E (Gas and Electricity) Limited

Registered number: 08520118

Annual report and financial statements

For the year ended 31 March 2023

COMPANY INFORMATION

Directors	L E M Austin C Ritchie
Registered number	08520118
Registered office	Bowcliffe Hall Bramham Wetherby West Yorkshire LS23 6LP
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The directors present the strategic report for the year ended 31 March 2023.

Business review

The results for the year and the financial position of the Company are shown in the following financial statements.

During the year to 31 March 2023 the Company has had a 121% increase in revenues from the previous year to £393m (2022: £178m) and profit before tax has significantly improved to £15.8m (2022: £9.6m).

Principal risks and uncertainties

The objective of the Company is to deliver long term value to its shareholder whilst providing competitive pricing and great service to its customers. The strategy to achieve this involves continuous investment in technology, systems and people. We aim to ensure everything is simple and straightforward for our customers.

The Ofgem Price Cap still provides a high level of risk for the business. To operate under a capped selling price regime but with potential for uncapped costs there is a high risk that uncontrollable price movements could lead to significant losses. In order to mitigate these risks, a strict commodity hedging policy is in effect but this does not provide protection from increased cold weather usage.

The directors believe that Smart meters are still a key element of improving customer experience for customers using a prepayment meter. The Company has agreements in place with a number of installation partners and is committed to installing meter sets.

UK businesses are currently facing many uncertainties such as the consequences of Brexit, Covid 19, environmental sustainability and geopolitical events such as the Russian invasion of Ukraine. These uncertainties have contributed to an environment where there exists a range of issues and risks, including inflation, rising interest rates, labour shortages, disrupted supply chains and new ways of working.

The directors have carried out an assessment of the potential impact of these uncertainties on the business, including the impact of mitigation measures, and have concluded that these are non adjusting events with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The directors have taken account of these potential impacts in their going concern assessment.

E (Gas and Electricity) Limited continues to work with its partners to minimise any impacts of these events and maximise the realisation of any opportunities they may provide to the business.

Development and performance

The energy market is regulated by Ofgem but they continue to regulate with an ever growing customer bias. Moving forward Ofgem need to refocus regulation to reflect market conditions, thus giving both supplier and customer a fair deal. Supplier failure and subsequent cost mutualisation with regards to absorbing outstanding industry costs over the trading period has made an impact on the Net Profit and Loss of this Company.

Other performance indicators

Risk is inherent in all businesses. Risks are constantly monitored by the senior management team in order that processes can be implemented to mitigate them. The directors consider the principal risks to the Company achieving its objectives are those identified below. They also recognise, however, that the nature of those risks change and that there may be additional risks, not yet identified, or risks currently considered immaterial that may impact on the business;

a. Economic environment

The economic environment, and changes to it, can impact upon customer spending. The directors seek to mitigate this risk by means of investment in technology and systems and by ensuring that the Company's offering remains competitive.

b. Managing customer expectations

The business has invested and continues to make significant investment in both systems and people to ensure that the customer experience is both monitored and continuously improving.

c. Competition

The Company monitors the activities of competitors to ensure that it is able to maintain and where viable, develop its own market position.

d. Cash flow and liquidity risk

Cash flow forecasts are produced on a regular basis to ensure that liquidity is maintained, and that longer term and strategic funding requirements are both identified and managed.

e. Employees

Senior management recognises the importance of a well trained, knowledgeable and highly motivated workforce. As a result, it remains committed to attracting, developing and maintaining staff of the highest calibre.

f. Volume and price risks

Senior management monitors wholesale prices and trading strategies are in place to mitigate the volume and price risk in what can be a volatile market.

g. Regulatory and legislative risk

In common with all energy supply businesses, the Company is subject to ever increasing and time consuming regulatory requirements across all areas of its operations. Failure to comply with those requirements can have serious consequences not least being financial and reputational damage. Consequently, senior management continues to direct increasing resources towards ensuring that there is a compliance regime that monitors and, where possible, mitigates such risks.

h. Hedging

The business is hedged out, via forward purchases, for 90-100% of expected Gas and Electricity usage. The forward purchasing strategy is very prudent and reviewed daily to minimise risk and maximise coverage.

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

The Directors of the Company act in accordance with the set of duties as detailed in s172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must 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 shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;

- The interests of the company's employees;

- The need to foster the company's business relationships with suppliers, customers and others;

- The impact of the company's operations on the community and environment;

- The desirability of the company maintaining a reputation for high standards of business conduct; and

- The need to act fairly as between shareholders of the Company."

Employees

Our employees are vital to the success of the Company. As such, communication is an important tool in helping our employees understand the role that is required from them and how they can contribute to the success of the Company, as well as giving the opportunity for every employee to provide feedback. This can be seen through our monthly employee 'E Engager' feedback sessions which have improved our customer support strategies through the development of video and web conferencing applications that have improved employee involvement and participation from our remote workers during lockdown. All employees are treated fairly and with respect.

Business relationships

Customers and suppliers are the essence of what we do. We work closely with both groups developing new ideas and striving to deliver excellent customer service. We agree terms at the beginning of the relationship so each party has a clear understanding of how the relationship will work going forwards.

For our customers we have offered help and advice during the current uncertain times through all our communications and marketing. We introduced a proactive approach to better identify customers in a vulnerable circumstance and potentially at risk of self disconnection. We also became an active signatory to the Energy UK Vulnerability Commitment which aims to improve the support provided to vulnerable households. We have actively worked with third parties to provide additional services and support to our customers, for example providing benefit health checks and energy efficiency advice. Throughout the Covid 19 pandemic we have continued to promote and install Smart meters to improve the proportion of customers who now have a smart meter. Our SmartE App when used in conjunction with the Smart meter allows our customers to top up remotely and better manage their energy consumption.

Community and environment

The Company sells to many UK domestic customers each year. We therefore aim to comply with all the laws and regulations, provide consumer protection and good levels of customer service which the allows us to develop the brand that the Company operates under. Despite challenging conditions, we have maintained high standards of customer service, scoring 'Excellent' on Trustpilot.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Shareholders

Following the acquisition by the Bayford Group, the Company has one major shareholder and Bayford have appointed two Directors to the board of the company. Both Directors take an active part in the running of the Company and so have a clear understanding of the performance of the business and its future development.

This report was approved by the board on 13 December 2023 and signed on its behalf.

C Ritchie
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

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;
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £12,855,173 (2022 - £7,699,760).

Dividends of £Nil (2022: £3,156,545) were declared for the 31 March 2023 year end.

Directors

The directors who served during the year were:

L E M Austin
C Ritchie

Going concern

The Company has made significant progress in its results this year, with revenue of £393m (2022: £178m), profit before tax of £16m (2022: £10m) and also has a significant cash balance of £75m at 31 March 2023 (2022: £25m).

The directors have prepared cash flow forecasts for at least 12 months from the date of approval of these financial statements. The cash flow forecasts have been prepared on a realistic and prudent basis including consideration of potential downside scenarios. The Company has concluded that it has sufficient resources to continue on a going concern basis. The business has traded profitably and generated positive cash flows post year end. The business continues to enjoy positive relationships with its key suppliers, having recently signed a new four-year supply agreement with Axpo, and remains covenant compliant. The business also receives the full support of its ultimate holding company Bayford & Co Limited.

The business has a commodity trading arrangement in place which enables the Company to purchase electricity and gas on forward commodity markets. The directors monitor covenants associated with this trading agreement on a regular basis. The business is hedged out under this arrangement for 90-100% of the expected gas and electricity usage. The forward purchasing strategy is very prudent and reviewed daily to minimise risk and maximise coverage. Despite the recent market volatility the arrangement continues to operate well providing effective access to traded commodity products.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Future developments

The UK market for the domestic supply of energy remains highly competitive. The market is highly regulated and has seen some major reforms over the past year. Amongst these reforms, there are consultations taking place in to introduce strict Financial Stability cornerstones of all current suppliers (and any future market entrants) and there has been an enhancement to the new licence approval process. These changes are designed to reduce the number of failing suppliers, thus reducing the mutualisation impact on the remaining suppliers. The mutualisation process of absorbing outstanding industry costs has a major impact on the Net Profit and Loss of this Company.

Engagement with suppliers, customers and others

A statement on the Company's policy with regard to engagement with suppliers, customers and others is presented within the strategic report.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company has taken the option to exclude any information relating to energy and carbon reporting as it is included in the consolidated financial statements of the parent company, Bayford & Co Ltd.

Matters covered in the Strategic Report

Certain information is not shown in the Director's Report because it is shown in the Strategic Report on page 1 to 4 of the financial statements in accordance with the provisions of Section 414C(11) of the Companies Act 2006. The Strategic Report includes a business review, principal risks and uncertainties an information on the Company's key performance indicators.

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

Following the year end the Company declared a dividend of £5,000,000.

Auditor

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

This report was approved by the board on 13 December 2023 and signed on its behalf.

C Ritchie
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E (GAS AND ELECTRICITY) LIMITED

Opinion

We have audited the financial statements of E (Gas and Electricity) Limited (the 'Company') for the year ended 31 March 2023 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 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 2023 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E (GAS AND ELECTRICITY) LIMITED

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E (GAS AND ELECTRICITY) LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 intend either 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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, anti-money laundering regulation and OFGEM 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 and 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 judgments and assumptions in significant accounting estimates, particularly in relation determining appropriate deferred revenue, revenue recognition (which we pinpointed to the cut off assertion), 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.

Use of the audit 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.

Shaun Mullins (Senior Statutory Auditor)

for and on behalf of
Mazars LLP

Chartered Accountants and Statutory Auditor

5th Floor

3 Wellington Place
Leeds
LS1 4AP

19 December 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	4	393,030,075	177,689,648
Cost of sales		(365,887,152)	(157,772,801)
Gross profit		27,142,923	19,916,847
Administrative expenses		(11,423,899)	(10,392,009)
Operating profit	5	15,719,024	9,524,838
Interest receivable and similar income	8	52,890	61,561
Interest payable and similar expenses	9	(18,116)	(543)
Profit before tax		15,753,798	9,585,856
Tax on profit	10	(2,898,625)	(1,886,096)
Profit for the financial year		12,855,173	7,699,760

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 15 to 30 form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note		2023 £		2022 £
Fixed assets					
Intangible assets	11		9,262		890,291
Tangible assets	12		10,804		50,500
Investments	13		3		3
			20,069		940,794
Current assets					
Debtors: amounts falling due after more than one year	14	-		1,000,000	
Debtors: amounts falling due within one year	14	20,761,657		8,983,182	
Cash at bank and in hand	15	75,070,078		25,085,176	
		95,831,735		35,068,358	
Creditors: amounts falling due within one year	16	(81,503,703)		(34,516,224)	
Net current assets			14,328,032		552,134
Total assets less current liabilities			14,348,101		1,492,928
Net assets			14,348,101		1,492,928
Capital and reserves					
Called up share capital	18		104		104
Profit and loss account	19		14,347,997		1,492,824
			14,348,101		1,492,928

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 December 2023.

C Ritchie
Director

The notes on pages 15 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	104	(3,050,391)	(3,050,287)
Comprehensive income for the year			
Profit for the year	-	7,699,760	7,699,760
Total comprehensive income for the year	-	7,699,760	7,699,760
Contributions by and distributions to owners			
Dividends: Equity capital	-	(3,156,545)	(3,156,545)
Total transactions with owners	-	(3,156,545)	(3,156,545)
At 1 April 2022	104	1,492,824	1,492,928
Comprehensive income for the year			
Profit for the year	-	12,855,173	12,855,173
Total comprehensive income for the year	-	12,855,173	12,855,173
At 31 March 2023	104	14,347,997	14,348,101

The notes on pages 15 to 30 form part of these financial statements.

1. General information

E (Gas and Electricity) Limited ("'the Company") is a private limited company incorporated in the United Kingdom, limited by shares, registered number 08520118.

The address of the registered office and principal place of business is Bowcliffe Hall, Bramham, Wetherby, West Yorkshire, England, LS23 6LP.

The Company is principally engaged in the trade of electricity and gas through mains supply channels.

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 the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 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).

These financial statements have been presented in pound sterling which is the functional currency of the Company, and rounded to the nearest £.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- 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 11.42, 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 Bayford & Co. Limited as at 30 June 2023 and these financial statements may be obtained from Companies House.

2. Accounting policies (continued)

2.3 Going concern

The Company has made significant progress in its results this year, with revenue of £393m (2022: £178m), profit before tax of £16m (2022: £10m) and also has a significant cash balance of £75m at 31 March 2023 (2022: £25m).

The directors have prepared cash flow forecasts for at least 12 months from the date of approval of these financial statements. The cash flow forecasts have been prepared on a realistic and prudent basis including consideration of potential downside scenarios. The Company has concluded that it has sufficient resources to continue on a going concern basis. The business has traded profitably and generated positive cash flows post year end. The business continues to enjoy positive relationships with its key suppliers, having recently signed a new four-year supply agreement with Axpo, and remains covenant compliant. The business also receives the full support of its ultimate holding company Bayford & Co Limited.

The business has a commodity trading arrangement in place which enables the Company to purchase electricity and gas on forward commodity markets. The directors monitor covenants associated with this trading agreement on a regular basis. The business is hedged out under this arrangement for 90-100% of the expected gas and electricity usage. The forward purchasing strategy is very prudent and reviewed daily to minimise risk and maximise coverage. Despite the recent market volatility the arrangement continues to operate well providing effective access to traded commodity products.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

The period over which revenue is recognised is detailed further in section 3 ' Judgements in applying accounting policies'.

2. Accounting policies (continued)

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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 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.

2.7 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.

2.8 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)

2.9 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.

The estimated useful lives range as follows:

Computer software	-	3 years
Strategic partnership	-	over the life of the agreement

2.10 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.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures & fittings	- 4 years
Computer equipment	- 3 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. Accounting policies (continued)

2.11 Impairment of fixed assets and intangible assets

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.

2.12 Valuation of investments

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 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.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2. Accounting policies (continued)

2.17 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

2. Accounting policies (continued)

2.17 Financial instruments (continued)

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instruments any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

2. Accounting policies (continued)

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financials statements are discussed below.

Determining appropriate deferred revenue

Estimation uncertainty is inherent in determining the level of deferred income arising from prepaid customer balances known as 'stock on meter' at the period end.

The Company's customer portfolio is made up of approximately two-thirds using 'smart meters' and one third who use 'traditional' meters. For smart meters the determination of closing stock on meter is non-judgemental as customer balance information is readily obtainable.

For traditional meters, customer balance information is not readily obtainable and therefore estimation is required to determine stock on meter. To do this, assumptions are used based on customer behaviour, historic usage trends and average customer balance information from the smart meter portfolio.

As increasing numbers of customers move across to smart meters which provide more accurate information then the level of estimation uncertainty reduces.

4. Turnover

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

	2023 £	2022 £
Gas	172,986,439	69,541,152
Electricity	220,043,636	108,148,496
	393,030,075	177,689,648

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

5. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Amortisation of intangible assets	881,049	222,101
Depreciation of tangible assets	39,079	68,819
Operating lease expenses	439,397	409,058

6. Auditor's remuneration

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

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	89,300	69,000

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

7. Employees

Staff costs were as follows:

	2023 £	2022 £
Wages and salaries	4,249,502	3,617,683
Social security costs	461,124	325,019
Cost of defined contribution scheme	139,267	130,756
	4,849,893	4,073,458

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

	2023 No.	2022 No.
Management	7	6
Customer service	128	141
	135	147

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

8. Interest receivable

	2023	2022
	£	£
Other interest receivable	52,890	61,561

9. Interest payable and similar expenses

	2023	2022
	£	£
Other loan interest payable	18,116	543

10. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	3,208,069	1,881,966
Adjustments in respect of previous periods	(236,220)	-
Total current tax	2,971,849	1,881,966
Deferred tax		
Origination and reversal of timing differences	(64,470)	(39,969)
Adjustments in respect of previous periods	11,606	51,744
Effect of changes in tax rates	(20,360)	(7,645)
Total deferred tax	(73,224)	4,130
Taxation on profit on ordinary activities	2,898,625	1,886,096

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	15,753,798	9,585,856
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	2,993,222	1,821,313
Effects of:		
Expenses not deductible for tax purposes	134,950	2,066
Super deduction expenditure	(3,192)	-
Adjustment to tax charge in respect of prior periods	(236,220)	-
Adjustment to tax charge in respect of prior periods - deferred tax	11,606	51,744
Tax rate changes	(20,359)	(7,645)
Deferred tax not provided for	18,618	18,618
Total tax charge for the year	2,898,625	1,886,096

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

11. Intangible assets

	Strategic partnership £	Computer software £	Total £
Cost			
At 1 April 2022	4,001,824	422,677	4,424,501
Disposals	-	(107,169)	(107,169)
At 31 March 2023	4,001,824	315,508	4,317,332
Amortisation and impairment			
At 1 April 2022	3,217,906	316,304	3,534,210
Charge for the year	97,992	97,131	195,123
On disposals	-	(107,189)	(107,189)
Impairment charge	685,926	-	685,926
At 31 March 2023	4,001,824	306,246	4,308,070
Net book value			
At 31 March 2023	-	9,262	9,262
At 31 March 2022	783,918	106,373	890,291

12. Tangible fixed assets

	Fixtures & fittings	Computer equipment	Total
	£	£	£
Cost or valuation			
At 1 April 2022	393,717	218,157	611,874
Disposals	(166,666)	(174,235)	(340,901)
At 31 March 2023	227,051	43,922	270,973
Depreciation			
At 1 April 2022	364,386	196,988	561,374
Charge for the year	28,227	10,852	39,079
Disposals	(166,625)	(173,659)	(340,284)
At 31 March 2023	225,988	34,181	260,169
Net book value			
At 31 March 2023	1,063	9,741	10,804
At 31 March 2022	29,331	21,169	50,500

As at the Statement of Financial Position date AXPO Solutions AG held a fixed and floating charge over all property or undertakings of the business in respect of its Energy Trading Agreement with the Company.

13. Fixed asset investments

	Unlisted investments
	£
Cost or valuation	
At 1 April 2022	3
At 31 March 2023	3

14. Debtors

	2023	2022
	£	£
Amounts falling after more than one year		
Other debtors	-	1,000,000

	2023	2022
	£	£
Amounts falling within one year		
Trade debtors	974,037	461,162
Amounts owed by group undertakings	671,994	773,311
Other debtors	14,463,413	3,982,761
Prepayments and accrued income	4,436,536	3,734,097
Tax recoverable	110,602	-
Deferred taxation	105,075	31,851
	20,761,657	8,983,182

15. Cash and cash equivalents

	2023	2022
	£	£
Cash at bank and in hand	75,070,078	25,085,176

16. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	4,722,557	6,464,837
Amounts owed to group undertakings	120,144	-
Corporation tax	-	1,548,198
Other taxation and social security	215,925	72,644
Other creditors	20,582	17,622
Accruals and deferred income	76,424,495	26,412,923
	81,503,703	34,516,224

17. Deferred taxation

	2023	2022
	£	£
At beginning of year	31,851	35,981
Charged to profit or loss	73,224	(4,130)
At end of year	105,075	31,851

The deferred tax asset is made up as follows:

	2023	2022
	£	£
Fixed asset timing differences	170	(9,571)
Other short term timing differences	104,905	41,422
	105,075	31,851

18. Share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
104 (2022 - 104) Ordinary shares shares of £1.00 each	104	104

19. Reserves

Profit & loss account

The profit and loss reserve represents accumulated profits and losses less any dividends paid during the year.

20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held seperately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £139,267 (2022: £130,756). Contributions totalling £19,979 (2022: £19,265) were payable to the fund at the balance sheet date and are included within creditors.

21. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	229,373	313,248
Later than 1 year and not later than 5 years	-	229,373
	229,373	542,621

22. Other financial commitments

At the year end the Company had off balance sheet future electricity and gas trade commitments to its suppliers with a value of £113,090,600 (2022: £90,279,000).

23. Related party transactions

In accordance with Section 33 of FRS 102, transactions and balances with Group companies included within the consolidated financial statements of Bayford & Co Limited have not been disclosed within these financial statements. Bayford & Co Limited is the ultimate Parent Company and the consolidated financial statements are available from Companies House.

During the year the Company made sales of £302,125 (2022: £145,104) and purchases of £1,832,905 (2022: £614,530) to other related parties. As at the year end £Nil (2022: £96,212) was owed to other related parties.

24. Post balance sheet events

Following the year end the Company declared a dividend of £5,000,000.

25. Controlling party

Bayford Energy Bidco Limited is the immediate Parent Company incorporated in England and Wales. Bayford Energy Bidco Limited's ultimate parent undertaking and largest company for which consolidated financial statements are prepared is Bayford & Co Limited, which is controlled by JCD Turner.

The results of E (Gas and Electricity) Limited are included in the consolidated financial statements of Bayford & Co Limited. The consolidated financial statements of this company are available to the public and may be obtained from Companies House, Cardiff, CF13 3UZ.