Registered number: NI073739

Budget Energy Limited

Directors' report, strategic report and financial statements

for the period ended 31 March 2021

Budget Energy Limited

Contents

Budget Energy Limited

Company information

Directors

H Cubbon – Director (appointed 15 May 2020)
S Johnston – Director (appointed 15 May 2020)
P Kenny – Director (appointed 15 May 2020)
J Rooney – Director (appointed 15 May 2020)
G McEvoy – Director (resigned 15 May 2020)
A Sullivan – Director (resigned 15 May 2020)
R Broderick - Director (appointed on 1 October 2019 and resigned 15 May 2020)
K O'Kane - Director (appointed on 1 October 2019 and resigned 15 May 2020)
G McIntyre - Non-Executive Director (appointed on 1 October 2019 and resigned 15 May 2020)

Secretary

P Kenny (appointed 15 May 2020)

Registered number

NI073739

Registered office

C/O Budget Energy Limited
44-48 Airport Road West
Belfast
BT3 9ED

Bankers

Danske Bank
Belfast Finance Centre
P O Box 183
Donegal Square East
Belfast
BT1 6JS

UniCredit Bank Czech Republic and Slovakia, a.s.
Želetavská 1525/1
140 92 Praha 4

Independent auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Strategic report for the period ended 31 March 2021

Principal activities, business review and future developments

The Board presents our Strategic report for Budget Energy Limited ("the company") for the 18 month period ended 31 March 2021. (The comparative period is for the year ended 30 September 2019). On 15 May 2020 the company's immediate parent undertaking, Budget Energy Holdings Limited, was acquired by Flogas Natural Gas Ltd, part of the DCC plc group of companies.

The company provides competitive electricity to domestic and commercial consumers in the Northern Ireland ("NI") market. The company adopts a diversity of tariffs which offers customers choice. In summary, the results are as follows:

	Period ended 31 March 2021 £'000	Year ended 30 September 2019 £'000
Turnover	**78,856**	39,232
Gross profit	**13,396**	6,083
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	**8,157**	3,501
Earnings before tax	**7,733**	3,076
Customer numbers as at	**94,784**	65,953

Turnover increased by 34% (on an annualised basis) compared to the previous year which reflects demand for the company's products and services.

Gross profit margin was 17%, (year ended 30 September 2019: 16%) reflecting the continued purchasing of electricity from renewable sources together with control over wholesale costs incurred arising from trading in the energy power market. In the first four quarters of the period the company benefited from much lower wholesale prices compared to the previous year however this bearish trend in electricity prices was reversed in the last two quarters of the period due to significant increases in underlying gas and carbon commodity prices coupled with supply outages and periods of unseasonably low wind.

EBITDA came in at a profit of £8,156,968 for the 18 month period ended 31 March 2021 (year ended 30 September 2019: £3,501,951) or 10% turnover (year ended 30 September 2019: 9%).

Overall, operating performance in the current financial period is reflective of the continuing positive competitive position of the company, The introduction of different tariff structures during the period was well received in the marketplace that gained circa 28,831 customers.

Key performance indicators

The directors have a number of key performance indicators which are monitored on a regular basis such as growth in revenue, wholesale trading, renewable energy, gross profit, market share, new customer acquisitions, competitive position, cash flow, EBITDA.

The company continues to perform strongly against all such measures, reflecting customer value underpinned by tariff choice and excellent service business model.

The overall goal of the company is to provide a choice of electricity tariffs in the NI market to meet the needs of the NI consumers.

Strategic report for the period ended 31 March 2021 (continued)

Principal risks and uncertainties

The existing marketing strategies being undertaken by the company reflects the pattern of wholesale energy trading activities.

Maintenance of the appropriate funding for working capital is achieved by the company focusing on its own cash generating capability ensuring that funding requirements continue to be met together with support from ultimate parent undertaking DCC plc, registered in the Republic of Ireland. The company continues to have a sufficient balance sheet reflecting thorough management of cash reserves over multiple years. The company mitigates its exposure to price fluctuations through sourcing of renewable energy as well as through the use of hedging products.

The company operates in a highly regulated market and made full preparation for the introduction of the "ISEM" market in October 2018. Our dedicated internal compliance team and project management teams are tasked with ensuring that the company is in alignment with all regulatory developments and requirements and ensures compliance is adhered.

Covid-19 situation

The Covid-19 situation which emerged in 2020 continues to have an impact on the company's employees, customers and business operations. The business managed the developing Covid situation well and performed strongly in the period under review. We are confident that this will continue into the coming year and the directors and management will continue to monitor the Covid-19 situation to ensure that the Company's response and mitigation measures evolve as required.

This report was approved on behalf of the board

J Rooney Director	P Kenny Director	7 July 2021

Directors' report for the period ended 31 March 2021

The directors present their report and the audited financial statements of the company for the 18 month period ended 31 March 2021 (The comparative period is for the year ended 30 September 2019).

Results for the financial period

The Income statement for the period ended 31 March 2021 and the Statement of financial position at that date are set out on pages 9 and 10. The profit for the 18 month period ended 31 March 2021 before taxation amounted to £7,732,657 (year ended 30 September 2019: £3,075,632). After deducting the taxation charge for the 18 month period ended 31 March 2021 of £1,490,580 (year ended 30 September 2019: £511,397) the profit for the 18 month period ended 31 March 2021 of £6,242,077 (year ended 30 September 2019: £2,564,235) was transferred to profit and loss reserves after payment of dividend as below.

Dividends

The company paid a dividend of £6,786,467 during the 18 month period ended 31 March 2021 (year ended 30 September 2019: £Nil).

Directors

The names of the persons who were directors of the company at any time during the 18 month period ended 31 March 2021 and up to the date of the approval of the financial statements are set out below. As indicated, no director served for the entire period.

H Cubbon – Director (Appointed 15 May 2020)
S Johnston – Director (Appointed 15 May 2020)
P Kenny – Director (Appointed 15 May 2020)
J Rooney – Director (Appointed 15 May 2020)
G McEvoy – Director (Resigned 15 May 2020)
A Sullivan – Director (Resigned 15 May 2020)
R Broderick - Director (Appointed on 1 October 2019 and resigned 15 May 2020)
K O'Kane - Director (Appointed on 1 October 2019 and resigned 15 May 2020)
G McIntyre - Non-Executive (Appointed on 1 October 2019 and resigned 15 May 2020)

Important events since the period end

No events have been taken place since the period end.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position to provide appropriate training to achieve this aim.

Employee involvement

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees 2004.

Charitable and political contributions

Charitable donations made by the company during the 18 month period ended 31 March 2021 amounted to £nil (year ended 30 September 2019: £nil). There were no political contributions made by the company during the period (year ended 30 September 2019: £nil).

Directors' report for the period ended 31 March 2021 (continued)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Directors' confirmations

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditor is aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditor is unaware.

Independent auditor

KPMG, Chartered Accountants, were appointed as auditor during the financial period and have expressed their willingness to continue in office in accordance with Section 485 of the Companies Act 2006.

On behalf of the Board

J Rooney
Director

P Kenny
Director

7 July 2021

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KPMG

KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of Budget Energy Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Budget Energy Limited ("the Company") for the 18 month period ended 31 March 2021 set out on pages 9 to 24, which comprise the income statement, statement of financial position and statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion, the accompanying financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the 18 month period then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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.

We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and directors' report. The financial statements and our auditor's report thereon do not comprise part of 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 as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Independent auditor's report to the members of Budget Energy Limited (continued)

Based solely on our work on the other information;

• we have not identified material misstatements in the directors' report or the strategic report;
• in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
• in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Conall O'Halloran
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St Stephen's Green
Dublin 2

12 July 2021

Income statement for the 18 month period ended 31 March 2021

	Note	18 month period ended 31 March 2021 £	Year ended 30 September 2019 £
Turnover	2	**78,856,152**	39,231,870
Cost of sales		**(65,459,951)**	(33,149,043)
Gross profit		**13,396,201**	6,082,827
Administrative expenses		**(5,469,374)**	(2,960,461)
Operating profit	3	**7,926,827**	3,122,366
Interest receivable and similar income		**76,193**	91,470
Interest payable and similar expenses	5	**(270,363)**	(138,204)
Profit before tax		**7,732,657**	3,075,632
Tax charge on profit	6	**(1,490,580)**	(511,397)
Profit for the financial period/year		**6,242,077**	2,564,235

All amounts relate to continuing operations

The notes on pages 12 to 24 form part of these financial statements.

Budget Energy Limited

Statement of financial position as at 31 March 2021

	Note	31 March 2021 £	30 September 2019 £
Fixed assets			
Tangible assets	7	**103,271**	100,327
Intangible assets	8	-	181,222
		103,271	281,549
Current assets			
Debtors	9	**15,007,561**	12,319,502
Cash at bank and in hand	10	**4,571,810**	6,252,956
		19,579,371	18,572,458
Creditors: amounts falling due within one year	11	**(12,829,983)**	(10,666,271)
Net current assets		**6,749,388**	7,906,187
Total assets less current liabilities		**6,852,658**	8,187,736
Creditors: amounts falling due after more than one year	12	-	(790,688)
Net assets		**6,852,658**	7,397,048
Capital and reserves			
Called up share capital	14	**100**	100
Profit and loss account		**6,852,558**	7,396,948
Total shareholders' funds		**6,852,658**	7,397,048

The financial statements on pages 9 to 24 were approved by the Board of directors on 7 July 2021 and were signed on its behalf by:

J Rooney
Director

P Kenny
Director

The notes on pages 12 to 24 form part of these financial statements.

Company registration number: NI073739

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Budget Energy Limited Registered number NI073739

Statement of changes in equity for the 18 month period ended 31 March 2021

	Called-up share capital £	Profit and loss account £	Total shareholders' equity £
At 1 October 2018	100	4,832,713	4,832,813
Profit for the year	-	**2,564,235**	**2,564,235**
At 30 September 2019	100	7,396,948	7,397,048
Profit for the 18 month period	-	**6,242,077**	**6,242,077**
Dividends paid	-	**(6,786,467)**	**(6,786,467)**
At 31 March 2021	**100**	**6,852,558**	**6,852,658**

The notes on pages 12 to 24 form part of these financial statements.

Notes to the financial statements for the 18 month period ended 31 March 2021

1 Accounting policies

The principal activities of the company are providing low-cost electricity to the domestic and commercial consumer in the Northern Ireland ("NI") market. The Company is a private company limited by shares and is incorporated and domiciled in Northern Ireland. The company's registered office is located at C/O Budget Energy Limited, 44-48 Airport Road West, Belfast, BT3 9ED and the registered number is NI073739.

(a) Statement of compliance

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the 18 month period ended 31 March 2021.

(b) Basis of preparation

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with generally accepted accounting practice in the United Kingdom in accordance with the Companies Act 2006. These policies have been consistently applied to all the years presented, unless otherwise stated.

The company is availing of the reduced disclosure framework under FRS 102 on the basis that it itself meets the definition of a qualifying entity, being a member of a group that prepares publicly available financial statements which give a true and fair view. The group and company financial statements are available from the company's registered office.

The company has taken advantage of the following disclosure exemption under FRS 102 for qualifying entities:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirement of Section 33 Related Party Disclosures paragraph 33.7; and
- The requirements of Section 11 Basic Financial Instruments paragraphs 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(b) and 11.48(c) and Section 12 Other Financial Instruments Issues paragraphs 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b) and 12.29A.

(c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of financial position date and the amounts reported for revenues and expenses during the period. These estimations are re-evaluated periodically and are based on historical experience and information available up to the date of signing the financial accounts. The key estimates and judgements made by the directors are in respect of the revenue recognition and recognition of the wholesale cost of energy.

Revenue recognition

Revenue recognised for the supply of electricity represents the value of actual units billed to customers from the company's billing system, together with an estimate of the value of units unbilled at the Statement of financial position date. Amounts received from customers and credited to meters but not yet consumed are recorded as deferred income.

Recognition of wholesale costs of energy

Consumption of electricity units are charged by the company based on invoiced costs plus an estimation of unbilled consumption at the end of the period followed by revisions to these charges four months and thirteen months subsequent to the initial charge. Estimates of future amendments to initial charges are recognised based on historic trends which are assessed and revised on a monthly basis.

(d) Revenue recognition

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:

Revenue is recognised based on the usage of electricity by the company's customers.

Notes to the financial statements for the 18 month period ended 31 March 2021 (continued)

1 Accounting policies (continued)

(e) Tangible fixed assets and depreciation

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

(i) *IT Equipment, fixtures & fittings, motor vehicles and IT Infrastructure*

IT Equipment, fixtures & fittings, motor vehicles and IT Infrastructure are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation and residual values

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

IT equipment	-	33.3% straight line
Fixtures & fittings	-	20 % straight line
Motor vehicles	-	25% reducing balance
IT infrastructure	-	20% straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Assets under construction are depreciated from the point at which they are brought into use.

(iii) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably. The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life. Repairs, maintenance and minor inspection costs are expensed as incurred.

(iv) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account and included in 'net operating expenses'.

(f) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication, the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

1 Accounting policies (continued)

(f) Impairment of non-financial assets (continued)

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter, any excess is recognised in profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

(g) Intangible assets

Intangible assets acquired separately from third parties are capitalised at cost. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

The costs of externally developed computer software for own use are capitalised where the directors are satisfied as to the technical, commercial and financial viability of the product. Such capital software costs are amortised over the products' estimated useful economic life, which is typically three to five years.

(h) Current and deferred taxation

The tax credit/expense for the period/year comprises current and deferred tax. Tax is recognised in the profit and loss account, except for a change 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 balance sheet 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 balance sheet date, except for:

- 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 balance sheet date.

(i) Leased assets and hire purchase commitments

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company and hire purchase contracts are capitalised in the Statement of financial position and are depreciated over the shorted of the lease term and the asset's useful lives. The capital element of the related rental obligations and hire purchase contracts are included in creditors. Leasing charges under finance leases are charged to the Income statement in the period incurred as estimated using the sum of digits method. The interest elements of the rental obligations are charged in the Income statement over the periods of the hire purchase contracts and represent a constant portion of the balance of capital repayments outstanding.

Rentals in respect of all other leases are charged to the Income statement as incurred.

Notes to the financial statements for the 18 month period ended 31 March 2021 (continued)

1 Accounting policies (continued)

(j) Cash

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.

(k) Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as cash, bank loans and overdrafts, trade and other debtors, trade and other creditors and amounts owed by/to company undertakings and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Investments in quoted instruments and in unquoted instruments, where fair value can be reliably measured, are carried at fair value, with movements in fair value being reflected in 'other losses' in the profit and loss account.

Derivatives, including contracts for difference, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The company has not applied hedge accounting, and all derivatives are measured at fair value through profit and loss.

(l) Other assets

Other assets related to the Renewable Obligation Certificates (ROCs) acquired by the company from third party renewable energy generators or third party ROCs auctions are accounted for at the lower of cost or net realisable value.

Notes to the financial statements for the 18 month period ended 31 March 2021 (continued)

1 Accounting policies (continued)

(m) Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements and a defined contribution pension plan.

i) Short term benefits

Short term benefits, including holiday pay and other similar nonmonetary benefits, are recognised as an expense in the period in which the service is received.

ii) Defined contributions pension plan

The company operated 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 obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in an independently administered fund.

(n) Share capital

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

(o) Distribution to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

2 Turnover

Turnover, all of which arises from continuing operations, represents amounts charged by the company in respect of the supply of electricity, excluding value added tax, in Northern Ireland.

Notes to the financial statements for the 18 month period ended 31 March 2021 (continued)

3 Operating profit

Operating profit is stated after charging:

	18 month period ended 31 March 2021 £	Year ended 30 September 2019 £
Depreciation of tangible assets (note 7)	**54,542**	40,109
Amortisation of intangible assets (note 8)	**175,598**	339,476
Fees payable to the company's auditors and their associates for the audit of the company's annual financial statements	**30,000**	34,000
Fees payable to the company's auditors for other services relating to taxation	**-**	5,000
Operating lease costs - land and buildings	**78,560**	62,716

4 Staff costs

(a) Staff costs, including directors' remuneration, were as follows:

	18 month period ended 31 March 2021 £	Year ended 30 September 2019 £
Wages and salaries	**2,376,492**	1,575,198
Social security costs	**217,712**	146,514
Other pension costs	**31,988**	15,598
	2,626,192	1,737,310

The average number of persons employed by the company during the 18 month period (including directors) was 59 (year ended 30 September 2019: 49).

Notes to the financial statements for the 18 month period ended 31 March 2021 (continued)

4 Staff costs (continued)

(b) Directors' remuneration were as follows:

	18 month period ended 31 March 2021 £	Year ended 30 September 2019 £
Remuneration - qualifying services	**449,854**	485,612
Pension costs	**2,461**	1,061
Total	**452,315**	486,673
In respect of the highest paid director:		
Aggregate remuneration	**201,130**	319,933
Contribution to money purchase scheme	-	-

(c) Pension

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund which amounted to £31,988 for the 18 month period ended 31 March 2021 (year ended 30 September 2019: £15,598). Contributions totalling £2,152 (15 month period ended 30 September 2018: £3,990) were payable to the fund at the statement of financial position date and are included in creditors, amounts falling due within one year.

5 Interest payable and similar expenses

	18 month period ended 31 March 2021 £	Year ended 30 September 2019 £
Shareholders' (up until 15 May 2020) guarantee charge (note 15)	**24,977**	40,000
Interest on term loan	**235,270**	96,195
Bank charges	**10,116**	2,009
	270,363	138,204

Interest on the term loan relates to an 8% (year ended 30 September 2019: 8%) fixed annual interest charged on the loan facility entered into by company. The term loan was fully paid off during the 18 month period ended 31 March 2021.

Notes to the financial statements for the 18 month period ended 31 March 2021 (continued)

6 Tax charge on profit

(a) Tax charge on profit

	18 month period ended 31 March 2021 £	Year ended 30 September 2019 £
Current tax:		
UK corporation tax charge on the profit for the period	**1,520,720**	294,984
Adjustments in respect of prior periods	**52**	70,832
Total current tax charge	**1,520,772**	365,816
Deferred tax		
Origination and reversal of timing differences	**(29,344)**	292,858
Effect of changes in tax rates	**(848)**	(30,827)
Adjustment in respect of previous periods	**-**	(116,450)
Total deferred tax charge	**(30,192)**	145,581
Tax charge on profit	**1,490,580**	511,397

(b) Factors affecting current tax charge

The current tax amount for the 18 month period ended 31 March 2021 differs from (year ended 30 September 2019: differs from) the product of the standard rate of corporation tax in the United Kingdom 19% (year ended 30 September 2019: 19%) multiplied by the pre-tax profit. The differences are explained below.

	18 month period ended 31 March 2021 £	Year ended 30 September 2019 £
Profit before tax	**7,732,658**	3,075,632
Profit before tax multiplied by standard rate in the UK of 19% (year ended 30 September 2019: 19%).	**1,469,205**	584,370
Effects of:		
Expenses not deductible for tax purposes	**22,171**	3,472
Tax rate changes	**(848)**	(30,827)
Adjustments in respect of previous periods	**52**	(45,618)
Tax charge on profit	**1,490,580**	511,397

(c) Circumstances affecting current and future tax charges:

The UK corporation tax rate remains at 19% for next year.

Notes to the financial statements for the 18 month period ended 31 March 2021 (continued)

6 Tax charge/(credit) on profit (continued)

(d) Deferred tax

The deferred tax balances included in the Statement of financial position are as follows:

	31 March 2021 £	30 September 2019 £
Short term timing differences	**39,368**	18,988
Fixed asset timing differences	**(1,964)**	(11,777)
Losses		-
	37,404	7,211

	18 month period ended 31 March 2021 £
At 1 October 2019	**7,211**
Deferred tax charge to income statement for the year	**30,193**
At 31 March 2021	**37,404**

The deferred tax balances included in the Statement of financial position are as follows:

	31 March 2021 £	30 September 2019 £
Deferred tax assets		
Recoverable within 12 months	**409**	18,988
Recoverable after 12 months	**38,959**	-
At 31 March 2021	**39,368**	18,988

Deferred tax liabilities		
Payable within 12 months	**(1,964)**	(11,777)
At 31 March 2021	**(1,964)**	(11,777)

Notes to the financial statements for the 18 month period ended 31 March 2021 (continued)

7 Tangible assets

	IT equipment £	Fixtures and fittings £	Motor vehicles £	IT infrastructure £	Total £
Cost					
At 1 October 2019	154,167	49,027	98,250	217,968	519,412
Additions	12,624	39,094	-	31,987	83,705
Disposals	-	-	(98,250)	-	(98,250)
At 31 March 2021	**166,791**	**88,121**	-	**249,955**	**504,867**
Accumulated depreciation					
At 1 October 2019	141,174	38,028	65,887	173,996	419,085
Charge for the period	12,353	11,291	6,144	24,754	54,542
Disposals	-	-	(72,031)	-	(72,031)
At 31 March 2021	**153,527**	**49,319**	-	**198,750**	**401,596**
Net book value					
At 31 March 2021	**13,264**	**38,802**	-	**51,205**	**103,271**
At 30 September 2019	12,993	10,999	32,363	43,972	100,327

8 Intangible assets

	Software license fees £
Cost	
At 1 October 2019	**990,926**
Disposal	**(5,624)**
At 31 March 2021	**985,302**
Accumulated amortisation	
At 1 October 2019	809,704
Charge for the period	175,598
At 31 March 2021	**985,302**
Net book value	
At 31 March 2021	-
At 30 September 2019	**181,222**

Notes to the financial statements for the 18 month period ended 31 March 2021 (continued)

9 Debtors

	31 March 2021 £	30 September 2019 £
Trade debtors	**1,384,744**	1,834,445
Amounts owed by group undertakings	**7,303,038**	580,744
Prepayments and accrued income	**2,501,344**	3,469,877
Other assets – Renewables Obligation Certificates	**3,078,333**	3,600,942
VAT refund due	**413,545**	183,258
Corporation tax	-	-
Deferred tax asset (note 6)	**37,404**	7,211
Loans to directors	-	2,359,631
Loans to directors of holding company	-	220,000
Directors' current account	-	63,394
Derivative financial assets	**289,153**	-
	15,007,561	12,319,502

Trade debtors are stated after provisions for impairment of £190,130 (30 September 2019: £110,130).

Amounts due from group undertakings and related parties are due within one year unsecured, interest free and repayable on demand.

10 Cash at bank and in hand

	31 March 2021 £	30 September 2019 £
Cash at bank and in hand	**2,844,801**	4,017,360
Restricted cash	**1,727,009**	2,235,596
	4,571,810	6,252,956

At 31 March 2021 suppliers of the company hold liens over deposit balances of £1,247,703 (30 September 2019: £1,883,649) as security in respect of credit terms provided to the company for normal trading activities.

At 31 March 2021 additional collateral of £479,306 (30 September 2018: £203,851) was provided to a third party bank in respect of the I-SEM market which commenced on 1 October 2018.

Notes to the financial statements for the 18 month period ended 31 March 2021 (continued)

11 Creditors: amounts falling due within one year

	31 March 2021 £	30 September 2019 £
Trade creditors	**359,116**	1,121,799
Amounts owed to group undertakings	**882,469**	-
Corporation tax	**332,982**	291,312
Other taxes and social security costs	**38,936**	45,321
Loan	-	206,272
Finance leases	-	11,449
Derivative financial instruments	-	37,919
Accruals and deferred income	**11,216,480**	8,952,199
	12,829,983	10,666,271

12 Creditors: amounts falling due after more than one year

	31 March 2021 £	30 September 2019 £
Loan (wholly repayable within five years)	-	773,531
Finance leases	-	17,157
	-	790,688

13 Financial commitments

At 31 March 2021, and the prior year end, the company had total commitments under non-cancellable operating leases for land and buildings which roll on an annual basis as follows:

Expiry date:	31 March 2021 £	30 September 2019 £
Within one year	**40,000**	44,046
Later than one year and not later than five years	**160,000**	160,000
Later than five years	**86,667**	126,667

Notes to the financial statements for the 18 month period ended 31 March 2021 (continued)

14 Called up share capital

	31 March 2021 £	30 September 2019 £
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	**100**	100

15 Related party transactions

The Company is a wholly owned subsidiary within the DCC plc Group. Transactions with other wholly owned subsidiaries of DCC plc are not disclosed as the Company has taken advantage of the exemptions available under FRS 101.8(k) "Related Party Disclosure" from disclosing such transactions.

As disclosed in note 5, former shareholders provided a personal guarantee in relation to a term loan issued to the company. The former shareholders charged the company £24,977 (year ended 30 September 2019: £40,000) in respect of the provision of these guarantees during the 18 month period ended 31 March 2021 and £nil (30 September 2019: £nil) remained outstanding at the period end. The term loan was fully paid off during the 18 month period ended 31 March 2021.

Loans issued to company directors and a director of Budget Energy Holdings Limited are disclosed per note 9 and were fully paid off during the 18 month period ended 31 March 2021. These directors all resigned during the 18 month period ended 31 March 2021.

16 Ultimate holding company

The immediate parent undertaking is Budget Energy Holdings Limited which is a subsidiary of Flogas Natural Gas Limited incorporated in the Republic of Ireland. The Company's ultimate holding undertaking is DCC plc and the largest and smallest group in which its financial statements are incorporated are the consolidated financial statements prepared by that company. The consolidated financial statements of DCC plc, a company incorporated in the Republic of Ireland, may be obtained from its registered office at DCC House, Leopardstown Road, Foxrock, Dublin 18.

17 Post balance sheet events

No significant events affecting the Company have occurred since the balance sheet date which would require adjustments to, or disclosure in, the financial statements.