

Bulb Energy Limited

Annual Report and Financial Statements

Year Ended

31 March 2020

Company Number 08469555



Bulb Energy Limited

Company Information

Directors	H Wood A Gudka
Registered number	08469555
Registered office	155 Bishopsgate London EC2M 3TQ
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Bulb Energy Limited

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Bulb Energy Limited

Strategic Report for the year ended 31 March 2020

Principal activity

Bulb Energy Limited (the "Company" or "Bulb") is operating as a subsidiary Company for Simple Energy Limited (together with Simple Energy Limited's international subsidiaries in France, Spain and the United States, the "Group").

The principal activity of Bulb is that of supplying renewable electricity and gas to its members. The Company's mission is to help as many people as possible to lower their bills and carbon emissions. The Company has therefore prioritised investing in growth.

Bulb had another very successful year, during which it achieved 46% growth in its UK customer base to approximately 1.7 million properties (2019 - 1.1 million properties).

In order to continue offering high quality customer service, Bulb made significant investment in all areas of the business, increasing headcount in customer service and operations. Sustainable low costs, great service and a simple, single tariff model has meant Bulb has been able to achieve a 4.7 out of 5 rating with over 60,000 reviews on Trustpilot and been awarded the 'Best Value for Money Winner 2020' by Uswitch.

During the period, as Bulb's customer base grew, Company turnover increased by 85% to £1,521 million (2019 - £823 million) and with further operational efficiencies, saw gross margin increase to £177 million (2019 - £8 million).

Operating losses improved to £59 million (2019 - £128 million). The current year losses are as a result of the Bulb's continued and significant investment in customer growth. These losses were expected and part of the directors' long term strategy.

Bulb donated £1.00 per signup to the charity Trees for Cities, and an additional £1.00 per sign up to the Bulb Foundation, which makes grants to charities and social enterprises tackling the climate crisis head on. This amounted to £2 million during the year. Bulb continued to be a B-Corp, meaning it is committed to having a positive impact on society and the environment: Bulb has a legal, as well as a moral, responsibility to consider the impact of its business on its members, its team, the community and the environment. Bulb is the only energy supplier of homes and businesses in the UK to be certified as a B-Corp. Bulb continued to award share options to all of its staff. Bulb drew an additional £20 million under an existing loan facility, taking total borrowing to £55 million (2019 - £35 million).

Sustainability

Bulb prides itself in being at the forefront of providing 100% renewable electricity and 100% carbon neutral gas to its members. The Company is subject to the reporting requirements of the Streamlined Energy and Carbon Reporting Framework regulations ('SECR'). For year 1 January 2019 to 31 December 2019, the base year, the methodology used is the 'Greenhouse Gas Protocol' (GHG Protocol). Under these Regulations Bulb is required to disclose total Scope 1 and 2 emissions in 'equivalent Tonnes of CO₂ (carbon dioxide)' (tCO₂e). Scope 1 emissions are those generated directly from sources owned or operated by Bulb itself (for example gas used at its offices), whilst Scope 2 emissions are those generated indirectly by Bulb (for example from electricity consumed in the offices, but generated elsewhere).

The table below shows the Scope 1 and 2 total GHG emissions:

Bulb Energy Limited

Strategic Report (continued) for the year ended 31 March 2020

	1 January 2019 to 31 December 2019 tCO2e
Scope 1	1
Scope 2 (market-based)	270
Scope 2 (location-based)	1
Total scope	272

tCO2e per employee for the year from 1 January 2019 to 31 December 2019 was 0.0049 tCO2e/employee.

Energy usage for the year from 1 January 2019 to 31 December 2019 was:

	Energy use (kWh)
Activity	
Natural gas	5,885
Electricity	1,057,631
	1,063,516

Bulb's relative low natural gas usage is because there is no natural gas for heating at Bulb's London office.

Energy Efficiency Action

A central part of Bulb's mission is to reduce members carbon dioxide ("CO2") emissions by supplying them with green or renewable energy. In addition, Bulb does not own or operate any company vehicles and has also worked with the landlord of its London office to implement various energy efficiency improvements.

Principal risks and uncertainties

The Company faces a number of risks and uncertainties. The directors believe that the key business risks are in respect of competition, wholesale market prices and bad debt. In addition, the recent emergence of the COVID-19 virus has introduced uncertainty into the global operating environment.

The directors are aware that the development of the Company may be subject to factors beyond their control.

Competition

The Company operates in highly competitive environments in the UK. The directors believe that the Company is in a strong position due to a number of factors. Firstly, the Company has a relatively low cost operating model compared to its competitors and is able to draw from a large talent base of employees. Secondly, the Company's size and lack of legacy systems also allows a more agile approach to product development and customer service than many peer firms, providing a unique value proposition. The recent expansion into overseas markets allows the Company to leverage the benefit of its experience and successes in the UK to compete effectively with incumbents in those markets.

Bulb Energy Limited

Strategic Report (continued) for the year ended 31 March 2020

Principal risks and uncertainties (continued)

Wholesale market prices

To mitigate the risk of wholesale price movements, the Company operates a variable tariff model and, unlike most other energy suppliers, does not offer multiple different tariffs including fixed price tariffs or tariffs that default to higher payments over time, or rely on penalty fees or charges. This also means the Company is able to more accurately forecast its margins and cash flow in advance.

Bad debt risk

The debtor balances at year end have moved in line with the growth of operations. On a seasonal basis the Company holds significant customer debtor balances. However, the Company collects monthly direct debits from a very high proportion of its customers and has established a variety of debt management procedures to mitigate the risk of non-payment and bad debts.

COVID-19 Pandemic

On 11 March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Company is monitoring this closely, and although operations were not significantly affected by the coronavirus outbreak up to the date of this report, the ultimate severity of the outbreak is uncertain. Operations of the Company are ongoing as the delivery of gas and electricity to customers is considered an essential business. Further, the uncertain nature of its spread globally may impact the Company's business operations resulting from quarantines of employees, customers, and third-party service providers.

The current COVID-19 pandemic has caused regulatory agencies and other governmental authorities to take, and potentially continue to take, emergency or other actions in light of the pandemic that may impact the Company. These actions taken by regulatory agencies and governmental authorities may impact the Company's financial results, cash flow and liquidity and the duration of these changes are unknown. However, up to the date of this report, the Company has not seen a significant deterioration in these areas.

The Company reacted quickly to the onset of 'lockdown' in March 2020, moving to a remote working environment. There was no disruption to customer service due to this change. All staff were able to work at a place of their choice and IT equipment was provided to all staff to enable this.

While Bulb didn't furlough any of its staff, a large number of the workforce of the UK were placed into furlough or lost their income as the lockdown continued. The Company is unable to predict the future impact of this but expects non-payment rates and bad debts to increase as a result. Additional resources were allocated to the teams responsible for debt collection. To further mitigate the risk of bad debt, the Company has been and continues to provide extra support and services to its members. The Company is closely monitoring the situation but has not observed a significant change in customer payment.

Bulb Energy Limited

Strategic Report (continued) for the year ended 31 March 2020

Key performance indicators (KPIs)

The management team responsible for the operation of the business uses a number of financial and nonfinancial KPIs in order to manage and develop the business to achieve the Company's strategic objectives. The Company has a wide range of metrics which are measured on a weekly and monthly basis.

The Company's main KPIs include both financial and non-financial targets which are reviewed periodically:

Financial KPIs

a) *Operating profitability* - The Company assesses operating profit as profit before tax and interest. During the year, the Company made an operating loss of £59 million in the year (2019 - £128 million loss).

Non-Financial KPIs

a) *Net additions* are the increase in properties supplied net of churn. Bulb achieved 46% growth in its UK customer base to approximately 1.7 million properties growing by approximately 0.6 million properties (2019 - growth of 0.8 million properties).

b) *Trustpilot rating* is the Company's external measure of customer service. During the year, Bulb achieved a Trustpilot rating of 4.7 out of 5 from over 60,000 reviews (2019 - Trustpilot rating of 9.6 out of 10).

Statement of Compliance with Section 172 of the Companies Act 2006

From 1 January 2019 legislation was introduced requiring companies to include a statement pursuant to section 172 of the Companies Act 2006.

The Board recognises the importance of the Company's wider stakeholders when performing their duties under Section 172(1) of the Companies Act and their duties to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the Company's employees,
- (c) the need to foster the Company's business relationships with suppliers, customers and others,
- (d) the impact of the Company's operations on the community and the environment,
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between members of the Company.

Bulb Energy Limited

Strategic Report (continued) for the year ended 31 March 2020

Statement of Compliance with Section 172 of the Companies Act 2006 (continued)

The Board considers that all their decisions are taken with the long-term in mind, understanding that these decisions need to regard the interests of Bulb employees, its relationships with members, suppliers, the communities and the environment in which Bulb operates.

For the purpose of this statement detailed descriptions of the decisions taken are limited to those of strategic importance. The Board believes that two decisions taken during the year fall into this category and were made with full consideration of both internal and external stakeholders.

- Regarding the likely consequences of any decision in the long term, in the interests of the Company's employees and to continue to foster business relationships with customers, the decision to invest in increasing the number of customers served along with increasing the size of the 'Energy Specialist team' i.e. the service capability of the Company. This decision was taken to ensure Bulb continued to grow its market share whilst providing excellent customer service. As the year end date approached, the COVID-19 pandemic prompted the Board to take the decision to switch to a 'remote' working model and the Company's various offices were closed. This decision was taken, primarily, to help ensure the safety of all staff and their families. Additionally, the majority of face to face customer interaction was paused or severely curtailed. The Company moved to the new operating model with minimal issues encountered and expect the remote working model to continue in place for some time.
- Regarding the impact of the Company's operations on the community and the environment and the desirability of the Company maintaining a reputation for high standards of business conduct, the decision to continue to be certified as a B Corp ensuring that Bulb meets the highest standards of social performance, environmental good and accountability. This aligns with Bulb's values of people and planet. Bulb is amongst approximately 3,400 companies across 71 countries and 150 industries that are certified as a B Corp company.

Finally, regarding the need to act fairly as between members of the Company, the Board meets quarterly where meetings are attended by the four directors and a board observer who represents the interests of institutional investors.

Future Developments

The directors expect the Company and the Group to continue to grow over the next year, both in the UK and through scaling international operations in France, Spain and the US, helping more people to lower their bills and carbon emissions. The Company has a goal to reach 100 million members globally by 2030. Growing smart meter penetration will create opportunities for Bulb to offer more varied energy services. The Company will continue to move from being an energy supplier to an energy manager, offering products such as home batteries and smart EV (electric vehicle) charging solutions.

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



.....
H Wood
Director

Date: 21/12/20

Bulb Energy Limited

Directors' Report for the year ended 31 March 2020

The Directors present their report and the audited financial statements for the year ended 31 March 2020.

Directors

The Directors who served during the year were:

H Wood
A Gudka

Going concern

Notwithstanding current year losses of £63 million (2019 - £129 million), and net liabilities of £223 million (2019 - £160 million) which were expected and part of the Company's growth strategy, the Company's financial statements have been prepared on a going concern basis. This is on the grounds that current sources of funding at the date of signing of the 31 March 2020 financial statements are adequate to meet the Company's needs for a period of at least 12 months from the date of approval of these financial statements, together with the fact that the parent Company, Simple Energy Limited have provided a letter confirming they will provide support as required for a period of at least 12 months from the signing of these financial statements.

The Company's sources of external financing are its £55 million loan facility, where an additional £20 million was drawn down during the financial year. These facilities fall due for repayment on 31 December 2021 and the Company intends to review options to refinance its borrowings in the next twelve months and have commenced discussions with the Company's current lenders. The Company made a payment of £140 million in August 2020 in relation to its Renewable Obligations (RO) for FY20.

Similar to other energy suppliers, the key risk to the going concern basis of preparation is a lack of working capital to manage the seasonality of the business' cash flows. Management addresses this through the use of the facilities outlined above.

The Directors considered it appropriate to assess the future cash flows in two circumstances; a base case prepared in current conditions adjusted for different scenarios and a second known as a 'reverse stress test' a scenario where the Company would run out of cash.

The different scenarios focused on changes to customer payment rates and available cost savings. The key assumptions in the company's cash flow forecasts are management's ability to meet target gross profit margins, maintaining these despite wholesale price movements, and the growth of the Company's member base and the associated acquisition and marketing costs. Management reached the going concern conclusion after modelling the Company's forecast cash flow, income statement and balance sheet under the different scenarios noted, and the 'reverse stress test', which is not considered likely.

The impacts of COVID-19 are continuously monitored and evaluated by the Company's senior leadership team and the Company's board. A number of measures are currently in place to ensure the Company's going concern status, these include a series of cost saving and cost deferral measures. Please refer to the Strategic Report for further details on the impact of COVID-19 on the Company.

Dividends

The directors do not recommend the payment of a dividend (2019 - nil).

Political and charitable contributions

The Company made no political contributions 2019 and 2020 and made £2 million in charitable donations (2019 - £2 million).

Bulb Energy Limited

Directors' Report (continued) for the year ended 31 March 2020

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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the Company's financial statements 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; 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. 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.

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report.

Engagement with employees

The Company places considerable value on the involvement of its employees, and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Weekly meetings are held where the CEO and Senior Leadership Team update and present matters to employees all across the Company to increase the awareness of economic and other factors to the Company's performance. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests, this includes an employee representative body representing the interests of the customer service team (the largest team at Bulb). The Company continues to award share options to all of its staff and this encourages the involvement of employees in the Company's performance.

Bulb Energy Limited

Directors' Report (continued) for the year ended 31 March 2020

Engagement with suppliers, customers and others

The Company has approximately 1.7 million members, mostly residential customers in the UK, and seeks to grow the business organically and sustainably by acquiring new members and retaining existing ones. To achieve this, Bulb has put their customers' interests first and aim to provide them with a high level of customer service to ensure customer retention levels. To achieve this, during the year, the Directors decided to invest in increasing the size of the 'Energy Specialist team', see further details on the Strategic Report.

The Company's suppliers play a key part in enabling us to deliver a leading level of service to our members by amplifying our capabilities and efficiencies. Bulb seeks to choose the best products and services to meet our requirements, and then develop strong, long-term relationships with the suppliers that provide them, in order to create strong and enduring mutual value over time. Bulb regularly look for ways to support our suppliers beyond simply providing our custom, whether through providing testimonials, sharing knowledge or recommending them to others that Bulb work with. Ensuring that the Company uses the most appropriate third-party vendors, to promote the interests of its members and that of the shareholders, a robust review process is undertaken prior to the commencement of any relationship with a third-party supplier and this is then periodically reviewed to ensure ongoing suitability to ensure Bulb's values on issues such as environmental protection, safety and modern slavery are upheld throughout its supply chain. During the year, Bulb held regular meetings with key suppliers, including but not limited to meter asset providers, smart meter installers and meter job engineers. Training is held with contractors to ensure high operational standards are met, including compliance with various health and safety requirements.

Disabled employees

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The Company's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Company. Retraining of employees who become disabled whilst employed by the Company is offered where appropriate.

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.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Post balance sheet event

There are no material post balance sheet events to declare. However, the COVID-19 pandemic required all members of staff to work remotely from mid March 2020. The Company moved to 'remote' working extremely quickly and there was no adverse impact on the Company's ability to service its customers. The global long term effects of the COVID-19 remain uncertain but, to date, the Company has seen no significant change in customer payments. In addition, the ability to have face to face contact with customers was severely restricted in the first few months of 'lockdown'.

Bulb Energy Limited

Directors' Report (continued) for the year ended 31 March 2020

Directors' indemnities

The Company maintain liability insurance for its directors and officers. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The insurance cover was in force during the year ended 31 March 2020 and is still in force at the date of approving the Directors' report.

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



.....
H Wood
Director

Date: 21/12/20

Bulb Energy Limited

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

Opinion

We have audited the financial statements of Bulb Energy Limited ("the Company") for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of financial position, the 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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Bulb Energy Limited

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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, 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 has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Bulb Energy Limited

Independent Auditor's Report to the Members of Bulb 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.

L. Pingree

Laura Pingree (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 22 / 12 / 20

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Bulb Energy Limited

Statement of Comprehensive Income for the year ended 31 March 2020

	Note	2020 £m	2019 £m
Turnover	4	1,521	823
Cost of sales		(1,344)	(815)
Gross profit		177	8
Administrative expenses		(236)	(136)
Operating loss	5	(59)	(128)
Interest payable and similar charges	8	(4)	(1)
Loss before taxation		(63)	(129)
Taxation	9	-	-
Loss for the financial year		(63)	(129)

All amounts relate to continuing operations.

There was no other comprehensive income for 2020 (2019 - £Nil).

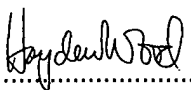
The notes on pages 16 to 28 form part of these financial statements.

Bulb Energy Limited
Registered number: 08469555

Statement of Financial Position
As at 31 March 2020

	Note	2020 £m	2019 £m
Fixed assets			
Intangible assets	10	1	-
Tangible assets	11	3	1
		<u>4</u>	<u>1</u>
Current assets			
Debtors	12	191	123
Cash and cash equivalents		102	17
		<u>293</u>	<u>140</u>
Creditors: amounts falling due within one year	13	(466)	(266)
Net current liabilities		<u>(173)</u>	<u>(126)</u>
Total assets less current liabilities		<u>(169)</u>	<u>(125)</u>
Creditors: amounts falling due after more than one year	14	(54)	(35)
Net liabilities		<u>(223)</u>	<u>(160)</u>
Capital and reserves			
Share capital	16	-	-
Accumulated losses	17	(223)	(160)
		<u>(223)</u>	<u>(160)</u>

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


.....
H Wood
Director

Date: 21/12/20

The notes on pages 16 to 28 form part of these financial statements.

Bulb Energy Limited

Statement of Changes in Equity for the year ended 31 March 2020

	Share capital £m	Accumulated losses £m	Total equity £m
As at 1 April 2019	-	(160)	(160)
Comprehensive income for the year			
Loss and total comprehensive losses for the year	-	(63)	(63)
As at 31 March 2020	-	(223)	(223)

Statement of Changes in Equity for the year ended 31 March 2019

	Share capital £m	Accumulated losses £m	Total equity £m
As at 1 April 2018	-	(31)	(31)
Comprehensive income for the year			
Loss and total comprehensive losses for the year	-	(129)	(129)
As at 31 March 2019	-	(160)	(160)

The notes on pages 16 to 28 form part of these financial statements.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

1. General information

Bulb Energy Limited is a private Company, limited by shares, and incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report.

These financial statements are presented to the nearest million.

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Simple Energy Limited as at 31 March 2020 and these financial statements may be obtained from 155 Bishopsgate, London, EC2M 3TQ.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

2. Accounting policies (continued)

2.3 Going concern

Notwithstanding current year losses of £63 million (2019 - £129 million), and net liabilities of £223 million (2019 - £160 million), which were expected and part of the Company's growth strategy, the Company's financial statements have been prepared on a going concern basis. This is on the grounds that current sources of funding at the date of signing of the 31 March 2020 financial statements are adequate to meet the Company's needs for a period of at least 12 months from the date of approval of these financial statements, together with the fact that the parent Company, Simple Energy Limited have provided a letter confirming they will provide support as required for a period of at least 12 months from the signing of these financial statements.

The Company's sources of external financing are its £55 million loan facility, where an additional £20 million was drawn down during the financial year. These facilities fall due for repayment on 31 December 2021 and the Company intends to review options to refinance its borrowings in the next twelve months and have commenced discussions with the Company's current lenders. The Company made a payment of £140 million in August 2020 in relation to its Renewable Obligations (RO) for FY20.

Similar to other energy suppliers, the key risk to the going concern basis of preparation is a lack of working capital to manage the seasonality of the business' cash flows. Management addresses this through the use of the facilities outlined above.

The Directors considered it appropriate to assess the future cash flows in two circumstances; a base case prepared in current conditions adjusted for different scenarios and a second known as a 'reverse stress test' a scenario where the Company would run out of cash.

The different scenarios focused on changes to customer payment rates and available cost savings. The key assumptions in the company's cash flow forecasts are management's ability to meet target gross profit margins, maintaining these despite wholesale price movements, and the growth of the Company's member base and the associated acquisition and marketing costs. Management reached the going concern conclusion after modelling the Company's forecast cash flow, income statement and balance sheet under the different scenarios noted, and the 'reverse stress test', which is not considered likely.

The impacts of COVID-19 are continuously monitored and evaluated by the Company's senior leadership team and the Company's board. A number of measures are currently in place to ensure the Company's going concern status, these include a series of cost saving and cost deferral measures. Please refer to the Strategic Report for further details on the impact of COVID-19 on the Company.

2.4 Turnover

Turnover represents electricity and gas supplied during the year, net of VAT, to customers on a credit account and prepaid customers. This includes an estimate of the energy supplied to customers between the date of the last meter reading and the year end. Energy consumed but not yet billed to the customer is recognised as accrued income. Deferred income is recognised where customers are billed in advance of consuming energy.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Finance costs

Finance costs are charged to the statement of comprehensive income 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.

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.8 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Office equipment	- 33% on reducing balance
Computer equipment	- 25% on reducing balance

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.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Research and development

Expenditure on research and development activities relating to new and existing product development are recognised in the income statement as an expense as incurred.

2.13 Onerous contracts

Provisions for onerous contracts are recognised when the Company has a legal obligation to continue to supply energy to customers where the receipt of cash for this supply is no longer probable. The directors have based their assessment of the level of provision on collection rates experienced by the Company to date and expected timeframes of resolution. The estimates and assumptions used to determine the level of provision will continue to be reviewed periodically.

2.14 Impairment

Financial assets

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

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

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the recoverable amount is estimated and compared to the carrying amount. If the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount and the impairment loss is recognised immediately in the income statement.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds the estimated recoverable amounts. Impairment losses are recognised in profit or loss.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

2. Accounting policies (continued)

2.15 Current taxation

Tax is recognised in the statement of comprehensive income, 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 statement of financial position 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.

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

2. Accounting policies (continued)

2.16 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Liquidity risk

Liquidity risk, the risk that the Company will have insufficient funds to meet its liabilities, is managed by the Company's Finance function. The liquidity position of the Company is significantly influenced by the seasonal usage of energy of its customers and the timing of Renewable Obligation (RO) payments. As a result, liquidity is at its lowest towards the end of winter and at its highest in the summer months.

The Company's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages the seasonal nature of its liquidity by making use of its bank facility.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

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

- *Turnover (note 4)*

Turnover for energy supply activities includes the energy supplied to customers between the date of the last meter reading and the year end on a customer by customer basis. The value of energy supplied but not billed or measured is calculated with reference to consumption data estimates provided by independent third parties.

Turnover includes an estimate of the value of electricity or gas supplied to customers between the date of the last meter reading and the year end. This estimation will comprise of values for

i) billed turnover in relation to consumption from unread meters based on estimated consumption taking account of various factors including usage patterns and weather trends (disclosed as trade debtors or a reduction of deferred income); and

ii) unbilled turnover calculated by assessing several factors such as externally notified aggregated volumes supplied to customers from national settlements bodies, amounts billed to customers and other adjustments (disclosed as accrued income).

Given the estimation involved, the number of differing inputs and application of management judgement, the unbilled turnover estimate is considered a significant judgement made by management in preparing the financial statements.

Unbilled turnover is calculated by applying the tariff rate applicable to customers to the calculated estimated volume of electricity or gas consumed. This estimation methodology is derived from historical weather-adjusted consumption patterns and aggregated, independently validated metering data that is used in industry reconciliation processes for total consumption by supplier.

This estimated supplied quantity of gas that is deemed to have been delivered to customers is compared against the aggregate supplied quantity of electricity or gas applicable to Bulb's customers that is measured by industry system operators, is a key element in assessing the reasonableness of this estimate. The estimation of electricity unbilled turnover is further influenced by the impact on estimated electricity or gas supplied of national settlements data.

The Company's policy is to recognise unbilled turnover only where the economic benefits are expected to flow to the Company. A change in the assumptions underpinning the judgements would have an impact on the amount of turnover recognised in any given period. As disclosed in Note 12, accrued income as at 31 March 2020 is £56 million (31 March 2019 - £53 million). It is expected that this judgement will become less critical as the industry transitions to smart meter technology.

- *Provisions for doubtful debts (note 12)*

Provisions for doubtful debts are recognised where receipt of cash is no longer probable. The directors have based their assessment of the level of provision on collection rates experienced by the Company to date. The estimates and assumptions used to determine the level of provision, they are 25% provision on amounts 30-60 days past due, 50% provision on amounts 60-90 days past due and 100% provision on amounts greater than 90 days past due. While the provisions are considered to be appropriate and in line with industry norms, changes in estimation basis or in economic conditions could lead to a change in the level of provisions recorded and consequently on the charge or credit to the statement of comprehensive income.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2020 £m	2019 £m
Customer acquisitions and marketing	62	64
Charitable donations	2	2
Research and development	1	1
Impairment charge of doubtful debt	20	5

6. Auditor's remuneration

The Company was charged £264k (2019 - £165k) by the Group's auditor and its associates for the audit of the Company's annual financial statements.

The Company was charged £3k (2019 - £2k) by the Group's auditor and its associates for all other services.

7. Employees cost

The Company has no employees other than the directors. The directors did not receive any remuneration from the Company (2019 - £Nil).

8. Interest payable and similar charges

	2020 £m	2019 £m
Loan interest	4	1

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

9. Taxation

	2020 £m	2019 £m
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

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

	2020 £M	2019 £M
Loss on ordinary activities before tax	(63)	(129)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(12)	(25)
Effects of:		
Deferred tax not recognised	12	25
Total tax charge for the year	-	-

Factors that may affect future tax charges

The Company has estimated tax losses of £205 million (2019 - £142 million) available to be carried forward and offset against future profits once losses have been recovered. These are available in the UK. No deferred tax asset has been recognised in respect to these carried forward losses due to the uncertainty concerning the timescale as to the recoverability of such asset.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

10. Intangible assets

	Domain Names £m
Cost	
Additions	1
As at 31 March 2020	<u>1</u>
Net book value	
As at 31 March 2020	<u>1</u>
As at 31 March 2019	<u>-</u>

11. Tangible fixed assets

	Office equipment £m	Computer equipment £m	Total £m
Cost			
As at 1 April 2019	-	1	1
Additions	1	1	2
As at 31 March 2020	<u>1</u>	<u>2</u>	<u>3</u>
Net book value			
As at 31 March 2020	<u>1</u>	<u>2</u>	<u>3</u>
As at 31 March 2019	<u>-</u>	<u>1</u>	<u>1</u>

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

12. Debtors

	2020 £m	2019 £m
Trade debtors	102	56
Amounts owed by group undertakings	1	-
Other debtors	30	8
Prepayments	2	6
Accrued income	56	53
	<u>191</u>	<u>123</u>

All amounts shown under debtors fall due for payment within one year.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Trade debtors is stated net of a provision of £16 million (2019 - £7 million).

13. Creditors: amounts falling due within one year

	2020 £m	2019 £m
Trade creditors	42	33
Amounts owed to group undertakings	70	64
Other creditors	2	-
Accruals	245	113
Deferred income	107	56
	<u>466</u>	<u>266</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

14. Creditors: Amounts falling due after more than one year

	2020 £m	2019 £m
Bank loans (including transaction costs)	<u>54</u>	<u>35</u>

During the year, the Company drew down an additional £20 million on its interest-bearing loan facility. The principal is repayable in full by 31 December 2021. The loan has been guaranteed by Simple Energy Limited, the Company's immediate parent undertaking.

The loan is secured by a mortgage and first fixed charge on the shares of the Company and the assets of the Company and its immediate parent undertaking.

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

15. Loans

Analysis of the maturity of loans is given below:

	2020 £m	2019 £m
Amounts falling due 1-2 years		
Bank loans	54	35

16. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
100 (2019 - 100) Ordinary shares of £1 each	100	100

17. Reserves

Accumulated losses

Accumulated losses represents cumulative profits or losses, net of dividends paid and other adjustments.

18. Commitments

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £m	2019 £m
Not later than 1 year	4	4
Later than 1 year and not later than 5 years	16	16
Later than 5 years	2	3
	22	23

The operating lease commitments relate to the minimum rent and service charge payments for 155 Bishopsgate. The lease was signed on 7 January 2019 and the property was moved into in July 2019. Part of the property is being sublet to a tenant, guaranteed until 24 March 2021.

As at 31 March 2020 the Company was committed to purchase electricity with a total value of £53 million (2019 - £36 million) under forward price contracts. As at 31 March 2020, the Company was also committed to purchase gas under forward price contracts with a total value of £24 million (2019 - £34 million).

Bulb Energy Limited

Notes to the Financial Statements for the year ended 31 March 2020

19. Related party transactions

The Company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" not to disclose related party transactions with other wholly owned members of the Group.

As at 31 March 2019, the Company was owed £100 from A Gudka, a director. During the year, this amount has been repaid such that as at 31 March 2020, no balances are owed by A Gudka.

20. Post balance sheet events

There are no post balance sheet events to report.

21. Controlling party

The ultimate controlling party is Simple Energy Limited, a Company incorporated in England and Wales. Simple Energy Limited is the largest and smallest group to consolidate these financial statements. These consolidated financial statements are publicly available at its registered office address 155 Bishopsgate, London, England, EC2M 3TQ.