Registered number: 9688977

ESB Energy Limited

Annual Report and Financial Statements
For the Year Ended 31 December 2020

ESB Energy Limited

Company Information

Directors	T. Bean Y. Burke (resigned 6 March 2020) C. McAllister K. McKervey (resigned 11 March 2021) D. Vickers (appointed 11 March 2021) J. Walsh S. Ward
Company secretary	B. Corcoran
Registered number	9688977
Registered office	Tricor Suite 4th Floor 50 Mark Lane London England EC3R 7QR
Independent auditors	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1 Ireland

ESB Energy Limited

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ESB Energy Limited

Strategic Report
For the Year Ended 31 December 2020

The directors present their Strategic Report for the year ended 31 December 2020.

Business review

The company is engaged in the supply of electricity and gas in Great Britain to residential customers.

The company continues to incur losses and has recorded a loss for the year after taxation of £21.7m (2019: loss of £24.1m).The operating loss is attributed to the continued investment being made to increase the scale of the business and increase customer numbers, increased bad debt provisions against trade debtors and an exceptional impairment charge of £2.7m.

The Covid-19 pandemic has created turbulence and economic uncertainty, impacting individuals and businesses. The directors note the challenge of having to adapt to the situation and to continue to provide a safe and reliable retail energy service to our customers. The directors also note the challenge in dealing with ongoing credit risk associated with customer default and continue to carefully monitor this situation.

As noted in the directors' report, arising from the acquisition of So Energy Limited and its trading subsidiary (So Energy) by the company's parent and planned group restructuring following this acquisition, the intention is to merge the businesses of the company and So Energy and this will result in the discontinuing of activities within this entity over the next 12 months with a transfer of customers, assets and associated liabilities to So Energy.

Principal risks and uncertainties

The company's risk profile reflects the principal activities of the business and is summarised below. The directors have put in place a series of processes to mitigate major risk.

1. Financial

The main financial risks facing the company are credit risk, cash flow risk and liquidity risk. These risks are dealt with below.

2. Contractual

In the course of its normal trading activities the company has entered into contracts for the purchase of electricity and gas. These contracts have been reviewed and are approved from a legal, insurance and financial perspective to ensure no undue contractual risk exposure is created for the company.

3. Market and Regulation

The company continues to operate in a competitive market and regulated market. The directors actively manage these risks through the ongoing review of appropriate sales channels to manage customer churn and understanding customer demands in terms of climate change and technology expectations. The company ensures any emerging regulatory developments are closely monitored and managed.

Financial management risks

The company's financial instruments comprise of cash at bank and in hand, debtors and creditors that arise directly from its operations.

The main risks are as follows:

1. Credit risk

The credit risk on electricity and gas customer accounts is managed through the ongoing monitoring of debtor days, the collection of monies in advance by direct debit and a collection policy based on the credit worthiness, size and duration of debt. The concentration of risk in the company is in relation to retail electricity and gas accounts that have closed in arrears. In addition, given an increase in competition, certain customers may switch suppliers before they have settled their outstanding balances. These accounts are managed within the company's debt collection policy.

The directors do not believe there is any material credit risk in respect of amounts due from group undertakings.

2. Cash flow risk and liquidity risk

The company structures its activities and IT systems to ensure accurate and prompt invoicing and receipting of all customers. The directors are confident that the company will continue to have sufficient resources given the support of its parent undertaking to meet its ongoing activities and to meet its liabilities as they fall due.

Financial key performance indicators

The board has determined the loss before tax as the key performance indicator which addresses financial performance:

The loss before tax in 2020 is £21.7m (2019: loss £24.1m).

Other key performance indicators

The board has determined the following key performance indicators which address operational performance:

1. Customer numbers

The customer numbers as at 31 December 2020 were 88,000 (2019 - 62,000).

2. Safety

There were no safety incidents reported in 2020 (2019 - Nil).

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

Suzanne Ward

S. Ward
Director
Date: 29 September 2021

ESB Energy Limited

Directors' Report
For the Year Ended 31 December 2020

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 101 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

Principal activities

The principal activity of the company is the supply of electricity and gas in Great Britain to residential customers.

ESB Energy Limited is a 100% subsidiary of ESB Group (UK) Limited which is a fully owned subsidiary of ESB.

Going concern

In August 2021, arising from the acquisition of So Energy Limited and its trading subsidiary (So Energy) by the company's parent and planned restructuring following this acquisition, the intention is to merge the businesses of the company and So Energy and this will result in the discontinuing of activities within this entity over the next 12 months with a transfer of customers, assets and associated liabilities to So Energy.

Consequently these financial statements are presented on a basis other than going concern and all assets are stated at their estimated recoverable amount. Further details are set out in note 1.4 to these financial statements.

Results and dividends

The loss for the year, after taxation, amounted to £21.7m (2019 - loss £24.1m).
No dividend was declared by the directors (2019- £Nil).

Directors

The directors who served during the year and up to the date of approval of these financial statements were:

T. Bean
Y. Burke (resigned 6 March 2020)

C. McAllister
K. McKervey (resigned 11 March 2021)
D. Vickers (appointed 11 March 2021)
J. Walsh
S. Ward

On 11 February 2020, J. Healy resigned as company secretary and on the same date, B. Corcoran was appointed as company secretary.

The directors and secretary had no disclosable interests in the shares of the company, or any other group company, as defined in section 177 of the Companies Act 2006, at 31 December 2020 or 31 December 2019.

Political donations and political expenditure

The company made no political donations during the year (2019: £Nil) and incurred no political expenditure

Future developments

The directors intention is to merge the business of the company with the business of So Energy which will involve a transfer of customers, assets and associated liabilities to So Energy over the next 12 months.

Research and development activities

The company did not engage in any research or development activities in the current or preceding year.

Branches

The company has no branches outside Great Britain.

Qualifying third party indemnity provisions

A directors' insurance policy is in place for directors acting in ESB Energy Limited.

Statement on relevant audit information

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information (within the meaning of Section 418 (2) of the Companies Act 2006).

Events since the end of the financial year

On 26 August 2021, the company's immediate parent ESB Group (UK) Limited, through the establishment of a new company ESB Retail GB Limited, acquired a majority shareholding in a UK supply company, So Energy Limited and entered into a shareholder agreement with the other shareholders. The transaction and shareholder agreement will result in the merger of the ESB Energy and So Energy businesses under ESB Retail GB Limited.

As part of this transaction, ESB Group (UK) Limited has released the interest free loan to the company. The loan outstanding at 31 December 2020 was £50m (See note 14). Additional loan advances of £20m have been made to the company since the year end. The company has repaid £4m of this loan with the remaining £66m converted to a promissory note which was then released by ESB Group (UK) Limited.

Following this acqusition, the intention is to merge the businesses of the company and So Energy and this will result in the discontinuing of activities within this entity over the next 12 months with a transfer of customers, assets and associated liabilities to So Energy.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

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

Suzanne Ward

S. Ward
Director
Date: 29 September 2021

Independent Auditors' Report to the Members of ESB Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion, ESB Energy Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise:

- the Balance Sheet as at 31 December 2020;
- the Profit and Loss Account and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of Matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of disclosures set out in note 1.4 to the financial statements concerning the going concern basis of preparation. Following the year end, a decision has been taken to merge the businesses of the company into another entity in the ESB group and this will result in the discontinuing of activities within this entity over the next 12 months. Accordingly, the going concern basis of preparation is no longer appropriate.

Reporting on other information

The other information comprises all of the information in the Annual Report and Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent Auditors' Report to the Members of ESB Energy Limited

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' 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 auditors' 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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.

Independent Auditors' Report to the Members of ESB Energy Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to an energy supply company, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in determining judgements and estimates. Audit procedures performed included:

- discussions with the management, in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulation and fraud and reviewing Board Minutes;
- confirmation with those charged with governance in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulations;
- consideration of the overall control environment and the processes and controls in place in the company, including procedures to achieve compliance with relevant laws and regulations;
- evaluating management's judgements for appropriateness and indicators of bias in the context of our knowledge and understanding of the business, other areas audited, obtaining audit evidence from events occurring up to the date of the auditor's report and the requirements of the reporting framework; and
- testing of journal entries posted throughout the period and at period end.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Mary Cleary

Mary Cleary (Senior Statutory Auditor)

for and on behalf of
PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Date: 29 September 2021

ESB Energy Limited

Profit and Loss Account
For the Year Ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	3	**93,078**	63,627
Cost of sales		**(83,928)**	(62,467)
Gross profit		**9,150**	1,160
Administrative expenses		**(28,136)**	(17,906)
Operating loss	5	**(18,986)**	(16,746)
Exceptional items	4	**(2,660)**	(7,373)
Loss before interest and taxation		**(21,646)**	(24,119)
Interest payable and similar charges	8	**(5)**	(2)
Loss before taxation		**(21,651)**	(24,121)
Taxation on loss on ordinary activities	9	**-**	-
Loss for the financial year		**(21,651)**	(24,121)

The notes on pages 13 to 23 form part of these financial statements.

Statement of Comprehensive Income
For the Year Ended 31 December 2020

	2020 £000	2019 £000
Loss for the financial year	**(21,651)**	(24,121)
Total comprehensive loss for the year	**(21,651)**	(24,121)

The notes on pages 13 to 23 form part of these financial statements.

ESB Energy Limited
Registered number:9688977

Balance Sheet
As at 31 December 2020

	Note		2020 £000		2019 £000
Non-Current Assets					
Intangible assets	10		-		-
Right of use assets	11		192		369
			192		369
Current Assets					
Trade and other receivables	12	13,292		10,350	
Cash and cash equivalents	13	4,614		5,379	
		17,906		15,729	
Trade and other payables falling due within one year	14	(74,993)		(51,125)	
Net current liabilities			(57,087)		(35,396)
Total assets less current liabilities			(56,895)		(35,027)
Trade and other payables falling due after more than one year	15		(27)		(244)
Net liabilities			(56,922)		(35,271)
Capital and reserves					
Called up share capital	16		-		-
Profit and loss account			(56,922)		(35,271)
Shareholders deficit			(56,922)		(35,271)

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

Suzanne Ward

S. Ward
Director
Date: 29 September 2021

The notes on pages 13 to 23 form part of these financial statements.

ESB Energy Limited

Statement of Changes in Equity
For the Year Ended 31 December 2020

	Share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2020	-	(35,271)	(35,271)
Comprehensive loss for the year			
Loss for the year	-	(21,651)	(21,651)
Total comprehensive loss for the year	-	(21,651)	(21,651)
At 31 December 2020	-	(56,922)	(56,922)

Statement of Changes in Equity
For the Year Ended 31 December 2019

	Share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2019	-	(11,150)	(11,150)
Comprehensive loss for the year			
Loss for the year	-	(24,121)	(24,121)
Total comprehensive loss for the year	-	(24,121)	(24,121)
At 31 December 2019	-	(35,271)	(35,271)

The notes on pages 13 to 23 form part of these financial statements.

1. Accounting policies

ESB Energy Limited (registered number: 9688977) is a limited company incorporated and operating in Great Britain. The principal activity of the company is the supply of electricity and gas in Great Britain to residential customers.

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

The financial statements are presented in Sterling, which is the functional currency of the company, rounded to the nearest thousand.

1.1 Basis of preparation of financial statements

The financial statements of ESB Energy Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006.

Following the acqusition of So Energy Limited and its trading subsidiary (So Energy), the intention is to merge the businesses of the company and So Energy and this will result in the discontinuing of activities within this entity over the next 12 months with a transfer of customers, assets and associated liabilities to So Energy.

Accordingly, these financial statements are presented on a basis of accounting other than going concern (see note 1.4 for further details). The directors are satisfied that it is the shareholder's intention to support the company in the orderly wind-down of its affairs.

1.2 Financial Reporting Standard 101 - reduced disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

• IAS 1: Presentation of Financial Statements: Certain disclosures including comparative information
• IAS 7: Statement of Cash Flows: A Cash Flow Statement and related notes
• IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors
• IAS 24: Related Party Disclosures: Disclosures in respect of transactions entered into between two or more members of the ESB Group, provided that any subsidiary which is a party to the transaction is a wholly owned subsidiary
• IAS 24: Related Party Disclosures: Disclosures in respect of compensation of key management personnel
• IFRS 15: Revenue from Contracts with Customers: Disclosure requirements of paragraphs 110, 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129

As the consolidated financial statements of Electricity Supply Board (ESB), the company's ultimate parent undertaking, include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

• IFRS 7: Financial Instrument Disclosures: Disclosures relating to financial instruments
• IFRS 13: Fair Value Measurement.
• IAS 36: Impairment of Assets.

1.3 New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2020 that have a material impact on the company's financial statements.

1. Accounting policies (continued)

1.4 Going concern

In August 2021, arising from the acquisition of So Energy Limited and its trading subsidiary (So Energy) by the company's parent and planned group restructuring following this acquisition, the intention is to merge the businesses of the company and So Energy and this will result in the discontinuing of activities within this entity over the next 12 months with a transfer of customers, assets and associated liabilities to So Energy.

Consequently these financial statements are presented on a basis other than going concern. All assets are stated at their estimated recoverable amount. Given the nature of the entity and the assets held at 31 December 2020 the change in the basis of preparation has not resulted in any additional write offs or provisions in respect of the company's assets. Additional costs provisions have not been required as a result of undertakings by other group entities that effectively means they will bear any costs incurred in the orderly wind up of the company.

1.5 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. The resulting monetary assets and liabilities are translated at the rate ruling at the Balance Sheet date and the exchange differences are dealt with in the Profit and Loss Account. Non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

1.6 Intangible assets

Development costs that are directly associated with the production of identifiable and unique software products controlled by the company and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it - there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell
- the software is available
- the expenditure attributable to the software during its development can be reliably measured.

Direct costs include the costs of software development, employees and an appropriate portion of relevant overheads. These assets are measured at cost less accumulated amortisation, which is estimated over their estimated useful lives (three to five years) on a straight line basis, and accumulated impairment losses.

1.7 Impairment

Assets that are subject to depreciation and amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets not yet in use are tested annually for impairment. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

1. Accounting policies (continued)

1.8 Amounts payable to and receivable from Group companies

Intercompany receivables and payables, including loans, are non-derivative financial assets and liabilities which are not quoted in an active market. Those with maturities less than twelve months after the Balance Sheet date are included in current assets and current liabilities respectively.

Those with maturities greater than twelve months after the Balance Sheet date are included in non-current assets or liabilities, as appropriate. The balances are initially recorded at fair value and thereafter at amortised cost.

1.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits repayable on demand and other short-term highly liquid investments with original maturities of three months or less.

1.10 Trade and other receivables

Trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method less provision made for impairment.

1.11 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the expected credit loss calculations, based on the company's past history, existing market conditions and forward looking estimates at the end of each reporting period. For loans and balances with Group companies, the general approach permitted by IFRS 9 is applied, which requires 12 month expected credit losses to be recognised on initial recognition of these receivables. If a significant increase in credit risk occurs, this requires expected lifetime credit losses to be recognised on these receivables. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a life time expected loss allowance for all trade and other receivables.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there is no impairment loss identified.

1.12 Trade and other payables

Trade and other payables are initially recorded at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest rate method.

1.13 Turnover

Turnover is derived from sales to residential electricity and gas customers in Great Britain (GB). Turnover is recognised over time on consumption of electricity and gas. Electricity and gas revenue includes the value of units supplied to customers between the date of the last meter reading and the period end.

Unbilled revenue is arrived at by using estimated revenue which is calculated by applying the tariffs applicable to specific customers types to estimated volume of electricity or gas consumed across those customers types, less the total amounts already billed for the relevant period. This process includes the analysis of calculated unbilled volumes and rates (in GWh and millions of therms).

1. Accounting policies (continued)

1.14 Cost of sales

Cost of sales comprise purchased electricity and gas, Use of System charges, net emissions costs, and feed in tariff costs. Purchased electricity and gas costs are recognised as they are utilised. Meter rental costs in relation to charges payable to the owners of customer meters are included in administrative expenses.

1.15 Current and deferred taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised directly in other comprehensive income or equity.

Current tax

Current tax is provided at current rates and is calculated on the basis of results for the year.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.16 Share capital

Financial instruments that have been issued are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the company. Ordinary shares are classified as equity.

1.17 Interest payable and similar charges

Interest payable and similar charges comprises of bank charges and financing charges on lease liabilities.

1.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Judgements made by management in the application of FRS 101 that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are:

1. Intangible Assets

The directors have carried out an impairment review of the software asset at 31 December 2020. The impairment review compares the carrying amount of the software asset and the net present value of future expected cashflows to be generated. A number of scenarios were developed which are based on sensitivities around key assumptions and estimates.

Based on an overall assessment of the assumptions, estimates and economic conditions, the directors consider an impairment charge of £2.7m (2019 - £7.4m) to be necessary. The impairment loss has been charged in the Profit and Loss Account.

Further details are set out in note 4 and note 10.

2. Unbilled consumption

The measurement of unbilled electricity and gas accruals at the year end requires a degree of estimation and judgement, covering estimated volumes consumed by customers up to the year end date. The estimates and underlying assumptions are reviewed on an ongoing basis.

3. Turnover

An analysis of turnover by class of business is as follows:

	2020	2019
	£000	£000
Gas	**37,646**	26,776
Electricity	**55,432**	36,851
	93,078	63,627

Analysis of turnover by country of destination:

	2020	2019
	£000	£000
Great Britain	**93,078**	63,627
	93,078	63,627

4. Exceptional items

The company presents certain items separately which are unusual by virtue of their size and incidence in the context of its ongoing core operations. This presentation is made on the Profit and Loss Account to aid understanding of the performance of the company's underlying business. Judgement is used by the company in assessing the particular items which should be disclosed as exceptional.

The directors have assessed the carrying value of the software asset for impairment given the continued losses, assessment of expected future performance and competitiveness of the Great Britain electricity and gas residential markets. The directors have concluded that an impairment of £2.7m (2019:£7.4m) was necessary.

5. Operating loss

The operating loss is stated after charging:

	2020 £000	2019 £000
Depreciation of right of use assets	**177**	147
Amortisation of intangible assets	**-**	1,773
Foreign exchange losses/(gains)	**113**	(3)
Impairment of trade receivables	**3,330**	1,100

Administrative expenses include meter rental costs of £6.1m (2019:£3.9m) in relation to charges payable to the owners of customer meters.

6. Auditors' remuneration

The following amounts were paid to the company's auditors in respect of the audit of the financial statements:

	2020 £000	2019 £000
Audit fees	**51**	43

The audit fee is paid by a fellow group company.

7. Employees and directors' remuneration

The company has no employees (2019 - Nil).

Employee services were provided by fellow group undertakings to the company. Costs and expenses incurred of £5.3m (2019: £3.5m) in respect of these employees were recharged to the company.

Directors of the company are employees of ESB and are remunerated by ESB for their services. During the year, no directors received any emoluments (2019 - £Nil) in respect of acting as directors of the company.

8. Interest payable and similar charges

	2020 £000	2019 £000
Financing charge on lease liabilities	**5**	2
	5	2

9. Taxation

	2020 £000	2019 £000
Total current tax	**-**	-
Total deferred tax	**-**	-
Taxation credit on loss on ordinary activities	**-**	-

Factors affecting tax charge for the year

The tax assessed for the year differs from the tax based on applying the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Loss on ordinary activities before tax	**(21,651)**	(24,121)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(4,114)**	(4,583)
Effects of:		
Non-tax deductible expenses	**23**	-
Group relief surrendered for nil consideration	**4,091**	4,583
Total taxation credit for the year	**-**	-

The tax on losses incurred have been surrendered to a fellow group company.

Factors that may affect future tax charges

The UK corporation tax rate for the financial year was 19% (2019: 19%).

10. Intangible assets

	Software £000
Cost	
At 1 January 2020	**10,151**
Additions	**2,660**
At 31 December 2020	**12,811**
Amortisation	
At 1 January 2020	**10,151**
Impairment charge (see note 4)	**2,660**
At 31 December 2020	**12,811**
Net book value	
At 31 December 2020	**-**
At 31 December 2019	**-**

An impairment review was carried out on the carrying value of the software asset by comparing the net present value of future cash flows and the carrying amount of the asset as at 31 December 2020. The directors have concluded that an impairment of £2.7m was necessary (2019: £7.4m). See note 4 for further details.

11. Right of use assets and lease liabilities

	2020 £000	2019 £000
Right of use assets		
Balance at 1 January	**369**	-
Additions	**-**	516
Depreciation	**(177)**	(147)
Balance at 31 December	**192**	369

Lease liabilities

	2020 £000	2019 £000
Balance at 1 January	(383)	-
Additions	-	(516)
Finance charge	(5)	(2)
Lease payments	198	135
Balance at 31 December	(190)	(383)

Analysed as follows:

	2020 £000	2019 £000
Current liabilities	(163)	(139)
Non-current liabilities	(27)	(244)
	(190)	(383)

Amount recognised in the statement of profit and loss

	2020 £000	2019 £000
Expenses in relation to variable lease payments not included in lease liabilities	-	56
	-	56

12. Trade and other receivables

	2020 £000	2019 £000
Trade receivables - billed and unbilled (net)	**9,600**	7,168
Prepayments	**882**	903
Amounts owed by group undertakings	**1,898**	1,897
VAT recoverable	**912**	382
	13,292	10,350

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

Trade debtors are after provision of £4.4m (2019: £1.1m)

13. Cash and cash equivalents

	2020 £000	2019 £000
Cash and cash equivalents	**4,614**	5,379
	4,614	5,379

14. Trade and other payables falling due within one year

	2020 £000	2019 £000
Trade payables	**287**	922
Amounts owed to group undertakings	**14,868**	12,384
Amounts owed to parent	**50,000**	30,000
Lease liabilities	**163**	139
Other payables	**382**	334
Accruals	**4,017**	4,013
Payments received on account	**5,276**	3,333
	74,993	51,125

Amounts due to parent and group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade and other payables are payable at various dates in the three months after the end of the financial year in accordance with the creditors' usual and customary credit terms.
Trade and other payables for tax and social insurance are payable in the timeframe set down in the relevant legislation.

15. Trade and other payables falling due after more than one year

	2020 £000	2019 £000
Lease liabilities	**27**	244
	27	244

16. Called up share capital

	2020 £000	2019 £000
Authorised, allotted, called up and fully paid		
1 Ordinary share of £1.00	**-**	-

The holders of the 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.

17. Events after the end of the financial year

On 26 August 2021, the company's immediate parent ESB Group (UK) Limited, through the establishment of a new company ESB Retail GB Limited, acquired a majority shareholding in a UK supply company, So Energy Limited and entered into a shareholder agreement with the other shareholders. The transaction and shareholder agreement will result in the merger of the ESB Energy and So Energy businesses under ESB Retail GB Limited.

As part of this transaction, ESB Group (UK) Limited has released the interest free loan to the company. The loan outstanding at 31 December 2020 was £50m (See note 14). Additional loan advances of £20m have been made to the company since the year end. The company has repaid £4m of this loan with the remaining £66m converted to a promissory note which was then released by ESB Group (UK) Limited.

Following this acqusition, the intention is to merge the businesses of the company and So Energy and this will result in the discontinuing of activities within this entity over the next 12 months with a transfer of customers, assets and associated liabilities to So Energy.

18. Controlling party

The company is 100% owned by ESB Group (UK) Limited, a company incorporated in the United Kingdom. ESB Group (UK) Limited is a wholly owned subsidiary of Electricity Supply Board (ESB). ESB, established and operating in Ireland, is the ultimate parent. The largest and smallest group into which the results of the company are consolidated is that headed by ESB and the consolidated financial statements of ESB are available to the public and may be obtained from Two Gateway, East Wall Road, Dublin 3, D03 A995, Ireland.

19. Approval of financial statements

The board of directors approved these financial statements for issue on 29 September 2021.