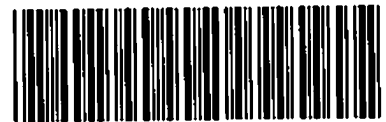


Registered number: 9688977

ESB Energy Limited

Annual Report and Financial Statements For the Year Ended 31 December 2021

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ESB Energy Limited

Company Information

Directors	T. Bean (resigned 24 May 2022) C. McAllister (resigned 24 May 2022) K. McKerverey (resigned 11 March 2021) D. Vickers (appointed 11 March 2021, resigned 24 May 2022) J. Walsh S. Ward M. Collings (appointed 24 May 2022) S. Oscroft (appointed 24 May 2022) C. Davies (appointed 24 May 2022) A. Kelly (appointed 24 May 2022)
Company secretary	B. Corcoran
Registered number	9688977
Registered office	Tricor Suite 4th Floor 50 Mark Lane London England EC3R 7QR
Independent auditors	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1 Ireland

ESB Energy Limited

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ESB Energy Limited

Strategic Report For the Year Ended 31 December 2021

The directors present their Strategic Report for the year ended 31 December 2021.

Business review

During the year, the company was engaged in the supply of electricity and gas in Great Britain to residential customers.

The company has recorded a loss for the year after taxation of £12.5m (2020: loss of £21.7m). Revenue in the year increased as a result of higher sales volumes coupled with increased tariffs as a result of increased energy input commodity costs. The increase in cost of sales is also attributed to higher sales volumes and an increase in wholesale commodity costs.

During August 2021, the company's immediate parent ESB Group (UK) Limited set up a new subsidiary, ESB Retail GB Limited to facilitate the acquisition of a majority shareholding in So Energy Limited, a UK retail business and ESB Retail GB Limited entered into a shareholder agreement with the minority shareholders of So Energy Limited. ESB Group (UK) Limited also completed a share for share exchange to transfer ownership of ESB Energy Limited to ESB Retail GB Limited. As a result of this transaction a decision was also taken to transfer all the customers of ESB Energy Limited to So Energy Trading Limited (a subsidiary of So Energy Limited) and to ultimately discontinue the company's activities.

The company began the process of migrating its customers to So Energy Trading Limited in advance of the year end and this process was completed by March 2022. Under an agreement formally executed and signed in June 2022 all of the company's customer contracts including related billed debt, unbilled debt and customer payments on account have been transferred to So Energy Trading Limited based on the earlier of the actual migration date or 1 January 2022.

For those customers transferred in December 2021, the assets associated with these customers were de-recognised in December 2021 and a receivable recognised that represents the consideration receivable for the transfer. A gain of £0.1m was realised in 2021.

Principal risks and uncertainties

The company's risk profile reflects the principal activities of the business and is summarised below. The directors have put in place a series of processes to mitigate major risk. The company has discontinued its activities in 2022.

1. Financial

The main financial risks facing the company at 31 December 2021 were credit risk, cash flow and liquidity risk. These risks are dealt with below.

2. Contractual

In the course of its normal trading activities the company had entered into contracts for the purchase of electricity and gas. These contracts were reviewed and are approved from a legal, insurance and financial perspective.

3. Market and Regulation

The company operated in a competitive market and regulated market. The directors actively managed these risks through ongoing review of appropriate sales channels to manage customer churn and understanding customer demands in terms of climate change and technology expectations. Emerging regulatory developments were closely monitored and managed.

ESB Energy Limited

Strategic Report (continued) For the Year Ended 31 December 2021

Financial management risks

At 31 December 2021, the company's financial instruments comprise of cash at bank and in hand, debtors and creditors that arose directly from its operations and amounts owing to and from group undertakings.

The main risks are as follows:

1. Credit risk

The credit risk on electricity and gas customer accounts was managed through the ongoing monitoring of debtor days, the collection of monies in advance by direct debit and a collection policy based on the credit worthiness, size and duration of debt. The concentration of risk in the company was in relation to retail electricity and gas accounts that had closed in arrears. In addition, given an increase in competition, certain customers may have switched suppliers before they had settled their outstanding balances. These accounts were managed within the company's debt collection policy. Following the sale of customer contracts and associated debt to So Energy Trading Limited, a fellow ESB subsidiary, the company no longer bears credit related risk in respect of customers.

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

2. Cash flow risk and liquidity risk

The company structured its activities and IT systems to achieve accurate and prompt invoicing and receipting of all customers.

The directors are confident that the company will continue to have sufficient resources given the support of its ultimate parent undertaking, ESB, to meet its liabilities as they fall due, including its obligations in relation to any costs associated with the orderly wind up of the company.

Financial key performance indicators

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

The loss before tax for 2021 is £15.4m (2020: loss of £21.7m).

Other key performance indicators

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

1. Customer numbers

The customer numbers as at 31 December 2021 were 39,724 (2020: 88,000). The decrease in customer numbers reflects those customers migrated to So Energy Trading Limited before the year end.

2. Safety

There were no safety incidents reported in 2021 (2020- Nil).

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



J. Walsh
Director

Date: 7 June 2023

ESB Energy Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their annual report and the financial statements for the year ended 31 December 2021.

Statement of directors' responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Principal activities

During the year, the principal activity of the company was the supply of electricity and gas in Great Britain to residential customers. As set out in the Strategic Report, following the transfer of the customers of the company to So Energy Trading Limited, the company discontinued its activities in 2022.

Financial Instruments and own use contracts

Within its regular course of business, the Company routinely entered into sale and purchase contracts for commodities, including gas and electricity. Where the contracts were entered into and held for the purposes of receipt or delivery of the commodities in accordance with the Company's expected sale, purchase or usage requirements, the contracts were designated as own use contracts and were accounted for as executory contracts. These contracts are therefore not within the scope of IFRS 9 - Financial Instruments and no assets, to reflect the fair value of the underlying contracts, were recorded on the balance sheet.

In December 2021, as part of the integration of the business of the company into So Energy Trading Limited, all hedges were novated to So Energy Trading Limited. This novation, if looked at in isolation from the transfer of the other assets, liabilities and customers of the company to So Energy Trading Limited, could be viewed as a below value transfer given that at the balance sheet date, the company was in a net liability position and did not have profits available for distribution, the directors deemed that it is prudent to rectify this post year by way of a capital contribution from ESB Retail GB Limited to return the company to a distributable reserves position. Further details are set out in note 19 to these financial statements.

Going concern

The company discontinued its activities in 2022. Consequently, these financial statements are presented on a basis other than going concern. Further details are set out in note 1.4 to these financial statements.

ESB Energy Limited

Directors' Report (continued) For the Year Ended 31 December 2021

Results and dividends

The loss for the year, after taxation, amounted to £12.5m (2020 - loss of £21.7m). No dividend was declared by the directors (2020 - £nil).

Directors

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

T. Bean (resigned 24 May 2022)
C. McAllister (resigned 24 May 2022)
K. McKervey (resigned 11 March 2021)
D. Vickers (appointed 11 March 2021)
J. Walsh
S. Ward
M. Collings (appointed 24 May 2022)
S. Oscroft (appointed 24 May 2022)
C. Davies (appointed 24 May 2022)
A. Kelly (appointed 24 May 2022)

The directors and secretary had no disclosable interests in the shares of the company, or any other group company, as defined in section 177 of the Companies Act 2006, at 31 December 2021 or 31 December 2020.

Political donations and political expenditure

The company made no political donations during the year (2020: Nil) and incurred no political expenditure.

Future developments

The company discontinued its activities in 2022 and the directors intend to proceed with the orderly winding up of the company.

Research and development activities

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

Branches

The company has no branches outside Great Britain.

Qualifying third party indemnity provisions

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

Statement on relevant audit information

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ESB Energy Limited

Directors' Report (continued) For the Year Ended 31 December 2021

Events since the end of the financial year

As set out in the business review, in the Strategic Report, the company discontinued its activities during 2022 and the directors intend to proceed with the orderly winding up of the company.

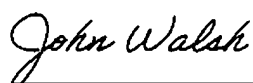
In June 2023, a capital contribution was received from ESB Retail GB Limited to return the company's reserves to a net positive position. Further details are set out in note 19 to these financial statements.

Other than as set out above, there have been no other significant events since the Balance Sheet date that the directors believe require adjustment to, or disclosure in the financial statements.

Auditors

A resolution appointing Deloitte Ireland LLP will be proposed to the shareholders at the next general meeting of the company.

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



J. Walsh

Director

Date: 7 June 2023



Independent auditors' report to the members of ESB Energy Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

- the Balance Sheet as at 31 December 2021;
- the Profit and Loss Account and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Emphasis of Matter – Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of disclosures set out in note 1.4 to the financial statements concerning the going concern basis of preparation. The company has ceased trading in 2022. Consequently, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1.4 to the financial statements.

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.



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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

- discussions with the management, in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulation and fraud and reviewing Board Minutes;
- confirmation with those charged with governance in respect of risk of fraud and any known or suspected instances of non-compliance with laws and regulations;
- consideration of the overall control environment and the processes and controls in place in the company, including procedures to achieve compliance with relevant laws and regulations;



- evaluating the accounting treatment and supporting documentation in respect of the transfer of the company's customers and related assets and the novation of derivative contracts to So Energy Trading Limited, including consideration of compliance with company law;
- evaluating management's judgements for appropriateness and indicators of bias in the context of our knowledge and understanding of the business, other areas audited, obtaining audit evidence from events occurring up to the date of the auditor's report and the requirements of the reporting framework; and
- testing of journal entries posted throughout the period and at period end.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Mary Cleary (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
Ireland
7 June 2023

ESB Energy Limited

Profit and Loss Account For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	3	108,702	93,078
Cost of sales		(94,722)	(83,928)
Gross profit		13,980	9,150
Administrative expenses		(29,342)	(28,136)
Operating loss	5	(15,362)	(18,986)
Exceptional items	4	-	(2,660)
Loss on ordinary activities before interest and taxation		(15,362)	(21,646)
Interest payable and similar charges	8	(2)	(5)
Loss before taxation		(15,364)	(21,651)
Taxation credit on loss on ordinary activities	9	2,905	-
Loss for the financial year		(12,459)	(21,651)

The notes on pages 13 to 24 form part of these financial statements.

In arriving at the results for the financial year, all amounts above relate to discontinued operations.

ESB Energy Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2021**

	2021	2020
	£000	£000
Loss for the financial year	(12,459)	(21,651)
Total comprehensive loss for the year	<u>(12,459)</u>	<u>(21,651)</u>

The notes on pages 13 to 24 form part of these financial statements.

ESB Energy Limited
Registered number:9688977

Balance Sheet
As at 31 December 2021

	Note	2021 £000	2020 £000
Non-Current assets			
Intangible assets	10	-	-
Right of use assets	11	27	192
		<u>27</u>	<u>192</u>
Current assets			
Trade and other receivables	12	19,914	13,292
Cash and cash equivalents	13	16,328	4,614
		<u>36,242</u>	<u>17,906</u>
Trade and other payables falling due within one year	14	(39,650)	(74,993)
Net current liabilities		<u>(3,408)</u>	<u>(57,087)</u>
Total assets less current liabilities		<u>(3,381)</u>	<u>(56,895)</u>
Trade and other payables falling due after more than one year	15	-	(27)
Net liabilities		<u>(3,381)</u>	<u>(56,922)</u>
Capital and reserves			
Called up share capital	16	-	-
Capital contribution		66,000	-
Profit and loss account	17	(69,381)	(56,922)
Shareholder's deficit		<u>(3,381)</u>	<u>(56,922)</u>

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

John Walsh

J. Walsh

Director

Date: 7 June 2023

The notes on pages 13 to 24 form part of these financial statements.

ESB Energy Limited

Statement of Changes in Equity For the Year Ended 31 December 2021

	Share capital £000	Capital contribution reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2021	-	-	(56,922)	(56,922)
Comprehensive loss for the year				
Loss for the year	-	-	(12,459)	(12,459)
Total comprehensive loss for the year	-	-	-	-
Contributions from owners				
Capital contribution	-	66,000	-	66,000
At 31 December 2021	-	66,000	(69,381)	(3,381)

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

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

The notes on pages 13 to 24 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

1. Accounting policies

ESB Energy Limited (registered number: 9688977) is a limited company incorporated and operating in Great Britain. The principal activity of the company during the year was the supply of electricity and gas in Great Britain to residential customers. As set out in note 1.4, the company has discontinued its activities in 2022 and will now be subject to an orderly wind up.

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

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

1.1 Basis of preparation of financial statements

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

The company has discontinued its activities in 2022. Accordingly, these financial statements are presented on a basis of accounting other than going concern (see note 1.4 for further details). The directors are satisfied that it is the shareholders intention to support the company in the orderly wind-up of its affairs.

1.2 Financial Reporting Standard 101 - reduced disclosure exemptions

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

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

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

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

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

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

1. Accounting policies (continued)

1.4 Going concern

During August 2021, the company's immediate parent ESB Group (UK) Limited set up a new subsidiary, ESB Retail GB Limited to facilitate the acquisition of a majority shareholding in So Energy Limited, a UK retail business and ESB Retail GB Limited entered into a shareholder agreement with the minority shareholders of So Energy Limited. This transaction also resulted in the transfer of all the customers of ESB Energy Limited to So Energy Trading Limited (a subsidiary of So Energy Limited) and to ultimately discontinue the company's activities.

Consequently, these financial statements are prepared on a basis other than going concern. This has not resulted in any additional write offs or provisions in respect of the company's assets and they continue to be stated at their estimated recoverable amount. Additional cost provisions in respect of the anticipated costs to proceed with the orderly winding up of the company have not been made as a result of undertakings by the ultimate parent, ESB that they will bear any costs incurred in the orderly wind up of the company.

The financial statements for the year ended 31 December 2020 were also prepared on a basis other than going concern, as the decision to cease trading had been taken in advance of the approval of the financial statements for that year. The accounting policies applied are consistent with the current year.

The directors, having regard to the continued support of its shareholder, ESB, have a reasonable expectation that the company will have adequate financial resources for the orderly wind up of the company.

1.5 Foreign currency translation

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

1.6 Intangible assets

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

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

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

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

1. Accounting policies (continued)

1.7 Impairment

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

1.8 Amounts payable to and receivable from Group companies

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

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

1.9 Cash and cash equivalents

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

1.10 Trade and other receivables

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

1.11 Impairment of financial assets

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

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

1.12 Trade and other payables

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

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

1. Accounting policies (continued)

1.13 Turnover

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

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

1.14 Cost of sales

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

1.15 Current and deferred taxation

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

Current tax

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

Deferred tax

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

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

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

1.16 Share capital

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

1.17 Interest payable and similar charges

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

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

1. Accounting policies (continued)

1.18 Exceptional items

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

1.19 Capital contribution

Capital contribution represents amounts due from the company to its parent undertaking that were waived during the year. Capital contributions are recorded as an increase in equity.

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

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

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

1. Unbilled consumption

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

3. Turnover

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

	2021	2020
	£000	£000
Gas	43,413	37,646
Electricity	65,289	55,432
	108,702	93,078

Analysis of turnover by country of destination:

	2021	2020
	£000	£000
Great Britain	108,702	93,078
	108,702	93,078

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

4. Exceptional items

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

At 31 December 2020, the directors assessed the carrying value of the software asset for impairment given the continued losses, expected future performance and the competitiveness of the Great Britain electricity and gas residential markets. The directors concluded that an impairment of £2.7m was necessary.

5. Operating loss

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

	2021 £000	2020 £000
Depreciation of right of use assets	177	177
Foreign exchange (gains)/losses	(6)	113
Impairment of trade receivables	2,444	3,330
	<u>2,444</u>	<u>3,330</u>

Administrative expenses include meter rental costs of £9.3m (2020:£6.1m) in relation to charges payable to the owners of customer meters.

6. Auditors' remuneration

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

	2021 £000	2020 £000
Audit fees	52	51
	<u>52</u>	<u>51</u>

The audit fee is paid by a fellow group company.

7. Employees and directors' remuneration

The company has no employees (2020 - Nil).

Employee services were provided by fellow group undertakings to the company. Costs and expenses incurred in respect of these employees were recharged to the company.

Directors of the company are employees of ESB and are remunerated by ESB for their services. During the year, no directors received any emoluments (2020 - £Nil) in respect of acting as directors of the company.

ESB Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

8. Interest payable and similar charges

	2021 £000	2020 £000
Financing charge on lease liabilities	2	5
	<u>2</u>	<u>5</u>

9. Taxation

	2021 £000	2020 £000
Total current tax	(2,905)	-
	<u>(2,905)</u>	<u>-</u>
Total deferred tax	-	-
	<u>-</u>	<u>-</u>
Taxation credit on loss on ordinary activities	(2,905)	-
	<u>(2,905)</u>	<u>-</u>

Factors affecting tax credit for the year

The tax assessed for the year differs from the tax based on applying the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Loss on ordinary activities before tax	(15,364)	(21,651)
Loss on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	(2,919)	(4,114)
Effects of:		
Non-tax deductible expenses	14	23
Group relief surrendered for nil consideration	-	4,091
Total tax credit for the year	<u>(2,905)</u>	<u>-</u>

The tax losses incurred in 2021 have been surrendered to a fellow group companies for consideration of £2,905 thousand.

Factors that may affect future tax charges

The UK corporation tax rate for the financial year was 19% (2020: 19%).

ESB Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

10. Intangible assets

	Software £000
Cost	
At 1 January 2021	12,811
At 31 December 2021	12,811
Amortisation	
At 1 January 2021	12,811
At 31 December 2021	12,811
Net book value	
At 31 December 2021	-
At 31 December 2020	-

11. Right of use assets and lease liabilities

	2021 £000	2020 £000
Right of use assets		
Balance at 1 January	192	369
Additions	12	-
Depreciation	(177)	(177)
Balance at 31 December	27	192

ESB Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

Lease liabilities

	2021 £000	2020 £000
Balance at 1 January	(190)	(383)
Additions	(12)	-
Finance charge	(2)	(5)
Lease payments	175	198
Balance at 31 December	(29)	(190)

Analysed as follows:

	2021 £000	2020 £000
Current liabilities	(29)	(163)
Non-current liabilities	-	(27)
	(29)	(190)

12. Trade and other receivables

	2021 £000	2020 £000
Trade receivables - billed and unbilled (net)	11,768	9,600
Prepayments	388	882
Amounts owed by group undertakings	7,292	1,898
VAT recoverable	466	912
	19,914	13,292

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

Trade receivables are after provision of £6.5m (2020: £4.4m).

ESB Energy Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

13. Cash and cash equivalents

	2021	2020
	£000	£000
Cash and cash equivalents	16,328	4,614
	<u>16,328</u>	<u>4,614</u>

14. Trade and other payables falling due within one year

	2021	2020
	£000	£000
Trade payables	117	287
Amounts owed to group undertakings	28,547	14,868
Amounts owed to parent undertaking	-	50,000
Lease liabilities	29	163
Other payables	326	382
Accruals	6,915	4,017
Payments received on account	3,716	5,276
	<u>39,650</u>	<u>74,993</u>

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

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

	2021	2020
	£000	£000
Lease liabilities	-	27
	<u>-</u>	<u>27</u>

ESB Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

16. Called up share capital

	2021 £000	2020 £000
Authorised, allotted, called up and fully paid		
1 Ordinary share of £1.00	-	-

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

17. Capital contribution

During August 2021, the company's immediate parent ESB Group (UK) Limited set up a new subsidiary, ESB Retail GB Limited to facilitate the acquisition of So Energy, a UK retail business. ESB Group (UK) Limited also completed a share for share exchange to transfer ownership of ESB Energy to ESB Retail GB Limited.

As part of this transaction, ESB Group (UK) Limited waived the interest free loan outstanding to the company of £66m. The £66m interest free loan was waived by converting to a promissory note which was then released by ESB Group (UK) Limited.

Details of capital contributions since the year end are set out in note 19 to these financial statements.

18. Related party transactions

In June 2022, the company formally executed and signed its agreement with So Energy Trading Limited, a fellow ESB subsidiary company, in respect of the transfer of all of the company's customer contracts including related billed debt, unbilled debt and customer payments on account based on the earlier of the actual migration date or 1 January 2022. The consideration payable under the transaction was £10.2m and this was paid in full by So Energy Trading Limited in 2022.

For those customers transferred in December 2021, a portion of the £10.2m was recognised as a receivable and a gain of £0.1m realised.

As set out in note 19 below, during December 2021 derivatives with an estimated fair value of £190.7m, at the date of transfer, were novated to So Energy Trading Limited for nil consideration.

There were no other transactions between the company and So Energy Trading Limited during the year.

ESB Energy Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

19. Events after the end of the financial year

During August 2021, the company's immediate parent ESB Group (UK) Limited set up a new subsidiary, ESB Retail GB Limited to facilitate the acquisition of a majority shareholding in So Energy Limited, a UK retail business and ESB Retail GB Limited entered into a shareholder agreement with the minority shareholders of So Energy Limited. ESB Group (UK) Limited also completed a share for share exchange to transfer ownership of ESB Energy Limited to ESB Retail GB Limited. As a result of this transaction a decision was also taken to transfer all the customers of ESB Energy Limited to So Energy Trading Limited and to ultimately discontinue the company's activities.

The company began the process of migrating its customers to So Energy Trading Limited in advance of the year end and this process was completed by March 2022. Under an agreement formally executed and signed in June 2022 all of the company's customer contracts including related billed debt, unbilled debt and customer payments on account have been transferred to So Energy Trading Limited based on the earlier of the actual migration date or 1 January 2022.

Within its regular course of business, the Company routinely entered into sale and purchase contracts for commodities, including gas and electricity. Where the contracts were entered into and held for the purposes of receipt or delivery of the commodities in accordance with the Company's expected sale, purchase or usage requirements, the contracts were designated as own use contracts and were accounted for as executory contracts. In December 2021, as part of the integration of the business of the company into So Energy Trading Limited, all hedges were novated to So Energy Trading Limited. As these contracts were not within the scope of IFRS 9 - Financial Instruments, no assets to reflect the fair value of the underlying contracts were recorded on the balance sheet of the company and consequently no loss has been recognised on the novation of these contracts (see note 18 to the financial statements).

This novation, if looked at in isolation from the transfer of the other assets, liabilities and customers of the company to So Energy Trading Limited, could be viewed as a below value transfer and given that at the balance sheet date, the company was in a net liability position and did not have profits available for distribution, the directors deemed that it is prudent to rectify this post year by way of a capital contribution from ESB Retail GB Limited to return the company to a distributable reserves position. In June 2023, a capital contribution of £7m was received from ESB Retail GB Limited to return the company's reserves to a net positive position.

20. Controlling party

The company is 100% owned by ESB Retail GB Limited, a company incorporated in the United Kingdom. ESB Retail GB Limited is a wholly owned subsidiary of Electricity Supply Board (ESB). ESB, established and operating in Ireland, is the ultimate parent. The largest and smallest group into which the results of the company are consolidated is that headed by ESB and the consolidated financial statements of ESB are available to the public and may be obtained from 27 Lower Fitzwilliam Street, Dublin 2, Ireland.