Registered number: 03899612

Good Energy Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2022

Good Energy Limited

Company Information

Directors	Rupert Sanderson Nigel Pocklington
Registered number	03899612
Registered office	Monkton Park Offices Monkton Park Chippenham Wiltshire SN15 1GH
Independent auditor	Mazars LLP 90 Victoria St Bristol BS1 6DP

Good Energy Limited

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Good Energy Limited

Strategic Report
For the Year Ended 31 December 2022

Introduction

The directors present the Strategic Report of Good Energy Limited (the "Company" or "Good Energy") for the year ended 31 December 2022.

Business review

Good Energy's core retail proposition is to supply 100% renewably sourced electricity to business and domestic customers. The Company guarantees to match the electricity supplied to customers with renewable electricity from power sources over the course of a year.

In 2022, Good Energy Limited's revenue increased by 73.31% to £211.3m (2021: £121.9m) driven by increased tariffs which have followed the volatility seen in worldwide wholesale power. Cost of sales increased by 73.39% to £190.7m (2021: £110.0m) driven by geopolitical impacts on wholesale costs. Gross profit increased by 72.61% to £20.6m (2021: £11.9m).

Administrative expenses increased 29.16% to £18.2m (2021: £14.1m), reflecting inflationary pressures experienced by all businesses during 2022 and an increase in an expected credit loss provision.

Future developments

Building blocks in place

Setting out in 2022, the Group aimed to make progress on its strategy across supply, generation and transport of helping one million homes and businesses cut their carbon by 2025. The Group made substantial strides in executing its strategy by funding Zap-Map's growth; investing in generation services by launching smart export and acquiring a clean technology installation business; and maintaining a trusted truly green supply business against a very volatile backdrop.

The Good Energy Group continued to show robustness during the continuing energy crisis throughout 2022. The Group is well positioned for high margin sales growth from green energy services going forward. In January 2022, the Group completed the sale of its generation assets. This provided the Group with a robust and substantially debt-free balance sheet as well as funds to invest in its green energy services proposition and in turn, the next wave of decarbonisation. In December, the Group completed the acquisition of Igloo Works, an established UK based heat pump installation business with capability for solar instals too. The acquisition represents a significant milestone in delivering on Good Energy's strategy to accelerate its capability in decentralised energy services, complementing its established energy supply business.

Proposition development

Our ambition is to provide customers with the tools to achieve a zero-carbon footprint across electricity, transport and heat in both business and domestic settings.

Electricity

In electricity, our aim is to provide electricity from decentralised renewable energy sources which support decentralised generation for homes and businesses. Alongside a range of smart time of use tariffs, we are continuing to develop our One Home proposition, which will incorporate our FIT export rate (FER) and Smart export guarantee (SEG) tariffs, supported by our now live GenEx SMART metering solutions, bundled with a supply offering and the installation of EV charging hardware, solar panels and eventually storage solutions.

Transport

We must support electric vehicle adoption of the electrification of infrastructure. We continue to develop our mobility as a service solution, which positions Good Energy as one point of contact for supply, EV hardware and services that help businesses and consumers shift to EVs.

Heat

Our focus is supporting the movement to electrified and renewable heating systems by providing access to heating care products and head demand reduction technologies. In September we announced a new heat pump tariff, which generated positive demand. In December 2022, Good Energy Group Plc completed the acquisition of Igloo Works, an established UK based heat pump installation business, representing a significant milestone in Good Energy's strategy.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of the Good Energy Group PLC, which include those of the Company, are discussed in the group's annual report which does not form part of this report.

Financial risk management

The main financial risks arising from the Company's activities are liquidity risk, commodity price risk, credit risk and interest rate cash flow risk.

Liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it has sufficient funds to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. It achieves this by monitoring cash flow forecasts on a 'rolling forecast' basis to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so as not to breach borrowing limits or covenants.

Commodity price risk

The Company's operations result in exposure to fluctuations in energy prices. Management monitors energy prices and initiates instruments to manage exposure to these risks when it deems appropriate. The Company typically buys power forwards in order to mitigate some of the risk of commodity price fluctuation.

If the wholesale market moves significantly upwards or downwards, the price risk to the Company will depend upon a number of factors including the excess or deficiency of power being supplied by Renewable Power Purchase contracts in place at the time. The Company may be required to pass on the price risk to customers. Retail prices can be amended with 30 days notification to customers. The Company closely monitors movements in the wholesale market and assesses trends so it is ready to take necessary action when required.

Credit risk

The Comapny's exposure to credit risk arises from its debtors from customters. At 31 December 2022 and 2021, the Company's trade debtors were classed as due within one year, details of which are included in note 15. The Company's policy is to undertake credit check where appropriate on new customers and to provide for expected credit losses (ECLs) based on estimated irrecoverable amounts determined by reference to specific circumstances and past default experience. Credit risk is also in part mitigated by the policy to offer direct debit as preferred method of payment for customers.

Interest rate cash flow risk.

The financial risk is the risk to the Company's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Comapny has borrowings in the form of an loan with the holding company over which no interet is charged, and an overdraft over which interest is charged. There is a risk of legislateive change and impact on the economy and potenial interest rate rises.

Financial key performance indicators

The Company is part of a group controlled by Good Energy Group PLC. The directors of Good Energy Group PLC manage the group's operations on a divisional basis. For this reason, apart from the performance indicators discussed in the business review above, the Company's directors beleive that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or postion of the business of Good Energy Limited. The development, performance and position of the retail division of Good Energy Group PLC, whch includes the Comapny, is discussed in the group's annual report which does not form part of this report.

Directors' statement of compliance with duty to promote the success of the Company

The information below incoporates information about the ways in which the Directors discharge our duties the Companies Act 2006, s172.

Stakeholders

The Board actively engages with the Company's shareholder base, from its individual customer shareholders right up to the institutional investors. Communications include investor newsletters covering recent activities; market annoucements on key buisenss developments; and invitations to presentations with opportunites for shareholder questions and real-time responses.

The effectiveness of this engagement is demonstrated by a large long-standing lotal shareholder base and the continued support shown following the Boards' recommendations on matters presented for shareholder vote over the reporting year.

Employee engagement

We are proud of the work we do to keep Good Energy employees well-informed and engaged. Our internal channels deliver monthly interactive company-wide briefings and weekly CEO update vlogs from Nigel Pocklington, in which he shares his experience of the week and looks ahead. We continuously strive to improve further, with efforts spearheaded by our team of employee champions and regular surveys such as 'Best Companies', which provide valuable feedback on what's working well and opportunities for improvement.

In 2022, we were delighted to receive a top 3-star rating by Best Companies, based on survey responses from the Good Energy team. 3-stars puts us in the position of 'World-Class' employer. Our Best Companies rating also included being ranked 2nd in the national list of utilities employers, 52nd in the 100 Best Large Companies to Work For in the UK, and 22nd in the South West regional list.

Customers

We keep our customers up to date on our activities and new services via regular communications. From our monthly newsletters for domestic, business and Feed-in Tariff customers, to blogs and press releases published on our website and on our social media channels.

During 2022, we worked hard to engage with our customers throughout the energy crisis – as well as better understand their needs to make sure we're delivering a service and products they value.

Good Energy retained its 'Excellent' rating on Trustpilot in 2022, which is in large part down to our Clean Energy Specialists, who work hard to answer all our customers' questions and help them look after their energy accounts.

To maintain a high standard of service, we gather in-the-moment feedback from customers during or immediately following calls with our customer care teams. We also carry out surveys, conduct customer focus groups and invite customers to join trials for new products and services.

Delivery Partners and Suppliers

Our tailored approach to engaging with our suppliers means that leaders of different functions are responsible for the providers within their area of expertise. Our Procurement Policy and Good Procurement Guide set out principles to make sure the Company's money is spent wisely and ethically.

Our Procurement team provides centralised support to ensure all our function leaders have a consistent approach when dealing with providers. This includes introducing processes such as a new Contract Owner Policy, implemented in 2022 to ensure responsible spending by all functions across the business.

In 2021 we began a project to obtain more data from the suppliers we contract with about their sustainability, ethics, health and safety and IT governance. This prompted us to refresh our practices in 2022, and make changes such as updating our employee travel policy. These changes will continue to inform our ongoing relationships with suppliers.

Policy makers and regulators

The Company maintains a constructive dialogue with policymakers on matters relevant to its strategy and current operations. We regularly engage with the energy regulator, Ofgem, both directly and through public consultations and industry forums. We also work with thinktanks and consumer groups who hold positions of policy influence in the energy sector, targeting industry groups aligned to Good Energy's purpose, values and strategy.

2022 was an exceptionally busy year for energy policy and regulation. The businesses expertise was used to help our customers understand the high cost of energy, why it is driven by fossil fuels, and the actions that need to be taken to make prices more sustainable long term.

The Company defended Good Energy's unusual position as a supplier derogated from the price cap, ensuring that the interventions made by government to control the cost of energy for consumers has not resulted in the elimination of truly green products from the market. We ensured the business was equipped with the right information to implement the many government schemes, which have been conceived and implemented at extremely short notice.

We worked with Ofgem and our industry colleagues to ensure that the regulatory environment of the future encourages responsible behaviour from financially resilient energy suppliers. In line with our company values and objectives, we've worked with industry counterparties to identify and address some of the issues facing microgeneration and local green power.

This report was approved by the board on Jul 7, 2023 and signed on its behalf.

ND Pocklington
ND Pocklington (Jul 7, 2023 10:42 GMT+1)

Nigel Pocklington
Director

Good Energy Limited

Directors' Report
For the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 to 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.

Principal activity

The Company's principal activity during the year was the supply of electricity to domestic and business customers.

Good Energy Limited is a private limited company incorporated in England and Wales under the Companies Act 2006, and it is domiciled within the United Kingdom. Good Energy Group PLC is the parent of the Company and ultimate parent of the group to which the Company belongs.

Results and dividends

The profit for the year, after taxation, amounted to £2,315,813 *(2021 - loss £2,185,807)*.

During the year a dividend of £Nil (2021: £Nil) was paid. The directors do not recommend the payment of a final dividend (2021: £Nil).

Directors

The directors who served during the year were:

Rupert Sanderson
Nigel Pocklington

Going concern

The financial statements have been prepared on the going concern basis as the Directors have assessed that there is a reasonable expectation that the Group will be able to continue in operation and meet its commitments as they fall due over the going concern period.

The Group has had a strong financial performance in 2022 despite significant pressure from commodity markets and has continued its strategic growth into Energy services.

The unrestricted cash balance at the end of 2022 stood at £24.5m, giving the business a strong and stable base to deliver on businesses commitments and to deliver its strategic objectives.

Looking to the future, the Group has performed a going concern review, going out until the end of 2024, considering both a base case, and various externally provided scenarios. The scenarios were provided by OFGEM in late 2022 as part of their review into the financial stability of UK Energy suppliers. Having reviewed this forecast, the business can demonstrate that it can meet all tested scenarios with sufficient cash reserves in place to support further unexpected challenges.

The scenarios are price-based impacts reflecting the volatility in the wholesale and supply market seen over the past 18 months. All scenarios include existing hedge positions for Good Energy (Mar23). All scenarios assume domestic customer churn continues at minimal levels as seen in the supply industry over the past 2 years. This low level of churn is expected to remain until wholesale prices stabilise and suppliers develop confidence in the future stability of wholesale costs. The scenarios assume the Government support schemes EBSS ends in 31 March 2023, and that EPG support (and the equivalent EBRS/EBDS scheme for business) continue but with support levels reduced from 1 April 2023 (EPG support assumed to start at £3,000 dual fuel domestic annual bill). The scenarios are:

Scenario 1 – Central Price
Scenario 2 – Low Price
Scenario 3 - High Price
Scenario 4 – Very High Price
Scenario 5 – Budget 2023

From a tariff perspective all scenarios reflect the movement in default/deemed price capped tariffs directly linked to wholesale costs developments. These deemed and default price movements were provided by OFGEM to ensure these key assumptions mirrored the wholesale costs scenarios. As Good Energy has a derogation from the price cap, it is allowed to change the level of its SVT tariff to reflect the true cost of supplying renewable energy. This derogation allows Good Energy to change price sooner than changes to default/deemed tariff changes, allowing us to match more effectively between cash in and cash out of the business. However, for the purpose of going concern modelling, the business has prudently assumed its SVT tariff is priced at the level of the price cap.

In all scenarios cashflow remains sufficient to meet all commitment as they fall due without additional mitigations being implemented or a need for additional funding sources to be found. Further to this, in all scenarios the business could deliver additional mitigations which could include discretionary costs reductions, additional prices increase as well as working capital optimisation to further strengthen the cash position to cover unexpected shocks.

Other impacts not included in the modelling include low wind output levels in a year. The company hedges to seasonal normal levels of wind, solar and temperature. In 2021 there was a year of significantly lower wind than seasonally normal which had a materially negative financial impact on the business. However, the business has not modelled this as a going concern scenario for two reasons. The first is modelling to seasonal norms will work over a longer-term basis, and secondly, we have taken significant steps to mitigate the impacts of low wind within our portfolio and thus feel the scenario is already addressed.

All scenarios prudently reflect the repayment of £3.8m of bond debt in 2022/2023, however, formal redemptions mean less than £0.1m is officially due for repayment in 2023. Excluding bond debt, the business has no other material (£1m+) debt repayments due in the next 18 months.

Therefore, Directors are confident in the ongoing stability of the Group, and its ability to continue operation and meet its commitments as they fall due over the going concern period. Accordingly, the Directors adopt the going concern basis in preparing the financial statements.

Future developments

Future developments are detailed within the Future Developments section of the Strategic Report on page 2.

Engagement with employees

The Company's employment policies follow best practice based on equal opportunities for all employees, irrespective of race, gender, nationality, colour, sexual orientation, disability, marital status, religion or age. All decisions relating to employment are objective, free from bias and based upon work criteria and individual merit. The Company operates on the principle that a workplace where people's differences are valued creates a more productive, innovative and effective organisation. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the business.

Communication with all employees continues through a variety of mechanisms, including regular team briefs and twice-yearly off-site all-company meetings. The Company engages an internal network of employee champions which encourages grassroots involvement and has made a significant contribution to all aspects of working at Good Energy during the year.

Engagement with suppliers, customers and others

The Directors recognise their primary legal responsibility to promote the success of the Company for the benefit of its members as a whole, taking into account the interests of other stakeholders including customers, employees, partners, suppliers, regulators, the environment and the local communities in which Good Energy operates.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

The ultimate parent company, Good Energy Group PLC, also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Energy and carbon reporting

The Company's direct and indirect greenhouse gas emissions and energy consumption for the year are 102.9 tCO_2e.

Throughout 2022 we tracked emissions on a monthly basis to quickly identify trends and proactively respond to them. Working with emissions in the value chain means that emissions data is not always readily available. Where monthly emissions data is not available, averages of the previous reporting period are used with the aim of backfilling the data once obtained.

Key achievements from the past year include:

- Introducing Terracycle in our offices, reducing non-recyclable waste by 59%.

-Securing a 100% biogas tariff in July 2021. 2021's 50% reduction in market-based missions from gas consumption became a 100% reduction in 2022.

- Increasing our staff energy discount to encourage greater uptake of employee homes on renewable tariffs.

We calculate our emissions using the Greenhouse Gas Protocol Standard, separating them into:

Scope 1 - emissions from gas and refrigerants.
Scope 2 - emissions from electricity consumption.
Scope 3 - emissions form indirect activities including travel and our supply chain.

Our carbon inventory is verified in accordance with ISO 14064 standard, which is the international standard for carbon inventory verification.

The annual quantities of energy consumption from activities for which the company is responsible are as follows:

Scope 1:

Natural gas (green) - 1,175.972 GJ (2021: 751.48 GJ) (source: meter readings)
Natural gas (brown) - Nil (2021: 229.107 MWh) (source: meter readings)
Refrigerants - 0.09 Kg (2021: 0.090 Kg) (source: DEFRA guidance on FGAS)

Scope 2:

Electricity UK: Monkton Park office (green) - 364,851.257 kWh (2021: 433.133 MWh) (source: meter readings)

Scope 3:

Business travel - 49.622.307 Km (2021: 30,176.38 Km) (source: expense reports)
Commuting - 713,444.784 Km (2021: 269,285.35 Km) (source: hybrid working survey)
Home Work Heating (Brown Gas and Electricity) - 44,424.840 kWh (2021: 344.69 MWh) (source: hybrid working survey)
Home Work Heating (Green Gas) - 4.030 GJ (2021: not recorded) (source: hybrid working survey)
Home Work Equipment) - 27,624.900 kWh (2021: 26.57 MWh) (source: hybrid working survey)
Waste - 7.094 tonne (2021: not recorded) (source: waste transfer notes)
Procurement - 4.618 tonne (2021: not recorded) (source: supplier paper reports)
Food and drink - 2,426.126 kg (2021: not recorded) (source: supplier records)
Electricity UK grid loss - 398,777.647 kWh (2021: not recorded) (source: surveys and readings)
Water - 2,964.827 m3 (2021: not recorded) (source: energy portal)

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Post balance sheet events

On 18 May 2023, Ofgem published the result of an alternative action process concerning issues with Good Energy Group's application of some direct debit discounts where customers changed their payment method.

Good Energy Group self-reported the issue to Ofgem and agreed to pay a total of £2m. This includes refunding £0.4m to customers and £0.3m in goodwill payments to affected customers. Both costs are attributable to the year ended 31 December 2022.

An additional £1.25m donation will be made to Ofgem's redress fund. This payment is voluntary and was not known or quantified at the year-end date. It is therefore treated as a non-adjusting post balance sheet event and the cost will be recognised in 2023.

Directors' Report (continued)
For the Year Ended 31 December 2022

This report was approved by the board on Jul 7, 2023 and signed on its behalf.

ND Pocklington
ND Pocklington (Jul 7, 2023 10:42 GMT+1)

Nigel Pocklington
Director

Independent Auditor's Report to the Members of Good Energy Limited

Opinion

We have audited the financial statements of Good Energy Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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.

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

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

Independent Auditor's Report to the Members of Good Energy Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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 light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, Ofgem regulations, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to electricity purchase cost accruals, inventory valuations, provisions for expected credit losses, revenue recognition (which we pinpointed to the valuation of accrued income), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Independent Auditor's Report to the Members of Good Energy Limited (continued)

Use of our report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Jon Barnard (Jul 7, 2023 15:00 GMT+1)

Jonathan Barnard (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street, Bristol, BS1 6DP
Date Jul 7, 2023

Good Energy Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2022

	Note	2022 £	*2021 £*
Turnover	4	**211,289,349**	*121,910,304*
Cost of sales		**(190,663,808)**	*(109,960,873)*
Gross profit		**20,625,541**	*11,949,431*
Administrative expenses		**(18,186,843)**	*(14,081,236)*
Operating profit/(loss)	5	**2,438,698**	*(2,131,805)*
Interest receivable and similar income	9	**14,945**	*211*
Interest payable and similar expenses	10	**(54,707)**	*(66,887)*
Profit/(loss) before tax		**2,398,936**	*(2,198,481)*
Tax (charge)/credit on profit/(loss)	11	**(83,123)**	*12,674*
Profit/(loss) for the financial year		**2,315,813**	*(2,185,807)*
Total comprehensive income/(loss) for the year		**2,315,813**	*(2,185,807)*

The notes on pages 19 to 41 form part of these financial statements.

Good Energy Limited
Registered number:03899612

Statement of Financial Position
As at 31 December 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	12		**1,238,873**		*2,149,265*
Tangible assets	13		**410,181**		*1,033,972*
			1,649,054		*3,183,237*
Current assets					
Stocks	14	**8,853,506**		*7,866,309*	
Debtors: amounts falling due within one year	15	**56,855,300**		*40,030,948*	
Cash at bank and in hand	16	**25,651,188**		*8,416,508*	
		91,359,994		*56,313,765*	
Creditors: amounts falling due within one year	17	**(83,864,959)**		*(52,323,865)*	
Net current assets			**7,495,035**		*3,989,900*
Total assets less current liabilities			**9,144,089**		*7,173,137*
Creditors: amounts falling due after more than one year	18		**(5,957)**		*(317,495)*
			9,138,132		*6,855,642*
Provisions for liabilities					
Deferred taxation	20	**-**		*(33,323)*	
			-		*(33,323)*
Net assets			**9,138,132**		*6,822,319*
Capital and reserves					
Called up share capital	21		**1,171,002**		*1,171,002*
Share premium account			**1,150,000**		*1,150,000*
Profit and loss account			**6,817,130**		*4,501,317*
			9,138,132		*6,822,319*

Good Energy Limited
Registered number:03899612

Statement of Financial Position (continued)
As at 31 December 2022

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

ND Pocklington
ND Pocklington (Jul 7, 2023 10:42 GMT+1)

Nigel Pocklington
Director Jul 7, 2023

The notes on pages 19 to 41 form part of these financial statements.

Good Energy Limited

Statement of Changes in Equity
For the Year Ended 31 December 2022

	Ordinary shares	Share premium account	Retained earnings	Total equity
	£	£	£	£
At 1 January 2021	**1,171,002**	**1,150,000**	**6,687,124**	**9,008,126**
Comprehensive loss for the year				
Loss for the year	**-**	**-**	**(2,185,807)**	**(2,185,807)**
At 1 January 2022	**1,171,002**	**1,150,000**	**4,501,317**	**6,822,319**
Comprehensive income for the year				
Profit for the year	**-**	**-**	**2,315,813**	**2,315,813**
At 31 December 2022	**1,171,002**	**1,150,000**	**6,817,130**	**9,138,132**

The notes on pages 19 to 41 form part of these financial statements.

1. General information

Good Energy Limited is a private limited company incorporated in England and Wales under the Companies Act 2006 and is domiciled within the United Kingdom.

The nature of the Company's operations and its principal activities are set out in the Directors' Report. The Company is not listed. The Company's registered office and principal place of business is Monkton Park Offices, Monkton Reach, Chippenham, Wiltshire, SN15 1GH. The Company's registered number is 03899612.

These financial statements are presented in pounds sterling which is the functional and presentation currency. All values are roudned to the nearest pound (£), except where otherwise indicated.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Good Energy Group PLC as at 31 December 2022 and these financial statements may be obtained from Monkton Park Offices, Monkton Park, Chippenham, Wiltshire, SN15 1GH.

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on the going concern basis as the Directors have assessed that there is a reasonable expectation that the Group will be able to continue in operation and meet its commitments as they fall due over the going concern period.

The Group has had a strong financial performance in 2022 despite significant pressure from commodity markets and has continued its strategic growth into Energy services.

The unrestricted cash balance at the end of 2022 stood at £24.5m, giving the business a strong and stable base to deliver on businesses commitments and to deliver its strategic objectives.

Looking to the future, the Group has performed a going concern review, going out until the end of 2024, considering both a base case, and various externally provided scenarios. The scenarios were provided by OFGEM in late 2022 as part of their review into the financial stability of UK Energy suppliers. Having reviewed this forecast, the business can demonstrate that it can meet all tested scenarios with sufficient cash reserves in place to support further unexpected challenges.

The scenarios are price-based impacts reflecting the volatility in the wholesale and supply market seen over the past 18 months. All scenarios include existing hedge positions for Good Energy (Mar23). All scenarios assume domestic customer churn continues at minimal levels as seen in the supply industry over the past 2 years. This low level of churn is expected to remain until wholesale prices stabilise and suppliers develop confidence in the future stability of wholesale costs. The scenarios assume the Government support schemes EBSS ends 31 March 2023, and that EPG support (and the equivalent EBRS/EBDS scheme for business) continue but with support levels reduced from 1 April 2023 (EPG support assumed to start at £3,000 dual fuel domestic annual bill). The scenarios are:

Scenario 1 – Central Price
Scenario 2 – Low Price
Scenario 3 - High Price
Scenario 4 – Very High Price
Scenario 5 – Budget 2023

From a tariff perspective all scenarios reflect the movement in default/deemed price capped tariffs directly linked to wholesale costs developments. These deemed and default price movements were provided by OFGEM to ensure these key assumptions mirrored the wholesale costs scenarios. As Good Energy has a derogation from the price cap, it is allowed to change the level of its SVT tariff to reflect the true cost of supplying renewable energy. This derogation allows Good Energy to change price sooner than changes to default/deemed tariff changes, allowing us to match more effectively between cash in and cash out of the business. However, for the purpose of going concern modelling, the business has prudently assumed its SVT tariff is priced at the level of the price cap.

In all scenarios cashflow remains sufficient to meet all commitment as they fall due without additional mitigations being implemented or a need for additional funding sources to be found. Further to this, in all scenarios the business could deliver additional mitigations which could include discretionary costs reductions, additional prices increase as well as working capital optimisation to further strengthen the cash position to cover unexpected shocks.

Other impacts not included in the modelling include low wind output levels in a year. The company hedges to seasonal normal levels of wind, solar and temperature. In 2021 there was a year of significantly lower wind than seasonally normal which had a materially negative financial impact on the business. However, the business has not modelled this as a going concern scenario for two reasons. The first is modelling to seasonal norms will work over a longer-term basis, and secondly, we have taken significant steps to mitigate the impacts of low wind within our portfolio and thus feel the scenario is already addressed.

2. Accounting policies (continued)

2.3 Going concern (continued)

All scenarios prudently reflect the repayment of £3.8m of bond debt in 2022/2023, however, formal redemptions mean less than £0.1m is officially due for repayment in 2023. Excluding bond debt, the business has no other material (£1m+) debt repayments due in the next 18 months.

Therefore, Directors are confident in the ongoing stability of the Group, and its ability to continue operation and meet its commitments as they fall due over the going concern period. Accordingly, the Directors adopt the going concern basis in preparing the financial statements.

2. Accounting policies (continued)

2.4 Revenue recognition

The Company is in the business of providing a supply of electricity, as well as FiT administration services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, except for the FiT administration services below, because it typically controls the goods or services before transferring to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 3.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. The Company recognises contract liabilities when customers are in a credit position.

Electricity supply

Revenue for the supply of electricity is accrued based on industry data flows and National Grid data. Revenue calculated from energy sales includes an estimate of the quantity in units of electricity or gas supplied to customers between the date of the last meter reading and the end of the reporting period. 1% of the total revenue figure is estimated, with a fixed transaction price and estimated unit consumption. The estimate is made using historical consumption patterns, industry estimated consumption rates, and seasonality data available, and takes into consideration industry reconciliation processes, upon which the Company takes a prudent position until final reconciliation data is available from the industry fourteen months after the supply date. Unbilled receivables is superseded when customer meter reads are received at which point estimates are adjusted to actual usage. Transaction price is explicitly stated per unit and per day. Unbilled receivables is considered to be a variable consideration which is not constrained as the Company considers it to be highly probable that a significant amount will not be reversed after year end. Unbilled receivables and the variable consideration is estimated using the most likely outcome approach.

Revenue is recognised over time as the electricity is delivered to the customer. The transaction price is clearly stated, there are no separate performance obligations to which a portion of the transaction price needs to be allocated, and there is no variable consideration. Discounts are given to 100% of customers who meet certain criteria, and a provision is built up monthly to account for these, offsetting against revenue over time as the discount is incurred, which is in line with IFRS 15.

For electricity supply, payment is collected either as a direct debit or paid on receipt of bill in arrears. Overdue amounts are reviewed regularly for impairment and provision made as necessary. No refunds, returns or warranties are applicable.

Feed-in-Tariff (FiT) administration services

The Company provides FiT administration services to micro-generators who are signed up to the FiT scheme. For FiT services, revenue is earned from Ofgem for administering the scheme, which is deemed to be the transaction price. For FiT services, revenue is recognised in two parts; there is an initial fee paid by Ofgem for taking on a generator, and then an ongoing amount that is received annually for provision of FiT services. The initial fee is spread over the period from when the customer signs up with Good Energy until the following April, when the FiT compliance year ends for a new customer, and the ongoing fee that is received is spread over the 12 month compliance period. No refunds, returns or warranties are applicable.

2. Accounting policies (continued)

2.5 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;

The lease liability is included in 'Creditors' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.2.

2. Accounting policies (continued)

2.5 Leases (continued)

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.6 Finance income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Accounting policies (continued)

2.10 Intangible assets

Definite life intangible assets

Definite life intangible assets comprise software licences and website development costs, which meet the criteria of IAS 38 Intangible Assets. The software licence costs are carried at costs less accumulated impairment losses.

Indefinite life intangible assets

The power supply licence is held as an indefinite life intangible asset according to the criteria of IAS 38 Intangible Assets. The power supply licence is carried at cost less accumulated impairment losses. Cost comprises purchase price from third parties as well as directly attributable internally generated development costs where relevant.

Amortisation

Amortisation on definite life intangible assets is charged to the Statement of Comprehensive Income on a straight line basis over the estimated useful lives of intangible assets.

The estimated useful lives range as follows:

Software licenses	-	between 3 and 10 years
Website development costs	-	between 2 and 5 years

Impairment

The directors regularly review intangible assets for impairment and a provision is made if necessary. Assets with an indefinite useful life, e.g. goodwill and the power supply licence are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the 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 value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- over the life of the lease
Furniture, fixtures and fittings	- between 3 and 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.13 Inventories

Renewable Obligation Certificates (ROCs)

Under the provision of the Utilities Act 2000, all electricity suppliers are required to procure a set percentage of their supplies from accredited renewable electricity generators. This obligation can be fulfilled by the purchase and surrender of ROCs originally issued to generators, or by making payments to Ofgem who then recycle the payments to purchasers of ROCs. Notwithstanding that Good Energy Limited supplies electricity sourced entirely from renewable generation over a 12 month period, its percentage obligation to submit ROCs is set by Ofgem. The cost obligation is recognised as electricity is supplied and charged as a cost of sale in the Statement of Comprehensive Income. Any gains or losses on disposal of ROCs which are in excess of the Company's compliance obligations ae included as an adjustment to the compliance costs included within cost of sales. ROCs are valued at the lower of purchase costs and estimated realisable value.

2. Accounting policies (continued)

2.14 Share capital and Reserves

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium

The share premium account represents the consideration received on the issue of shares in the Company in excess of the nominal value of those shares, net of share issue costs, bonus issues of shares and any subsequent capital reductions.

Profit and loss account

The retained earnings represents the accumulated profits, losses and distributions of the Company.

2.15 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

2.16 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue from contracts with customers

Estimates over revenue from contracts with customers

Revenue calculated from electricity sales includes an estimate of the quantity in units of electricity supplied to customers between the date of the last meter reading and the end of the reporting period. 1% of the total revenue figure is estimated, with a fixed transaction price and estimated unit consumption. The estimate is made using historical consumption patterns, industry estimated consumption rates, and seasonality data available, and takes into consideration industry reconciliation processes, upon which the Company takes a prudent position until final reconciliation data is available from the industry fourteen months after the supply date.

Judgements over revenue from contracts with customers

The Company applied the following judgements that affect the determination of the amount and timing of revenue from contracts with customers:

i. Identifying performance obligations in contracts

Good Energy's revenues from contracts with customers include unit charges and standing charges for the supply of electricity and FiT administration fees. Most of these performance obligations are easily identifiable, and are separable.

For FiT administration revenue from customers who are new to the FiT scheme, Good Energy are required to both register and administer that customer for a year, and there is a higher administration payment from Ofgem as a result. Registering a customer to the FiT scheme and administering their account are not separable performance obligations, as there is no fee for registering and not administering the customer.

ii. Determining the timing and satisfaction of the services

Revenue for these services is to be recognised over time, because the customer simultaneously receives and consumes the benefits provided by the Company.

iii. Principal versus agent considerations

Contracts are entered into with customers to supply electricity, which is a service delivered over time (as the customer consumes the electricity), in which the Company is the principal.

FiT administration contracts are entered into with the customer, to supply administration services on behalf of Ofgem. The Company acts as an agent for Ofgem, not a principal, because the Company is not entitled to revenue from the customers' FiT sites, only the administration fee.

Payment normally takes place after performance by the Company: NHH customers with 15 day payment terms and HH customers with 30 day payment terms. Some customers pay by monthly direct debit and the Company aims to recover billed amounts every 3 months.

Estimates over electricity purchase costs

Electricity purchase costs can typically take 14 months from the date of supply to be finalised due to the processes that the energy market has to complete in order to finalise generation and consumption data for any one particular month. Therefore there is an element of electricity purchase costs that needs to be estimated based on a combination of in-house and industry data that is available at any particular point in time.

3. Judgements in applying accounting policies (continued)

Estimates over inventories

The Company carries ROCs as stock in its Statement of Financial Position. These are valued at the lower of cost or estimated realisable value. Gains or losses made on ROCs which are subsequently sold, are only recognised in the Statement of Comprehensive Income when they crystallise.

The final out-turn value of a ROC is only published by Ofgem in October following the compliance year (April to March) which may require a final adjustment to gains or losses on the sale or purchase of ROCs previously recognised in the Statement of Comprehensive Income.

Estimates over provisions for expected credit losses

The assessments undertaken in recognising provisions have been made in accordance with IFRS 9. A provision for impairment of trade receivables is established based on an expected credit loss model.

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by customer type, payment type).

The provision matrix is initially based on the Company's historic observed default rates, calibrated to adjust the historic credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. Information about the ECLs on the Company's trade receivables is disclosed in note 15.

4. Revenue

Revenue is attributable to the Company's principal activity being that of a licenced electricity supplier.

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

	2022 £	*2021* *£*
Electricity supply	**205,700,953**	*116,586,859*
FiT administration	**5,588,396**	*5,323,445*
	211,289,349	*121,910,304*

Analysis of turnover by country of destination:

	2022 £	*2021* *£*
United Kingdom	**211,289,349**	*121,910,304*
	211,289,349	*121,910,304*

4. Revenue (continued)

All turnover arose within the United Kingdom.

Contract balances

Contract balances comprise trade receivables of £10,397,851 and expected credit losses of £15,428,376 (see note 15), and contract liabilities of £10,086,226 (see note 17).

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2022	*2021*
	£	*£*
Depreciation of tangible fixed assets	**623,791**	*579,899*
Amortisation of intangible assets, including goodwill	**737,130**	*912,830*
Impairment of intangible assets	**298,043**	-
Defined contribution pension cost	**596,269**	*514,988*

6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2022	*2021*
	£	*£*
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	**61,404**	*106,756*

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	*2021 £*
Wages and salaries	**8,150,844**	*4,967,453*
Social security costs	**1,183,081**	*1,173,174*
Cost of defined contribution scheme	**596,269**	*514,988*
	9,930,194	*6,655,615*

The total for employee expenses has been stated net of amounts recharged to other group companies of £2,962,815 (2021: £4,839,524)

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	*2021 No.*
Operations	**90**	*92*
Business services	**164**	*185*
	254	*277*

All salary costs for the group are incurred by Good Energy Limited and are rechraged to subsidary companies. The staff numbers above represent those woring for the group as a whole.

8. Directors' remuneration

	2022 £	*2021 £*
Directors' emoluments	**537,937**	*725,710*
Company contributions to defined contribution pension schemes	**17,877**	*32,894*
	555,814	*758,604*

During the year retirement benefits were accruing to 3 directors (2021:3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £320,384 (2021: £565,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £26,000 (2021: £27,580).

During the year no share options were excercised by directors (2021: Nil)

9. Interest receivable

	2022 £	*2021 £*
Other interest receivable	14,945	*211*
	14,945	*211*

10. Interest payable and similar expenses

	2022 £	*2021 £*
Bank interest payable	-	*4*
Interest on lease liabilities	44,367	*66,359*
Other interest payable	10,340	*524*
	54,707	*66,887*

11. Taxation

	2022 £	*2021 £*
Corporation tax		
Current tax on profits for the year	34,412	*-*
Adjustments in respect of previous periods	87,403	*(43,395)*
Current tax on profit/(loss) for the year	121,815	*(43,395)*
Deferred tax		
Origination and reversal of timing differences	(48,981)	*36,625*
Changes to tax rates	10,453	*(5,904)*
Adjustments in respect of prior periods	(164)	*-*
Total deferred tax	(38,692)	*30,721*
Total tax charge/ (credit) for the year	83,123	*(12,674)*

11. Taxation (continued)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than *(2021 - higher than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	2022	*2021*
	£	*£*
Profit/(loss) on ordinary activities before tax	**2,398,936**	*(2,198,481)*
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**455,798**	*(417,711)*
Effects of:		
Fixed asset differences	**(289)**	*(6,466)*
Expenses not deductible for tax purposes	**21,492**	*400*
Payment for group relief	**34,412**	*-*
Remeasurement of deferred tax for changes in tax rate	**(1,303)**	*178*
Adjustments to tax charge in respect of prior periods	**87,239**	*(43,395)*
Group relief (claimed)/ surrendererd	**(514,226)**	*454,320*
Total tax charge/ (credit) for the year	**83,123**	*(12,674)*

Factors that may affect future tax charges

The UK Budget announcements on 15 March 2023 confirmed that the UK's main corporation tax rate will increase to 25% from 1 April 2023. These changes were substantively enacted at the balance sheet date and have been reflected in the measurement of deferred tax balances at the year end.

12. Intangible assets

	Power Supply License £	Website Development Costs £	Goodwill £	Software Licenses £	Assets under Development £	Total £
Cost						
At 1 January 2022	**180,000**	**255,613**	**600,000**	**7,939,916**	**943,482**	**9,919,011**
Additions - external	**-**	**-**	**-**	**-**	**124,781**	**124,781**
At 31 December 2022	**180,000**	**255,613**	**600,000**	**7,939,916**	**1,068,263**	**10,043,792**
Amortisation						
At 1 January 2022	**-**	**187,644**	**-**	**7,097,574**	**484,528**	**7,769,746**
Charge for the year on owned assets	**-**	**23,326**	**-**	**713,804**	**-**	**737,130**
Impairment charge	**-**	**-**	**-**	**-**	**298,043**	**298,043**
At 31 December 2022	**-**	**210,970**	**-**	**7,811,378**	**782,571**	**8,804,919**
Net book value						
At 31 December 2022	**180,000**	**44,643**	**600,000**	**128,538**	**285,692**	**1,238,873**
At 31 December 2021	*180,000*	*67,969*	*600,000*	*842,342*	*458,954*	*2,149,265*

Indefinite useful life

The net book value of assets assessed as having an indefinite useful life are as follows:

	2022 £	*2021 £*
Goodwill	**600,000**	*600,000*
Power supply licenses	**180,000**	*180,000*
At 31 December 2022	**780,000**	*780,000*

12. Intangible assets (continued)

In arriving at the conclusion that these assets have an indefinite life, management considers the fact that the company is a profitable business and expects to hold and support these assets for an indefinite period. Assets under the course of development represents the Company's investment in future products and services, including a suite of low carbon home services.

An impairment review is undertaken annually or more frequently using value-in use calculations, based on pre-tax cash flow projections over a five year period approved by management and discounted at appropriate rates. The result of this review was that no impairment is required in respect of the carrying values of the indefinite life assets.

13. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2022	**2,349,280**	**1,447,014**	**3,796,294**
At 31 December 2022	**2,349,280**	**1,447,014**	**3,796,294**
Depreciation			
At 1 January 2022	**1,487,308**	**1,275,014**	**2,762,322**
Charge for the year on owned assets	**41,718**	**55,168**	**96,886**
Charge for the year on right-of-use assets	**526,905**	**-**	**526,905**
At 31 December 2022	**2,055,931**	**1,330,182**	**3,386,113**
Net book value			
At 31 December 2022	**293,349**	**116,832**	**410,181**
At 31 December 2021	*861,972*	*172,000*	*1,033,972*

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	2022 £	*2021 £*
Tangible fixed assets owned	**86,518**	*183,404*
Right-of-use tangible fixed assets	**323,663**	*850,568*
	410,181	*1,033,972*

13. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

Net book value

	2022 £	2021 £
Long-term leasehold property	**323,663**	*850,568*
	323,663	*850,568*

Depreciation charge for the year ended

	2022 £	2021 £
Long-term leasehold property	**526,905**	*514,196*
	526,905	*514,196*

14. Inventories

	2022 £	2021 £
Finished goods and goods for resale	**8,853,506**	*7,866,309*
	8,853,506	*7,866,309*

As at 31 December 2022 there were Renewable Obligation Certificates (ROCs) of £5,997,459 (2021: £5,584,765) included in the above amount that were unissued for generation that had already taken place and therefore these ROCs are not available for sale before the end of the financial year.

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £16,108,805 (2021: £12,109,900).

15. Debtors

	2022 £	2021 £
Trade debtors	**10,397,851**	*11,756,184*
Amounts owed by group undertakings	**526,627**	*5,022,435*
Other debtors	**2,557,318**	*100,083*
Prepayments	**391,817**	*319,522*
Accrued income	**42,976,318**	*22,832,724*
Deferred taxation	**5,369**	-
	56,855,300	*40,030,948*

15. Debtors (continued)

Trade debtors are stated after expected credit loss allowances of £15,428,376 (2021: £11,792,218). Where a customer account is in credit, this is included within contract liabilities (see note 17).

Amounts owed to group companies are unsecured, do not bear any interest and are repayable on demand.

16. Cash and cash equivalents

	2022 £	*2021 £*
Cash at bank and in hand	**25,651,188**	*8,416,508*
	25,651,188	*8,416,508*

17. Creditors

	2022 £	*2021 £*
Bank loans	-	*1,000,001*
Payments received on account	**10,086,226**	*7,097,191*
Trade creditors	**21,618,794**	*5,656,230*
Amounts owed to group undertakings	**13,035,353**	*13,905,177*
Corporation tax	**34,412**	*351,105*
Other taxation and social security	**321,879**	*253,893*
Lease liabilities	**283,749**	*555,105*
Other creditors	**6,673,981**	-
Accruals and deferred income	**31,810,565**	*23,505,163*
	83,864,959	*52,323,865*

The Company has provided a debenture and cross-guarantee to Lloyds Bank in respect of monies owed by Good Energy Gas Limited. At 31 December 2022, the monies owed subject to the arrangement were £nil (2021: £nil).

There is a revolving credit facility in place, of which £1,000,000 was drawn down at 31 December 2021. Interest is calculated on the gross borrowing and is payable on amounts owing on each account at 2% per annum over base rate from time to time. The amount drawn down was repaid in full during the year ended 2022.

Loans from group companies are unsecured, do not bear any interest and are repayable on demand.

The information about the company's leases have been disclosed in more detail in Note 19.

The total of the 2021 contract liabilities were recognised as revenue in 2022.

18. Creditors: amounts falling due after more than one year

	2022 £	*2021 £*
Lease liabilities	**5,957**	*317,495*
	5,957	*317,495*

The information about the company's leases have been disclosed in more detail in note 19.

19. Leases

Company as a lessee

The Company has lease contracts for the access to, and use of office buildings.

Leases of office buildings typically have lease terms of between 4 to 6 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company also has certain leases of printers, laptops, and coffee and water machines, with low value underlying assets. The Company has applied the recognition exemption in respect of these leases. Each lease generally imposes a restriction from subleasing the underlying assets to another party, therefore the right-of-use assets can only be used by the Company.

Lease liabilities are due as follows:

	2022 £	*2021 £*
Within one year	**283,749**	*555,105*
Between one year and five years	**5,957**	*317,495*
	289,706	*872,600*

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2022 £	*2021 £*
Interest expense on lease liabilities	**44,367**	*66,359*

20. Deferred taxation

	2022 £	*2021* *£*
At beginning of year	**(33,323)**	*(2,602)*
Charged to the profit or loss	**38,692**	*(30,721)*
At end of year	**5,369**	*(33,323)*

The deferred taxation balance is made up as follows:

	2022 £	*2021* *£*
Accelerated capital allowances	**(40,225)**	*(51,548)*
Short term timing differences	**45,594**	*18,225*
	5,369	*(33,323)*

21. Share capital

	2022 £	*2021* *£*
Allotted, called up and fully paid		
1,171,002 *(2021 - 1,171,002)* Ordinary shares of £1.00 each	**1,171,002**	*1,171,002*

22. Pension commitments

The Company is committed to contribute to the personal pension plans of all staff. The annual charge for the year was £596,269 (2021: £514,988). At the year end, pension contributions of £182,375 (2021: £72,901) were outstanding.

The Company has no further pension liability either realised or contingent and in line with the Company's environmental position all employer contributions are invested within a suitable fund.

23. Related party transactions

The Company is a wholly owned subsidiary of Good Energy Group PLC and has taken advantage of the exemption conferred by Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) not to disclose transactions with Good Energy Group PLC or its subsidiaries.

24. Post balance sheet events

On 18 May 2023, Ofgem published the result of an alternative action process concerning issues with Good Energy Group's application of some direct debit discounts where customers changed their payment method.

Good Energy Group self-reported the issue to Ofgem and agreed to pay a total of £2m. This includes refunding £0.4m to customers and £0.3m in goodwill payments to affected customers. Both costs are attributable to the year ended 31 December 2022.

An additional £1.25m donation will be made to Ofgem's redress fund. This payment is voluntary and was not known or quantified at the year-end date. It is therefore treated as a non-adjusting post balance sheet event and the cost will be recognised in 2023.

25. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is Good Energy Group PLC, a company incorporated in England and Wales.

Good Energy Group PLC is the parent undertaking of the largest and the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Good Energy Group PLC can be obtained from:

Monkton Park Offices,
Monkton Reach,
Chippenham,
Wiltshire,
SN15 1GH