Profit and loss account	**24**		5,399		4,925
Shareholders funds			8,219		7,739

The profit for the financial year of the parent company was £474,000 (2020: £720,000).

These financial statements were approved by the board of directors and authorised for issue on 28 January 2022, and are signed on behalf of the board by:

W Bullen
W Bullen (Jan 28, 2022 15:26 GMT)

W.N. Bullen
Director

Company registration number: 04847763

The notes on pages 21 to 37 form part of these financial statements.

Utilita Group Limited

Consolidated Statement of Changes in Equity

Year ended 31 March 2021

	Note	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Share option reserve £000	Profit and loss account £000	Total £000
At 1 April 2019 (as previously reported)		14	1,923	29	800	3,109	5,875
Prior period adjustments	**22**	–	–	–	–	(1,086)	(1,086)
At 1 April 2019 (restated)		14	1,923	29	800	2,023	4,789
Loss for the year						(19,350)	(19,350)
Total comprehensive loss for the year		–	–	–	–	(19,350)	(19,350)
Issue of shares		2	46	–	–	–	48
Total investments by and distributions to owners		2	46	–	–	–	48
At 31 March 2020 (as previously reported)		16	1,969	29	800	(13,781)	(10,967)
Prior period adjustments	**22**	–	–	–	–	(3,546)	(3,546)
At 31 March 2020 (restated)		16	1,969	29	800	(17,327)	(14,513)
Loss for the year						(4,491)	(4,491)
Total comprehensive loss for the year		–	–	–	–	(4,491)	(4,491)
Issue of shares		–	6	–	–	–	6
Total investments by and distributions to owners		–	6	–	–	–	6
At 31 March 2021		16	1,975	29	800	(21,818)	(18,998)

Utilita Group Limited

Company Statement of Changes in Equity

Year ended 31 March 2021

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Share option reserve £000	Profit and loss account £000	Total £000
At 1 April 2019	14	1,923	29	800	4,205	6,971
Profit for the year					720	720
Total comprehensive income for the year	–	–	–	–	720	720
Issue of shares	2	46	–	–	–	48
Total investments by and distributions to owners	2	46	–	–	–	48
At 31 March 2020	16	1,969	29	800	4,925	7,739
Profit for the year					474	474
Total comprehensive income for the year	–	–	–	–	474	474
Issue of shares	–	6	–	–	–	6
Total investments by and distributions to owners	–	6	–	–	–	6
At 31 March 2021	16	1,975	29	800	5,399	8,219

The notes on pages 21 to 37 form part of these financial statements.

Utilita Group Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2021

	2021	2020 *(restated)*
	£000	£000
Cash flows from operating activities		
Loss for the financial year	(4,491)	(19,350)
Adjustments for:		
Depreciation of tangible assets	2,314	3,201
Amortisation of intangible assets	18,873	16,665
Other interest receivable and similar income	(649)	(178)
Interest payable and similar expenses	817	16
Gains on disposal of tangible assets	–	(748)
Loss on disposal of intangible assets	10,610	17,749
Tax on profit	(801)	(6,664)
Changes in:		
Stocks	(13,606)	35,917
Trade and other debtors	13,235	(5,148)
Trade and other creditors	3,798	(8,443)
Provisions and employee benefits	501	–
Cash generated from operations	30,601	33,017
Interest paid	(817)	(16)
Interest received	649	178
Tax received	27	1,887
Net cash from operating activities	30,460	35,066
Cash flows from investing activities		
Purchase of tangible assets	(1,423)	(2,267)
Proceeds from sale of tangible assets	–	6,552
Purchase of intangible assets	(27,037)	(40,187)
Proceeds from sale of intangible assets	(2)	–
Net cash used in investing activities	(28,462)	(35,902)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	6	48
Net cash from financing activities	6	48
Net increase/(decrease) in cash and cash equivalents	2,004	(788)
Cash and cash equivalents at beginning of year	1,681	2,469
Cash and cash equivalents at end of year	3,685	1,681

The notes on pages 21 to 37 form part of these financial statements.

1. **General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Hutwood Court, Bournemouth Road, Chandler's Ford, Eastleigh, SO53 3QB.

2. **Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. **Accounting policies**

Basis of preparation
The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern
The group has made a loss after tax of £4,491k (2020 as restated £19,350k) and has net current liabilities of £80,654k (2020 as restated £80,002k). The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Group meets its day to day working capital requirements through its own cash resources and support from a major supplier ("the Supplier") of Utilita Energy Limited. The nature of the Group's business is such that there can be considerable variation in the timing of cash inflows throughout the year, especially over the spring to early autumn period. The directors have prepared detailed projected cash flow information for the Group for the period to 31 March 2023, and less detailed forecasts to March 2025.

Those forecasts are dependent on the Supplier providing additional ongoing financial support to Utilita Energy Limited and that company extending the benefit of that support to Utilita Group Limited. The directors of Utilita Energy Limited and Utilita Group Limited believe that delayed payment terms with the Supplier will be made available as are needed by the Group for the period covered by the forecasts. The directors have been given no indication that the Supplier will not continue to provide this support, and the directors are reasonably confident that it is unlikely that this support would cease in the foreseeable future. However, as with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue. In the unlikely event that this support was not to continue, then the Group would need to secure alternative finance.

The group is also in technical breach of the preferred supplier agreement's Tangible Net Worth covenant. The supplier is aware of this breach, however, no notice of breach has been received nor is expected.

Being a mainly prepayment energy supplier the group has not been significantly impacted financially by Covid-19. Utilita Energy Limited has taken advantage of the energy industry network costs deferral, to provide short term liquidity over the period September 2020 to March 2021. New customer sales and losses have both been reduced, however, this has not led to any reduction in net customer numbers. Staff have been enabled to work from home wherever possible. Installation on new smart meters by Utilita Field Services Limited have continued albeit with some limited access to customer premises during lock downs.

3. Accounting policies *(continued)*

Going concern *(continued)*

The directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Disclosure exemptions
The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- No cash flow statement has been presented for the company.
- Disclosures in respect of financial instruments have not been presented.

Consolidation
The financial statements consolidate the financial statements of Utilita Group Limited and all of its subsidiary undertakings.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

Judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Forward purchases of energy - The group has entered into contracts for the purchase of energy for periods up to 24 months in the future. The directors have determined that the classification of such contracts represents commodity purchases for use within the business accounted for at cost at date of delivery and not as derivative instruments accounted for at fair value;

- Deferred tax assets - these are only recognised when it is considered more likely than not that the group will make future taxable profits against which the deferred tax asset can be utilised. The directors have assessed the future trading performance of the group and believe it is probable that the group will generate profits and therefore a deferred tax asset has been recognised; and

- Operating lease commitments - The group has entered into meter rental transactions and obtains use of plant and equipment as lessee. The classification of such leases as operating or finance lease requires the group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

- Capitalisation of acquisition costs and installation costs - The group considers that customer acquisition costs and installation costs that relate to the direct cost of acquiring a customer, or installing a smart meter for a customer, are of benefit to the company for the period that the customer is on supply.

- Going concern - The directors have considered the period to 31 March 2023 in detail and the period to 31 March 2025 in less detail and have formed the view that the company and the group is a going concern.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Taxation - The group establishes provisions based on reasonable estimates. The amount of such provisions is based on various factors, such as experience and the interpretation of tax regulations. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies;

- Revenue recognition - An estimate is made of the value of energy supplied to customers based on company specific industry settlement data and estimates of customer usage since last meter read data. The industry settlement data is the estimated quantity the industry system operator deems the individual suppliers, including the company, to have supplied;

- Accruals and prepayments - The company estimates the costs of goods and services received in the period where the actual liability for the period is not fully known at the year end;

- Depreciation and amortisation - The group has determined the estimated useful lives of its tangible and intangible assets. The life of an individual asset is based on various, technological, practical and legislative information; and

- Impairment of trade receivables and customer balances - Impairments against trade receivables and customer balances are recognised where the loss is probable. The directors have based their assessment of the level of impairment on collection rates experienced to date. The estimates and assumptions used to determine the level of provision will continue to be reviewed periodically and could lead to changes in the impairment provision methodology which would impact the income statement in future years.

Revenue recognition
Turnover is measured at the fair value of the consideration received or receivable for sales of energy and the value of services and facilities provided during the year, net of discounts and value added tax.

Revenue includes an estimate of the value of energy supplied to customers based on company specific industry settlement data and estimates of customer usage since last meter read data. The industry settlement data is the estimated quantity the industry system operator deems the individual suppliers, including the company, to have supplied.

3. Accounting policies *(continued)*

Revenue recognition *(continued)*

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Balances with customers
Amounts recoverable from and/or repayable to customers and/or other supply companies are calculated on the basis of best expectation of amounts due to be received or repaid. This expectation is based on historic patterns of behaviour for such amounts.

Receivables, which are included in trade debtors, are made up of amounts in transit from customers plus an estimate of the balances expected to be recoverable from advances made to customers, the recoverable amount of unpaid invoices rendered and other similar amounts. Vend transactions are recorded on meters at date of vend, receipts passing through collection partners are treated as debtors from vend date to receipt in bank.

Liabilities are based on balances owed to customers for amounts received in advance of consumption, amounts due to be repaid to other supply companies or customers for amounts received in error and other refunds due to customers.

Income tax
The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases
Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

3. Accounting policies *(continued)*

Intangible assets

Acquisition costs

Acquisition costs relate to the direct cost of acquiring a customer through the different acquisition channels used. They are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Cost is determined as costs incurred on acquiring and establishing a customer. The cost is amortised over the estimated length of time that the customer remains with the company, and is written off on loss of supply.

Installation costs

Installation costs relate to the direct cost of installing a smart utility meter at a customer's premises. They are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Cost is determined as net costs incurred on installing a smart utility meter. The cost is amortised over the estimated length of time that the customer remains with the company, and is written off on loss of supply.

Development costs

Internally developed software costs are included at cost where the future derived benefit is greater than the cost. They are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Cost includes both internal and external costs.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	10 years
Acquisition costs	-	5 years
Installation costs	-	5 years
Development costs	-	5 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates. Where a supply to a customer is lost the net book value of Acquisition and Installation costs at date of loss is treated as a loss on disposal.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land and buildings - short leasehold property	-	over the life of the lease
Plant and machinery	-	5 - 10 years
Motor vehicles	-	4 years
Equipment	-	2 - 4 years

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

3. Accounting policies *(continued)*

Impairment of fixed assets
A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks
Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Renewable obligation certificates are measured at the lower of cost and net realisable value and are recognised when contract to purchase is made.

Work in progress comprise materials and supplies to be consumed in the rendering of sales agency services. Net realisable value is the estimated selling price of those services less the applicable costs of conversion to complete the services and variable selling expenses.

Government grants
Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the profit or loss in the same period as the related expenditure.

Financial instruments
Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Defined contribution plans
Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

Forward energy purchases
Forward purchases of energy are classified as commodity purchases for use within the group's business and as such are accounted for at cost on day of delivery.

4. Turnover

Turnover arises from:

	2021 £000	2020 £000
Sale of energy	812,371	848,660
Installation and maintenance	2,804	7,322
Meter rentals	113	403
Other charges	570	67
	815,858	856,452

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Other operating income

	2021 £000	2020 £000
Job retention scheme	3,131	81
Other operating income	419	900
	3,550	981

6. Operating loss

Operating loss is stated after charging/crediting:

	2021 £000	2020 *(restated)* £000
Amortisation of intangible assets	18,872	16,665
Depreciation of tangible assets	2,314	3,201
Gains on disposal of tangible assets	–	(748)
Loss on disposal of intangible assets	10,610	17,749
Impairment of trade debtors	38,284	53,413
Foreign exchange differences	(12)	–
Operating leases	2,756	2,549

7. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to James Cowper Kreston		
Fees payable to the company's auditor and its associates for other services:		
Audit-related assurance services	–	6
Taxation advisory services	–	3
	–	9

	2021 £000	2020 £000
Fees payable to Nexia Smith & Williamson		
Fees payable for the audit of the financial statements (including prior year under accrual of £70k)	168	88
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	17	20

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2021 No.	2020 No.
Administrative staff	1,329	1,327
Management staff	11	13
Installation staff	44	87
	1,384	1,427

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021 £000	2020 £000
Wages and salaries	44,775	40,363
Social security costs	3,821	3,562
Other pension costs	980	880
	49,576	44,805

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021 £000	2020 £000
Remuneration	627	604
Company contributions to defined contribution pension plans	30	30
	657	634

Remuneration of the highest paid director in respect of qualifying services:

	2021 £000	2020 £000
Aggregate remuneration	273	274
Company contributions to defined contribution pension plans	16	16
	289	290

Contributions are made to two of the directors defined contribution pension schemes.

All directors' remuneration for the group is incurred by Utilita Group Limited, it is not practicable to apportion between group companies.

10. Other interest receivable and similar income

	2021 £000	2020 £000
Interest on cash and cash equivalents	44	72
Gain on settlement of renewables obligation certificates	605	106
	649	178

11. Interest payable and similar expenses

	2021 £000	2020 £000
Other interest	817	16
Other finance charges	150	150
	967	166

12. Tax on loss

Major components of tax expense

	2021	2020 *(restated)*
	£000	£000
Current tax:		
Adjustments in respect of prior periods	–	(4)
Deferred tax:		
Origination and reversal of timing differences	(801)	(6,660)
Tax on profit	(801)	(6,664)

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020 *(restated)*
	£000	£000
Loss on ordinary activities before taxation	(5,292)	(26,014)
Loss on ordinary activities by rate of tax	(1,005)	(4,943)
Adjustment to tax charge in respect of prior periods	–	(4)
Effect of expenses not deductible for tax purposes	86	50
Fixed asset differences	137	24
Effect of changes of tax rates	–	(255)
Unrecognised deferred tax	–	(1,404)
Other taxable differences	(19)	(132)
Tax on profit	(801)	(6,664)

13. Intangible assets

Group	Goodwill £000	Acquisition cost £000	Installation costs £000	Development costs £000	Total £000
Cost					
At 1 April 2020	2,841	70,246	16,576	1,847	91,510
Additions	–	18,186	6,167	2,684	27,037
Disposals	–	(14,065)	(2,677)	–	(16,742)
At 31 March 2021	2,841	74,367	20,066	4,531	101,805
Amortisation					
At 1 April 2020	901	28,011	4,417	47	33,376
Charge for the year	280	14,031	3,918	644	18,873
Disposals	–	(5,280)	(854)	–	(6,134)
At 31 March 2021	1,181	36,762	7,481	691	46,115
Carrying amount					
At 31 March 2021	1,660	37,605	12,585	3,840	55,690
At 31 March 2020	1,940	42,235	12,159	1,800	58,134

The company has no intangible assets.

14. Tangible assets

Group	Land and buildings £000	Plant and machinery £000	Equipment £000	Assets under construction £000	Total £000
Cost					
At 1 April 2020	2,877	1,803	11,569	705	16,954
Additions	93	403	879	48	1,423
Transfers	571	–	134	(705)	–
At 31 March 2021	3,541	2,206	12,582	48	18,377
Depreciation					
At 1 April 2020	811	1,468	7,309	–	9,588
Charge for the year	379	105	1,830	–	2,314
At 31 March 2021	1,190	1,573	9,139	–	11,902
Carrying amount					
At 31 March 2021	2,351	633	3,443	48	6,475
At 31 March 2020	2,066	335	4,260	705	7,366

The company has no tangible assets.

15. Investments

The group has no investments.

15. Investments *(continued)*

Company	**Shares in group undertakings £000**
Cost	
At 1 April 2020 and 31 March 2021	11,556
Impairment	
At 1 April 2020 and 31 March 2021	–
Carrying amount	
At 1 April 2020 and 31 March 2021	11,556
At 31 March 2020	11,556

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Utilita Energy Limited	Ordinary	100
Utilita Services Limited	Ordinary	100
Utilita Field Services Limited	Ordinary	100
Utilita Telesales Limited	Ordinary	100
Hooga Limited (indirect)	Ordinary	100

The principal activity of these companies is:

Utilita Energy Limited - supply of energy
Utilita Services Limited and Utilita Telesales Limited - sales agency services
Utilita Field Services Limited - installation and maintenance of utility meters
Hooga Limited - installation of energy efficiency measures

In addition Utilita Gas Limited and Planetpoints Limited are dormant companies owned by subsidiaries. Winchester Gas Distribution Ltd is dormant and owned directly. Hooga Limited commenced trading in December 2020.

All companies in the Utilita group have the same registered office.

16. Stocks

	Group		**Company**	
	2021 £000	**2020 £000**	**2021 £000**	**2020 £000**
Work in progress	655	1,124	–	–
Finished goods and goods for resale	20,177	6,102	–	–
	20,832	7,226	–	–

16. Stocks *(continued)*

Finished goods and goods for resale include Renewable Obligation Certificates of £17,545k (2020 £4,863k).

17. Debtors

	Group 2021	Group 2020 (restated)	Company 2021	Company 2020
	£000	£000	£000	£000
Trade debtors	58,315	71,238	–	–
Amounts owed by group undertakings	–	–	4,804	–
Deferred tax asset	10,324	9,526	–	4
Prepayments and accrued income	5,814	8,169	6	31
Corporation tax repayable	–	27	–	–
Other debtors	12,662	10,619	–	–
	87,115	99,579	4,810	35

The debtors above include the following amounts falling due after more than one year:

	Group 2021	Group 2020 (restated)	Company 2021	Company 2020
	£000	£000	£000	£000
Deferred tax asset	10,324	9,526	–	4
Prepayments and accrued income	512	593	–	–
Other debtors	10	–	–	–
	10,846	10,119	–	4

The group has placed cash collateral of £8.5m (2020 £7.9m) in respect of the purchase of energy and other services, which are included in other debtors.

18. Creditors: amounts falling due within one year

	Group 2021	Group 2020 (restated)	Company 2021	Company 2020
	£000	£000	£000	£000
Trade creditors	18,421	50,526	121	2
Amounts owed to group undertakings	–	–	7,525	3,226
Accruals and deferred income	141,465	110,521	371	571
Social security and other taxes	1,027	654	142	69
Balances with customers	30,307	26,004	–	–
Other creditors	1,066	783	–	21
	192,286	188,488	8,159	3,889

19. Provisions

Group	Deferred tax (note 20)	Dilapidations	Total
	£000	£000	**£000**
At 1 April 2020	11	–	11
Additions	(3)	501	498
At 31 March 2021	8	501	509

The company does not have any provisions.

The provision for property dilapidations represents management's best estimate of the expected cost that will be incurred when the company vacates and returns to the respective landlords, each of the properties, it occupies under leases, where those leases obligate the company to return the property in a specified condition.

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group 2021	Group 2020 *(restated)*	Company 2021	Company 2020
	£000	£000	£000	£000
Included in debtors (note 17)	10,324	9,526	–	4
Included in provisions (note 19)	(8)	(11)	–	–
	10,316	9,515	–	4

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group 2021	Group 2020 *(restated)*	Company 2021	Company 2020
	£000	£000	£000	£000
Accelerated capital allowances	785	140	–	–
Unused tax losses	9,519	8,882	–	–
Pension plan obligations	12	15	–	4
	10,316	9,515	–	4

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £980,126 (2020: £880,649).

The liability at the year end for pension contributions was £156,619 (2020 £169,441).

22. Prior period adjustment

During the year, management of Utilita Energy Limited became aware of a calculation error relating to balances with customers, presented in creditors which has been accounted for as prior year adjustment. The financial impact on the comparatives is shown below:

- Balances with customers, presented in creditors have increased by £4,377k
- The deferred tax asset, presented in debtors, has increased by £831k
- Administrative expenses in the Statement of Comprehensive Income have increased by £3,068k
- The deferred tax credit in the Statement of Comprehensive Income has increased by £608k
- As a result of the above changes net liabilities have increased by £3,546k and the net loss for the year has increased by £2,460k
- The impact as at 01 April 2019 totals a reduction in reserves of £1,086k

23. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £0.01 each	1,443,397	14,434	1,443,397	14,434
B Ordinary shares of £0.01 each	195,000	1,950	170,000	1,700
	1,638,397	16,384	1,613,397	16,134

B Ordinary shares rank pari passu with Ordinary shares except that they are Non-Voting. B Ordinary shares convert to Ordinary shares if and when the issued share capital exceeds £16,383.97.

25,000 B Ordinary shares were issued in the year for a consideration of £7k.

24. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share option reserve - Share options comprising 63% (2020 63%) of the ordinary share capital of the company, on a fully diluted basis, have been granted. These options were granted in lieu of an amendment to the preferred supplier agreement which benefits Utilita Energy Limited and the value of these options is therefore amortised over the life of the PSA as a finance cost to the Group. During the year, the related finance charge was £150,000 (2020 £150,000).

25. Analysis of changes in net debt

	At 1 Apr 2020	Cash flows	At 31 Mar 2021
	£000	£000	£000
Cash at bank and in hand	1,681	2,004	3,685

26. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

		Group		Company
	2021	2020	2021	2020
	£000	£000	£000	£000
Not later than 1 year	2,854	2,401	–	–
Later than 1 year and not later than 5 years	7,911	8,344	–	–
Later than 5 years	3,017	4,335	–	–
	13,782	15,080	–	–

The group has a commitment to pay utility meter owners rentals for utility meters used by our customers. These arrangements are on a pence per day basis and are only payable while Utilita Energy Limited supplies energy to that customer. The amount paid in respect of this commitment was £45,227k (2020 £40,999k).

27. Contingencies

The group's hedging strategy aims to provide the group with protection against sudden and significant increases in energy prices while ensuring that the group is not competitively disadvantaged in a serious way in the event of a substantial fall in the price of energy. The strategy operates within limits set by the Board. The group's policy is not to trade in derivatives but to use these instruments to hedge anticipated expenses.

At 31 March 2021 the group has entered into a portfolio of forward contracts for the purchase of energy. These contracts are capable of being bought and sold in an arm's length transaction. At 31 March 2021 the price to which the group is committed is below the market price for such contracts by £23m (2020 above the market price £43m). Most of these contracts are for a period of up to one year.

Utilita Group Limited has guaranteed the banking facilities of its subsidiaries. At 31 March 2021 the balance outstanding under these guarantees was £nil (2020 £nil).

Utilita Group Limited has also guaranteed the liabilities for the purchase of energy of Utilita Energy Limited to BP Gas Marketing Limited. At 31 March 2021 the balance outstanding under this guarantee was £8.4m (2020 £24.2m).

28. Related party transactions

Group

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £2,575k (2020 £2,547k).

The partner of a member of key management personnel provided consultancy services to the group of £24,758 (2020 £37,026). At 31 March 2021 an amount of £6,564 (2020 £3,344) was unpaid.

Utilita Energy Limited purchases the majority of the energy for resale under a preferred supplier agreement. The supplier of energy has the power to obtain control of Utilita Group Limited by exercising options (at certain vesting points) but they have not currently exercised these options.

Company

In line with the requirements of Section 33 of FRS 102 the company has not disclosed transactions with other wholly owned entities within the group.

29. Controlling party

W.N. Bullen, the majority shareholder of Utilita Group Limited, has day to day control of the Group, however a preferred supplier, of Utilita Energy Limited, has the power to obtain control by exercising options (at certain vesting points) but they have not currently exercised these options.

30. Events since the balance sheet date

Over the summer and autumn 2021 Covid-19 has remained a significant issue for the country. The group has continued to apply the guidance of HM Government and where possible staff have continued to work from home. Utilita Energy Limited has not seen a significant impact on its business as a result of Covid-19.

In late summer and autumn 2021 there was a material increase in the spot and forward prices of energy, and a number of retail energy suppliers failed and entered the Supplier of Last Resort (SoLR) process. Utilita Energy Limited successfully bid for the energy supplies of Omni Energy and transitioned those supplies in December 2021, a claim for the excess costs of taking on these customers has been made to the SoLR levy.

Utilita Energy Limited has forward hedged 100% of its energy requirements for the price cap period October 2021 to March 2022 and locked in costs for that period at a level consistent with the price cap. Utilita Energy Limited is still exposed to balancing and shaping costs and to weather related changes in demand. It is not exposed to fixed tariff roll off demand that other retail energy suppliers are experiencing.

Utilita Energy Limited reviewed its new customer take on policy when the increased costs of energy became apparent, and the costs of supplying energy to new customers became greater than the income derived from those customers. Utilita Energy Limited restricted sales activity to new customers, in line with almost all other retail energy companies.