smartestenergy

Annual Report & Consolidated Financial Statements

Registered No. 03994598

Year ended 31 March 2023

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Welcome: Annual report & consolidated financial statements

Directors
Robert Groves
Takafumi Shigemura
Tomoki Nishino
Robert Pringle
Ryuichi Noyama
Seiichi Kuwata (appointed 1 April 2022)
Naoki Ito (appointed 1 April 2022

Auditors
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1 More London Place
London SE1 2AF

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Mizuho Corporate Bank Ltd
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Strategic report

The Directors present the Annual Report and the audited consolidated Financial Statements of SmartestEnergy Limited ("SmartestEnergy" or the "Company") and its subsidiary undertakings (collectively referred to as the "SmartestEnergy Group" or the "Group") for the year ended 31 March 2023. The Company is a wholly-owned subsidiary of Marubeni Corporation (the "ultimate parent company"), a company incorporated in Japan.

Principal activities

During the period, SmartestEnergy Group continued to provide customers with flexible, reliable and creative energy solutions across UK, north-eastern US and Australian markets. This growing global footprint will build geographically diversified earnings streams and establish a platform that captures value from global group synergies.

Overseas growth continues to be a key strategic priority for the Group. After replicating the established SmartestEnergy platform in Australia and the north-eastern USA electricity markets, the initial strategic goal was to scale these start-up businesses to profitability. Having done that, SmartestEnergy US and SmartestEnergy Australia will then position themselves as regional trading hubs which facilitate the SmartestEnergy route to market service offering to customers and other Marubeni group companies in those geographical regions. With this global growth strategy, the overseas group of companies are planned to deliver a significant proportion of the Group's future earnings within the mid-term horizon.

Consistent with the prior period, the UK continues to be the most material market for the Group during the period by both volume of supply/generation and earnings contribution. In the UK market, SmartestEnergy continued to grow as an asset-light, vertically-integrated electricity company using the UK's wholesale electricity market to procure and sell our electricity volumes: this is in contrast to a traditional vertically integrated electricity company which procures power from a portfolio of owned generation assets. Recent developments in European energy markets as well as the recent European energy crisis have highlighted the importance of volume flexibility to successfully manage the intermittent nature of renewable generation and with this, the Company has adapted its strategy to transition to a flexibility-backed, asset-light business.

Within this model, our main activity continues to be the business-to-business (B2B) provision of route-to-market services, whereby we provide electricity purchase agreements to customers in the UK's independent and renewable generation sector and electricity supply contracts to large, business consumers. In the UK, these businesses are now respectively some of the largest players in their target markets. Through the acquisition of the Dual Energy Limited business (acquired in 2019 and a wholly owned subsidiary of the Company), SmartestEnergy Business Limited (SEBL) continues to extend the Company's UK B2B supply offering from industrial and commercial (I&C) to also include SME customers giving the Group a full-range business consumer supply offering in its core UK market.

As a provider of power purchase agreements to generators, SmartestEnergy agrees to purchase the power (as well as the renewable benefits and any benefits that might be associated with being distribution connected) generated by our customers. In this niche market, we have established a unique service proposition as a UK leading expert in the provision of route-to-market services for small-to-medium sized, distribution-connected and largely renewable generators. With industry-leading levels of customer satisfaction, this business is now one of the UK's largest aggregators of power from renewable and distribution-connected generators. Positioned between the Company's supply and power purchase businesses is a well-established commodity trading capability that trades physical and financial gas, carbon, power and renewables certificates. All operating within a tightly controlled risk framework, the Company's trading capability executes hedging transactions in the wholesale markets for all its sales and origination business activities and thereby ensures the Company captures and internalises trader margin from this low-risk flow business.

With the substantial support provided by the parent company including a £2.2bn credit facility (during the period), the Company is well placed to manage all risk scenarios in an increasingly volatile market thereby enabling our ambition to become one of the UK's largest independent renewable suppliers.

With the above initiatives now firmly established, the Group's future focus will be towards delivering expansion of the UK's wholesale electricity trading and sales activities into continental European markets, global renewable certificates trading and supporting expansion of the overseas businesses in Australia and North America into their local and adjacent markets.

Business review

A disruptive series of macro events during 2022 had a profound impact on global energy markets and the Group which will be evident for years to come.

The Russian invasion of Ukraine in February 2022 sparked extraordinary levels of UK wholesale power market volatility. This volatility continued through the entire financial period, peaking during summer due to a shortfall of nuclear generation in France and a complete halt in gas flows from Russia to western Europe. In the month of August, day ahead UK power prices surpassed £595/MWh and Winter prices surpassed £800/MWh at peak. This provided the Company with a unique opportunity to build market share, capture value from route-to-market services and create value from energy trading.

Against this backdrop, for the year ending 31 March 2023, the Company achieved an increase in gross profit to £310.6m (2022: £86.0m) and profit after tax to £196.2m (2022: £38.3m).

Strategic report (continued)

Business review (continued)

SmartestEnergy US achieved a major milestone of profitability in the period, contributing a profit after tax of £2.7m (2022: loss after tax of £4.9m) due to expansion of its customer supply and trading activities over 8 states.

Although SmartestEnergy Australia's financial performance deteriorated to a loss after tax of £8.8m during the period (2022: loss after tax of £4.2m), this was due to a customer default and, as such, was a short-term earnings impact rather than an underlying cause for concern in the Australian strategy or platform. With this, SmartestEnergy Australia demonstrated good underlying business growth and the business signed several landmark PPA and supply contracts with major Australian businesses which provides a solid base for growth.

Buoyed by the strong performance in the UK, the Group reported a profit after tax of £204.6m for the year ending 31 March 2023 (2022: £30.6m). The Group did not declare nor pay a dividend to its parent during the period (2022: £10.6m).

	Group			Company		
	2023	2022	Change	2023	2022	Change
	£000	£000	%	£000	£000	%
	-------------	-------------	-------------	-------------	-------------	-------------
Gross profit	373,583	103,611	260.6%	310,579	86,003	261.1%
Profit/(loss) after tax	204,596	30,575	569.2%	196,163	38,326	411.8%
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Return on capital employed (ROCE)	42.25%	6.01%	603.0%	44.33%	7.21%	514.8%
Return on assets (ROA)	7.10%	1.54%	361.3%	7.34%	2.00%	266.8%

S172(1) Statement

The directors, in executing and complying with their duties in the year, have considered how their actions would promote the success of the Group for the benefit of its members. The directors take a long-term view to the decision-making process, allocating resources and investment to business areas which are expected to bring the most benefit to the Group and to the broader Marubeni group of companies. This is evidenced through continued investment in IT infrastructure to support future development of the business and development of important strategic initiatives in the areas of trading, generation and supply of renewable energy which are aligned to UK and international measures to combat climate change.

Customers, Strategic Partners and Suppliers Standards of business conduct

The Group is both a significant procurer and provider of renewable energy, playing an active role in the UK renewable power market as a trading counterparty and in ensuring security of energy supply of customers. As such, the directors consider high standards of business conduct to be critical. Substantial focus is placed on strong and professional relationships with the Group's counterparties, including suppliers and customers; uninterrupted operations across the business are fundamental to meeting this objective.

The Group aims to treat our suppliers fairly and pay them within agreed timescales. Furthermore, customer satisfaction feedback is a key measure of success for the Group and management KPI.

Employees

The directors believe that the Group's success is aligned with the interests and well-being of its employees. The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with data, including information relating to the economic and financial factors affecting the performance of the company, has been continued through the quarterly business reviews (QBR). Employees are encouraged to present their suggestions, questions and views on the Group's performance.

Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the objective setting process, whereby group strategic objectives are cascaded down to each individual employee, as appropriate to their job role, and which are also shared on the Group's intranet site.

The Group embraces the standards in people management outlined by the Investors In People organisation with Employee Engagement a Board Reporting Scorecard KPI where employee Net Promoter Score ("eNPS"), representing employee satisfaction, is a material component.

Community and environment

We aspire to have the highest standards of Corporate Responsibility and implement these standards into everyday working practices. Annually, the Carbon Trust evaluates and verifies our global organisational carbon footprint and we offset any residual emissions recorded; we continue to report on our carbon footprint and our progress to account for and reduce emissions in our external literature to ensure transparency in our communications with stakeholders and the wider public.

A key focus for the Group is to deliver a purpose-led ESG roadmap of activity that enables both short and long-term value creation. During the year a third-party expert provided training to the Board on the ESG reporting landscape, resulting in a plan to deliver the roadmap by

Strategic report (continued)

Community and environment (continued)

end of March 2024. Through this program of work, we will identify key ESG topics that will underpin future strategic aims. To ensure we support the communities in which we operate, we offer our employees the opportunity to participate in 'Giving Something Back', allocating time to work independently, or as part of their teams, in the community and support related charitable giving. Alongside, we run an engaging Diversity, Equality and Inclusion programme called 'SmartestBalance' with dedicated community groups running internal events and supporting community outreach.

Standards of business conduct

We are committed to conducting business ethically, with honesty and integrity, and in compliance with all relevant laws and regulations. We do not tolerate any form of bribery, corruption or other unethical business conduct.

Our Core Values and Code of Conduct guide how we do business at SmartestEnergy. It helps all employees to act in line with the standards, behaviours and principles required to do business to a high standard of professional and ethical conduct. Our policies and supporting documents provide further guidance and instruction, in line with best industry practice. Specific training is provided to employees to facilitate consistent application and standards.

Principal risks and uncertainties

The Group hedges its commodity price exposure in the wholesale electricity forward market through the over-the-counter derivatives market and commodity exchanges. With this dependency on an external traded market (rather than an internal position generated through vertical integration), the Group's business model is at risk from any regulatory change that might endanger that ability to trade in liquid markets. The Group has implemented a regular review of these risks.

Sales risk

Sales risk emerges from the Group's inability to renew annual sales agreements with existing generation business customers and supply business customers. Sales risk is monitored using a suite of sales related performance indicators that are reported to the monthly Group Executive Committee. The Group monitors customer satisfaction via a suite of third party provided customer satisfaction surveys that externally benchmark the Company's performance. A Pricing Group oversees the Company's price competitiveness in accordance with the Company's Pricing Policy.

Volume risk

The Group transacts with a number of generators and supply customers on the basis of their forecast gross volume, which is the volume the customer expects to generate or consume including adjustment for losses during transmission and distribution. Ahead of delivery these volumes are not known with certainty, given that the generators may generate more or less and consumers demand more or less than these forecasted and hedged volumes. Therefore, whilst the Group can fix the unit price at which it buys or sells with a customer, the realised gain or loss from managing this position is only known once the final metered volumes are determined upon physical settlement and the gain/loss of any difference between the hedged and delivered volumes is known.

As a result, the Group could be at risk of being unable to manage the under/over-delivery of power and renewable volumes between its offtake business customers and supply business customers. A failure to successfully manage this risk could lead to imbalance costs in the physically settled electricity and renewable energy markets and a market price risk created by the difference between the hedged and delivered portfolio positions.

With the growing volume of global intermittent renewable generation, this risk has grown materially in recent years and is expected to develop further in complexity in the UK and in overseas markets as they collectively transition from vertically integrated and hydro-carbon generation to renewable and distribution-connected generation markets. With this, the Group launched a strategic review in 2020/2021 aimed at identifying the future risk governance and operational capabilities required to successfully manage this risk. The measures identified from this review have been materially implemented with the immediate priorities focussing on recruitment, organisational change, a dynamic and risk-based customer pricing approach and implementation of more sophisticated hedging products and strategies. The measures taken during the current and prior period have significantly reduced the impact of volume risk in the sales portfolio.

Regulatory risk

The deteriorating economic environment in the UK and recent political turmoil have led to an increase in the uncertainty in UK energy policy and regulatory backdrop. In Autumn 2022 the UK government announced a significant intervention in the UK energy market to provide financial support to businesses in order to combat rising energy prices. The Energy Bill Relief Scheme ("EBRS") was passed into law and SmartestEnergy and SEBL put in place the operational infrastructure to facilitate this support to customers without any significant impact on its business model. Businesses will continue to be supported, and the Group will operate the less generous Energy Bills Discount Scheme ("EBDS"), which replaced EBRS from 1 April 2023, until at least March 2024.

Wider UK energy market reform under the Government's Review of Electricity Market Arrangements ("REMA") poses a significant strategic consideration for SmartestEnergy. The Company is working closely with the UK regulator and has engaged third party experts to ensure that the business considers proposed reforms in its long-term strategy in order to continue to be agile and capitalise from confirmed changes.

The Group regularly assesses its compliance with reporting regulations, in particular as the business grows and new regulations become applicable. Third party experts have been engaged, where relevant, to support the Group in ensuring compliance.

Other risk

The Group's daily operations are also subject to credit risk, market risk and liquidity risk. A review of each is included in Note 20 to the financial statements.

On behalf of the board

Robert Groves
Chief Executive Officer and Director

Ryuichi Noyama
Chief Operating Officer and Director

Directors' report

Registered No. 03994598

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

Directors

The directors and officers who served during the year were as follows:

Robert Groves
Takafumi Shigemura
Tomoki Nishino
Robert Pringle
Ryuichi Noyama
Seiichi Kuwata (appointed 1 April 2022)
Naoki Ito (appointed 1 April 2022)
Hiroyuki Sawada (resigned 1 April 2022)
Hiroshi Tachigami (resigned 1 April 2022)
Nobuhiro Yabe (resigned 1 April 2022)

Future developments

The Group continues to position itself in the UK and overseas market as a one-stop service provider for all route-to-market requirements that a flexible generator and business consumer might have. The Group is also well-positioned to benefit from the disruption expected from new technologies and the growing impact of intermittent, renewable generation. Following the recent energy market developments described in the 'Business Review', it has become clear that in order to effectively manage our portfolio of intermittent generation, we need access to flexible assets which are able to respond to market signals. This will allow us to manage any shortfalls in volumes provided from our generation customers, as well as provide benefits to our flexible customers by supplying additional volumes at precise times into the wholesale marketplace to take advantage of favourable market conditions. Therefore, we will continue to operate as a flexibility-backed, asset-light business.

Financial risk management

The Group finances its activities with a combination of third-party working capital facilities, cash and deposits. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Group's operating activities. The Group also enters into derivative transactions, including energy forwards and energy futures to manage the price and volume risks arising from the Group's operations.

Financial instruments give rise to credit, commodity price, volume, and liquidity risks. Details on how these risks arise is set out in Note 20, as are the objectives, policies and processes for their management and the methods used to measure each risk.

The Group hedges its electricity and gas price exposure in the wholesale electricity and gas forward markets using over-the-counter and exchange-traded derivatives such as forwards and futures contracts.

Directors' report (continued)

Events since the balance sheet date

Events since the balance sheet date that would materially affect the financial statements are included in Note 22.

Disabled employees

The Group gives full consideration when shortlisting and interviewing to include all disabled applicants when they meet the minimum requirements for the job.

The Group ensures that staff with protected characteristics (under the Equality Act 2010) has equal opportunities for training, career development and promotion. Staff will be supported on a case-by-case basis by their line manager and Human Resources.

Where existing employees become disabled, the Company will support wherever practicable, continuous employment in the same or an alternative position. Training and equipment will be provided if appropriate and reasonable under the Equality Act to achieve this aim.

Employees

The directors continue to place significant value on the Group's investment in its employees and to ensure that employees are kept informed on matters affecting them, while encouraging all employees to contribute their views on Group's and Company's strategy and performance to management. The Company also operates a compensation approach which allows employees to participate in the ongoing success of the business.

Details of how the directors have considered employees' interests in executing the Group's strategy can be found in the Strategic Report, under the S172(1) section.

Directors' liabilities

The Group has granted an indemnity to its directors and officers against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Political donations

During the year the Group and Company did not make any political donations (2022: none).

Going concern

SmartestEnergy's business activities are set out in the 'principal activities' and 'business review' sections above. The notes to the financial statements also include the Group's policies with respect to the management of the principal risks facing the Group. SmartestEnergy meets its day to day working capital requirements through several committed and uncommitted loan facilities.

In accordance with the Marubeni Group policy from April 2014 the Company joined the Cash Management System of Marubeni Finance Europe ("MAFE"), a Marubeni Group company. MAFE made available a committed revolving credit facility to the Company of up to £392 million to the end of March 2028, in addition to a parent company guarantee interchange facility of up to £120 million.

The Company also has access to up to £50 million of uncommitted facilities arranged with Sumitomo Mitsui Trust, MUFG and Mizuho.

These facilities are regularly reviewed and stress tested based on numerous extreme market and business event scenarios to ensure the Company is adequately funded to meet its liabilities as they fall due even in the case of an unexpected market "shock" event or prolonged period of extreme market prices and volatility.

In response to the recent volatility in energy prices, the directors have requested regular reporting including robust analysis of forecast future cash flows, taking into account the potential impact on the business of possible future scenarios arising from the impact of future energy price rises. This analysis also considers the effectiveness of the available facilities to assist in mitigating the impact.

The Group has also received a Parental Letter of Support from Marubeni Corporation which outlines their commitment to support the Group in meeting its liabilities, if and when the Group cannot meet them itself. By issuing this letter of support, the parent company has confirmed its ability to provide financial support to the Group, and that it will provide such support until at least 30 June 2025. Through inquiries with the parent company to understand available liquidity, the directors have assessed the parent company's financial ability to provide this support.

With the above facilities in place, and having received the Parental Letter of Support from Marubeni Corporation, the directors have taken the measures necessary to give themselves a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Environment

The Group is subject to the Streamlined Energy and Carbon Reporting (SECR) regulation and applies the GHG Protocol reporting criteria. The Group's GHG assertions have been validated in accordance with ISO 14064-3.

The Group's intensity ratio (location-based) for the year was calculated to be 0.4 tonnes CO2e/FTE (2022: 0.5 tonnes CO2e/FTE). The total carbon emissions associated with the Group's energy use was 240.7 tonnes CO2e (2021: 201.5 tonnes CO2e), with the following breakdown by scope (see following page):

Directors' report (continued)

Scope	**2022** (tonnesCO2e)	**2021** (tonnesCO2e)
Scope 1 emissions	83.4	73.2
Scope 2 emissions (location-based)	110.0	115.9
Scope 3 emissions - (Category 6: Business Travel where responsible for fuel)	47.3	14.2
Total Scope 1, 2 & 3 emissions	**240.7**	**203.3**

Scope 1 emissions relate to natural gas consumption, whereas Scope 2 emissions relate to purchased electricity consumption.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditors.

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the Board of Directors.

Information in strategic report

Information on principal activities, business review, dividends, and principal risks & uncertainties of the Group are not shown in the Directors' Report but are instead disclosed in the Strategic Report.

On behalf of the Board

Robert Groves
Chief Executive Officer and Director

Ryuichi Noyama
Chief Operating Officer and Director

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Parent Company financial statements in accordance with UK-adopted international accounting standards ("IFRSs"). 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 the profit or loss of the company for that period.

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

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimate and Errors and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- In respect of the Group and Company financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business;
- That the consolidated financial statements, prepared in accordance with UK-adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole; and
- That the annual report, including the Strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic report and Directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditors' report

To the members of SmartestEnergy Limited

Independent auditor's report to the members of SmartestEnergy Limited

Opinion

We have audited the financial statements of SmartestEnergy Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the group and parent company balance sheet, group and parent company statement of cash flows, the group and parent company statement of comprehensive income, the group and parent company statement of changes in equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- The financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 March 2023 and of the group's and parent company's profit for the year then ended;
- The financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent auditors' report (continued)

To the members of SmartestEnergy Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant relate to the reporting framework (IFRS, the Companies Act 2006) and relevant tax compliance regulations in the jurisdictions in which the Group operates. We also considered regulatory requirements, including the Office of Gas and Electricity Markets (Ofgem). We have confirmed our understanding with the SmartestEnergy's Head of Industry Regulatory Risk.
- We understood how SmartestEnergy Limited is complying with those frameworks by making enquiries of those charged with governance, management and those responsible for legal and compliance procedures. We corroborated our enquiries through reading board minutes held during the year, up to the auditor's report date.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. We considered the risk of improper journal entries within revenue, cost of sales and gross margins, through management override of controls and unauthorised trading to be a fraud risk. Based on this, we:
  - Carried out substantive procedures over revenue transactions recorded near the period end by tracing to source documentation and appropriate authorisation;
  - Incorporated data analytics over the entire population of revenue and carried out further tests

Independent auditors' report (continued)

To the members of SmartestEnergy Limited

of detail on selected journal entries;
  - Performed confirmation and valuation procedures on derivative transactions. Also involved valuation specialists to test the derivative transactions; and
  - Performed test of details of journal entries, focusing on high-risk manual postings, manual consolidation journals and journals indicating unusual transactions based on our understanding of the business

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
  - Performed inquiries to legal counsel, Group management and internal audit as well as assessed accounting estimates for evidence of management bias; and
  - For any potential non-compliance matter noted, we obtained and evaluated management's assessment and their correspondence with external specialist, and involved EY specialists, where appropriate. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and accounts with all applicable requirements.

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

Use of our report

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

Kiran Jamil (Senior statutory auditor)

for and on behalf of Ernst & Young LLP,
Statutory Auditor

London

Consolidated & Company Statements of Comprehensive Income

For the year ended 31 March 2023

Registered No. 03994598

		Group		Company	
		2022	2021	2022	2021
	Notes	*£000*	*£000*	*£000*	*£000*
Revenue	2	338,532	170,253	356,648	182,686
Net trading income	2	340,322	82,813	277,246	65,357
Cost of sales	3	(305,271)	(149,455)	(323,315)	(162,040)
		-----------	-----------	-----------	-----------
Gross profit		**373,583**	**103,611**	**310,579**	**86,003**
Administrative expenses	3	(118,470)	(64,091)	(65,248)	(39,479)
		-----------	-----------	-----------	-----------
Operating profit		**255,113**	**39,520**	**245,331**	**46,524**
Interest income	6	1,645	82	1,167	85
Interest expense	6	(6,759)	(1,501)	(3,370)	(1,162)
		-----------	-----------	-----------	-----------
Profit before taxation		**249,999**	**38,101**	**243,128**	**45,447**
Income taxes	7	(45,403)	(7,526)	(46,965)	(7,121)
		-----------	-----------	-----------	-----------
Profit for the financial year		**204,596**	**30,575**	**196,163**	**38,326**
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		116	(448)	-	-
		-----------	-----------	-----------	-----------
Total comprehensive income		**204,712**	**30,127**	**196,163**	**38,326**

The accompanying notes form an integral part of the financial statements.

Consolidated & Company Statements of Financial Position

For the year ended 31 March 2023

Registered No. 03994598

		Group		Company	
		2023	2022	2023	2022
	Notes	£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	8	6,927	7,624	3,755	4,955
Intangible assets	9	19,609	21,240	8,030	9,249
Goodwill	9	11,846	11,846	-	-
Non-current derivative financial assets	13	433,278	602,331	367,366	574,350
Other non-current assets	11	12,680	-	2,337	-
Investments in subsidiaries	10	-	-	27,980	27,980
Deferred tax asset	7	4,218	2,098	791	-
		-----------	-----------	-----------	-----------
Total non-current assets		**488,558**	**645,139**	**410,259**	**616,534**
Current assets					
Trade and other receivables	12	846,822	432,936	726,353	400,338
Income tax receivable		2,277	-	-	-
Other current assets	11	118,586	184,443	90,123	177,755
Current derivative financial assets	13	974,461	2,013,965	899,831	1,996,371
Cash and cash equivalents	13	24,830	27,806	12,530	17,640
		-----------	-----------	-----------	-----------
Total current assets		**1,966,976**	**2,659,150**	**1,728,837**	**2,592,104**
Total assets		**2,455,534**	**3,304,289**	**2,139,096**	**3,208,638**

Consolidated & Company Statements of Financial Position (continued)

For the year ended 31 March 2023

Registered No. 03994598

The accompanying notes form an integral part of the financial statements.

The financial statements were approved and authorised by the board of directors on 20 December 2023, and were signed on its behalf by:

Robert Groves
Chief Executive Officer and Director

Ryuichi Noyama
Chief Operating Officer and Director

		Group		Company	
		2023	2022	2023	2022
	Notes	£000	£000	£000	£000
Equity					
Share capital	8	6,667	6,667	6,667	6,667
Share premium	9	2,600	2,600	2,600	2,600
Retained earnings	9	260,204	55,608	274,631	78,468
Foreign exchange reserve	13	202	86	-	-
		-----------	-----------	-----------	-----------
Total equity		**269,673**	**64,961**	**283,898**	**87,735**
Non-current liabilities					
Non-current derivative financial liabilities	13	291,283	562,002	242,944	242,944
Provisions	16	247	196	196	196
Other non-current liabilities	15	41,548	27,232	26,346	26,346
Deferred tax liability	7	1,039	3,345	-	-
		-----------	-----------	-----------	-----------
Total non-current liabilities		**334,117**	**592,775**	**269,486**	**557,432**
Current liabilities					
Trade and other payables	14	705,903	503,232	644,940	457,171
Income tax payable	7	15,857	354	10,015	354
Current derivative financial liabilities	13	849,928	1,954,073	776,689	1,954,375
Other current liabilities	15	276,680	187,956	153,721	150,631
Provisions	16	3,376	940	347	940
		-----------	-----------	-----------	-----------
Total current liabilities		**1,851,744**	**2,646,553**	**1,585,712**	**2,563,471**
		-----------	-----------	-----------	-----------

Consolidated Statement of Changes in Equity

as at 31 March 2023

		Share capital	Share premium	Retained earnings	Foreign exchange reserve	Total
	Notes	*£000*	*£000*	*£000*	*£000*	*£000*
At 31 March 2021		6,667	2,600	35,640	534	45,441
		-----------	-----------	-----------	-----------	-----------
At 1 April 2021		**6,667**	**2,600**	**35,640**	**534**	**45,441**
Profit for the financial year		-	-	30,575	-	30,575
Other comprehensive income		-	-	-	(448)	(448)
		-----------	-----------	-----------	-----------	-----------
Total comprehensive income for the year		-	-	30,575	(448)	30,127
Dividends Pay		-	-	(10,607)	-	(10,607)
		-----------	-----------	-----------	-----------	-----------
At 31 March 2022		**6,667**	**2,600**	**55,608**	**86**	**64,961**
At 1 April 2022		6,667	2,600	55,608	86	64,961
Profit for the financial year		-	-	204,596	-	204,596
Other comprehensive income		-	-	-	116	116
		-----------	-----------	-----------	-----------	-----------
Total comprehensive income for the year		-	-	204,596	116	204,712
Dividends paid		-	-	-	-	-
		-----------	-----------	-----------	-----------	-----------
At 31 March 2023		**6,667**	**2,600**	**260,204**	**202**	**269,673**

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity

as at 31 March 2023

		Share capital	Share premium	Retained earnings	Total
	Notes	*£000*	*£000*	*£000*	*£000*
At 31 March 2021		**6,667**	**2,600**	**50,749**	**60,016**
		-----------	-----------	-----------	-----------
At 1 April 2021		6,667	2,600	50,749	60,016
Profit for the financial year		-	-	38,326	38,326
Other comprehensive income		-	-	-	(448)
		-----------	-----------	-----------	-----------
Total comprehensive income for the year		-	-	30,575	30,127
Dividends Pay		-	-	(10,607)	(10,607)
		-----------	-----------	-----------	-----------
At 31 March 2022		**6,667**	**2,600**	**78,468**	**87,735**
At 1 April 2021		6,667	2,600	87,735	87,735
Profit for the financial year		-	-	196,163	196,163
Other comprehensive income		-	-	-	-
		-----------	-----------	-----------	-----------
Total comprehensive income for the year		-	-	196,163	196,163
Dividends paid		-	-	-	-
		-----------	-----------	-----------	-----------
At 31 March 2023		6,667	2,600	274,631	283,898

The accompanying notes form an integral part of the financial statements.

Strategic report

Directors' report

Statement of directors' responsibilities

Independent auditors' report

Consolidated and company statement

Consolidated statement of changes in equity

- **Consolidated statement of cash flows**

Notes to the financial statements

Consolidated Statement of Cash Flows

as at 31 March 2023

	Notes	2023 £000	2022 £000
Cash flows from operating activities			
Profit for the year		204,596	30,575
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Income taxes	7	45,403	7,526
Depreciation and amortisation	8,9	6,570	5,894
Property, plant and equipment impairment	8	148	741
Bad debt provision	12	28,922	2,942
Provisions for liabilities	16	2,330	726
Net interest expense	6	5,115	1,418
		-----------	-----------
		293,084	**49,822**
Movements in working capital:			
Decrease/(increase) in trade and other receivables	12	(444,458)	(200,171)
Decrease/(increase) in other assets	11	52,968	(25,742)
Increase/(decrease) in trade and other payables	14	224,267	245,144
Increase/(decrease) in other liabilities	15	36,876	(4,342)
Net interest paid	6	(4,078)	(1,489)
Income tax paid	7	(36,995)	(2,440)
Decrease/(increase) in derivatives	13	(165,728)	(71,143)
		-----------	-----------
Net cash provided by (used in) operating activities		**(44,064)**	**(10,361)**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(1,355)	(315)
Purchase of intangible assets	9	(2,557)	(2,767)
Repayment of loans from Group companies	11	-	9,923
		-----------	-----------
Net cash provided by (used in) investing activities		**(3,912)**	**6,841**

	Notes	2023 £000	2022 £000
Cash flows from financing activities			
Repayments of short-term borrowings	14	(21,361)	-
Proceeds from loans from Group companies	14	67,809	33,235
Repayment of principal on lease liabilities	15	(1,326)	(962)
Dividends paid	17	-	(10,607)
		-----------	-----------
Net cash provided by (used in) financing activities		**45,122**	**21,666**
Net increase/(decrease) in cash and cash equivalents in the period		(2,854)	18,146
Cash and cash equivalents, beginning of period		27,807	10,103
Exchange gain arising from translation of foreign operations		(123)	(442)
Cash and cash equivalents, end of period		24,830	27,807

The accompanying notes form an integral part of the financial statements.

Company Statement of Cash Flows

as at 31 March 2023

	Notes	2023 £000	2022 £000
Cash flows from operating activities			
Profit for the year		196,163	196,163
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Income taxes	7	46,965	46,965
Depreciation and amortisation	8,9	3,030	3,030
Bad debt provision	12	9,347	9,347
Provisions for liabilities	16	(940)	(940)
Net interest expense	6	2,202	2,202
Net interest expense	6	5,115	1,418
		-----------	-----------
		256,767	**50,895**
Movements in working capital:			
Decrease/(increase) in trade and other receivables	12	(333,930)	(174,999)
Decrease/(increase) in other assets	11	75,253	(28,144)
Decrease/(increase) in intercompany receivables	12	(1,558)	396
Increase/(decrease) in trade and other payables	14	197,769	233,411
Increase/(decrease) in other liabilities	15	3,906	(2,532)
Net interest paid	6	(2,186)	(836)
Income tax paid	7	(38,557)	(4,157)
Decrease/(increase) in derivatives	13	(161,067)	(59,424)
		-----------	-----------
Net cash provided by (used in) operating activities		**(3,603)**	**14,610**

	Notes	2023 £000	2022 £000
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(275)	(139)
Purchase of intangible assets	9	(502)	(710)
Cash loans issued to Group companies	11	-	(7,000)
Repayment of loans from Group companies	11	10,000	9,923
		-----------	-----------
Net cash provided by (used in) investing activities		**9,223**	**2,074**
Cash flows from financing activities			
Repayments of short-term borrowings	14	(10,000)	-
Proceeds from loans from Group companies	14	-	7,000
Repayment of principal on lease liabilities	15	(730)	(720)
Dividends paid	17	-	(10,607)
		-----------	-----------
Net cash provided by (used in) financing activities		**(10,730)**	**(4,327)**
Net increase/(decrease) in cash and cash equivalents in the period		(5,110)	12,357
Cash and cash equivalents, beginning of period		17,640	5,283
Cash and cash equivalents, end of period		12,530	17,640

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements

as at 31 March 2023

SmartestEnergy Limited ('the Company') is a vertically integrated electricity company using the UK's wholesale electricity market to procure and sell electricity volumes. The Company also has investments in subsidiaries ('the Group') that operate in the UK, USA and Australia (Note 10).

The Company is a limited liability company, with liability limited by shares. It is incorporated and domiciled in UK. The address of its registered office is The Columbus Building, 7 Westferry Circus, London, England, E14 4HD.

1. Accounting policies

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards (IFRS).

The financial statements were approved and authorised by the board of directors on 20 December 2023.

The financial statements have been prepared on a going concern basis and under the historical cost convention, except for derivative financial instruments that have been measured at fair value.

SmartestEnergy's business activities are set out in the Strategic Report. The notes to the financial statements also include the Group's policies with respect to management of the principal risks facing the Group. SmartestEnergy meets its day-to-day working capital requirements through several committed and uncommitted loan facilities.

In accordance with the Marubeni Group policy from April 2014 the Company joined the Cash Management System of Marubeni Finance Europe ("MAFE"), a Marubeni Group company. MAFE made available a committed revolving credit facility to the Company of up to £392 million to the end of March 2028, in addition to a parent company guarantee interchange facility of up to £120 million.

The Company also has access to up to £50 million of uncommitted facilities arranged with Sumitomo Mitsui Trust, MUFG and Mizuho.

These facilities are regularly reviewed, and stress tested to ensure the Company is adequately funded. These financial resources, together with the Group's long-term agreements with its customers and suppliers, mean the directors believe that the Group is well placed to manage its business risk in case of an unexpected downturn or an immediate requirement to access these facilities.

In response to the COVID-19 pandemic and the recent energy price volatility, the directors have performed a robust analysis of forecast future cash flows, taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19 and future energy price rises. This analysis also considers the effectiveness of the available facilities to assist in mitigating the impact.

The Group has also received a Parental Letter of Support from Marubeni Corporation which outlines their commitment to support the Group in meeting its liabilities, if and when the Group cannot meet them itself. By issuing this letter of support, the parent company has confirmed its ability to provide financial support to the Group, and that it will provide such support until at least 30 June 2025. Through inquiries with the parent company to understand available liquidity, the directors have assessed the parent company's financial ability to provide this support. With the above facilities and having received the Parental Letter of Support from Marubeni Corporation, the directors have taken the measures necessary to give themselves a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the signing of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the results, assets and liabilities of the Company and the Group (as stated in note 10). Control is achieved when the Group has the rights to the variable returns of the investee and when it has the power to govern the financial and operating policies of the investee. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Business combinations

The acquisition method has been adopted to account for business combinations. The identifiable assets acquired and liabilities assumed are measured and recognised at fair value at acquisition date. Goodwill is recognised where consideration transferred is greater than the aggregate of the net identifiable assets acquired and liabilities assumed. Acquisition-related costs are expensed as incurred in the Group financial statements.

New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

In determining which accounting policies to disclose in these financial statements, the Group has applied the guidance in 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)', which became effective for annual periods beginning on or after 1 January 2023.

Notes to the financial statements

Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

Commodity contracts in scope of IFRS 9

The Group routinely enters into generation, retail and wholesale contracts, including contracts for physical delivery of gas and electricity, which are not stacked against each other.

Wholesale contracts are for proprietary energy trading purposes and hence clearly within the scope of IFRS 9. Management has assessed that generation contracts are also to be viewed as net-settled (and therefore within the scope of IFRS 9), since the criteria of 'taking delivery and sale within short period' or 'practice of net settlement' were met for similar contracts. Management has elected to apply the IFRS 9 'fair value option' for retail contracts to eliminate the accounting mismatch caused by the fact that the wholesale contracts are accounted for at fair value.

Accordingly, all of the Group's electricity purchase and sales contracts are accounted for as derivatives (forwards with energy as underlying).

Significance of unobservable valuation inputs in the fair value determination

When determining whether day one gains should be recognised immediately in profit or loss or deferred, management assesses whether unobservable inputs were significant to the initial fair value measurement. When its contribution is viewed as significant then the entire day one gain of the contract is deferred.

Significance of unobservable valuation inputs in the fair value determination

When determining whether day one gains should be recognised immediately in profit or loss or deferred, management assesses whether unobservable inputs were significant to the initial fair value measurement. When its contribution is viewed as significant then the entire day one gain of the contract is deferred.

Presentation of realised derivative gains/losses in profit or loss

Management note that IFRS has limited guidance (IAS 1.35) and industry practise under IFRS varies on how realised derivative gains/losses for commodity contracts are presented in profit or loss, e.g. on a gross or net basis.

Management is of the view that revenue arising from commodity contracts should be presented on a gross basis if they fall under the scope of IFRS 15.

All realised gains and losses arising from commodity contracts under the scope of IFRS 9 are presented net in P&L.

Estimates and assumptions

Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value determination of derivative commodity contracts

The Group's valuation of energy derivatives is based on valuation techniques (see Note 13 for details). Particularly judgemental assumptions include:

- projected volumes associated with intermittent generation contracts; and
- the forward price curves applied to long dated contracts.

Impairment of Goodwill and investments

The Group assesses on a yearly basis whether there is an indication of impairment which may affect the carrying value of the investments. The assumptions used in the assessment have been outlined in Notes 9 and 10.

Expected credit loss allowance against trade receivables

The Group records a provision against trade receivables for expected credit losses, taking into account the ageing of the outstanding balance, the creditworthiness of the counterparty, and other counterparty-specific factors that indicate that the trade receivable balance may not be collectible. Refer to Note 12 for further analysis of the expected credit loss allowance.

Other

Uncertainty on other balance sheet items (including accrued income, accruals and renewable obligation), is mitigated by the long period between the balance sheet date and the date when the financial statements are authorised for issue. Relevant information obtained by the Group subsequent to balance sheet date, if material, is adjusted in amounts recognised in the financial statements as far as these provide evidence of conditions that existed at balance sheet date. However, in respect of certain accruals, there is an industry reconciliation process of power purchase costs which can typically take 14 months from the date of supply to be finalised. This is due to the processes that the energy market must complete in order to finalise generation and consumption data for any one particular month. Therefore, there is an element of power purchase costs that needs to be estimated based on a combination of in-house and industry data that is available. These estimates impact the 'accruals' balances disclosed in Note 14.

Notes to the financial statements

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and/or accumulated impairment losses, if any. Useful lives are re-assessed annually and if necessary changes are accounted for prospectively. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation is provided on a straight-line basis over its expected useful life and is as follows:

- Office equipment: 3 years
- IT hardware: 3-5 years
- Fixtures & fittings: Over the lease term up to 10 years

Depreciation expense on property, plant and equipment is included within administrative expenses in the statement of comprehensive income

Leases

The Group recognises a right-of-use asset and lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of dilapidation costs.

The right-of-use asset is subsequently depreciated on a straight-line basis over the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The Group has elected to present right-of-use assets and lease liabilities under property, plant and equipment and other liabilities respectively.

Short-term leases and leases of low-value assets

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense when incurred.

Intangible assets – goodwill

Goodwill is initially recorded at cost. It represents the excess of consideration transferred in a business combination over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill has an indefinite useful life. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

Intangible assets identified in business combinations

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. These include customer relationships. The fair value is determined using projected discounted cash flows. The customer relationships are amortised on straight line basis over 8 years (remaining amortisation is 5 years). Amortisation expense on these intangible assets is included within administrative expenses in the statement of comprehensive income.

Intangible assets other than goodwill

Intangible assets consist of software applications, licences and IT software projects under development. Projects under development are in the work-in-progress stage and are thus not yet amortised.

Intangible assets are capitalised and stated at cost (whether purchased or internally generated), amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Capitalisation begins when expenditures for the asset are being incurred and activities that are necessary to prepare the asset for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to prepare the asset for use are complete. Amortisation commences at the point of commercial deployment when the asset is capable of operating in a manner intended by management. Intangible assets are amortised on a straight-line basis. Useful lives are re-assessed annually and necessary changes are accounted for prospectively. IT software that does not form an integral part of hardware is classified as an intangible asset. Such intangible assets are amortised on a straight-line basis over 3-10 years. Amortisation expense on these intangible assets is included within administrative expenses in the statement of comprehensive income.

Impairment of non-financial assets

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. For other assets, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or

Notes to the financial statements

Impairment of non-financial assets (continued)

groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The value-in-use of goodwill is calculated using the cash-generating unit's (CGU's) weighted average cost of capital (WACC). All WACC inputs have been corroborated appropriately to external and internal sources.

For assets, other than goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation/amortisation, had no impairment losses been recognised for the asset in prior years.

Investments in subsidiaries

Investments in subsidiaries and participating undertakings are stated at cost, less provisions for impairment. The Company carries out a review for the potential impairment of an investment if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Such impairment reviews are performed in accordance with IAS 36. Any impairments are recorded in profit or loss.

If, after an impairment loss has been recognised, the recoverable amount of an investment increases because of a change in economic conditions or in the expected use of the asset, the resulting reversal of the impairment loss is recognised in the current year to the extent that it increases the carrying amount of the investment up to the amount it would have been had the original impairment not occurred.

Financial instruments

Non-derivative financial assets

The Group's non-derivative financial assets are solely 'loans and receivables'.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group and Company commits to purchase or sell the

Impairment of financial assets

Impairment provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. Credit losses are the difference between the present value (PV) of all contractual cashflows and the PV of the expected future cash flows. When calculating the ECL, the Group considers the reasonable and supportable information that is available without undue cost or effort at the reporting date. The Group considers past events, current conditions and forecasts of future economic conditions that are relevant to the estimate of ECLs, including the effect of expected prepayments.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Commodity contracts within the scope of IFRS 9.

A contract to buy or sell a non-financial item is not in scope of IFRS 9, unless it can be net settled, including the following ways:

a) Taking delivery and sale within short period, or
b) Practise of net settlement, or
c) Underlying readily convertible to cash, or
d) Terms of contract allow net settlement.

If criteria c) or d) is met, and the contract is not a written option, the contract is not in scope of IFRS 9 if it is entered into for own use purpose.

A commodity contract that is outside the scope of IFRS 9 will not be recognised in the financial statements until delivery. A commodity contract within IFRS 9's scope is treated as a derivative and is accounted for at fair value through profit or loss.

Additionally, IFRS 9 provides a 'fair value option' for own use contracts. At inception of a contract, an entity may make an irrevocable designation to measure an own use contract at fair value through profit or loss. Such designation is only allowed if it eliminates or significantly reduces an accounting mismatch that would otherwise arise from not recognising that contract because it is excluded from the scope of IFRS 9.

Derivative financial instruments

All derivatives are initially recognised at fair value on the date on which the derivative is entered into and are subsequently re-measured to fair value at each reporting date. Initial recognition as well as subsequent changes in assets and liabilities from these activities (resulting primarily from newly originated transactions and the impact of price movements) is generally recognised in profit or loss – subject to day-one gains policy below. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Notes to the financial statements

Day-one gains

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price.

However, if the Group determines that the fair value on initial recognition differs from the transaction price, the difference is recognised as a gain (or loss) in profit or loss only if the fair value is based on a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets (i.e. a Level 2 input). Otherwise, the entire difference is deferred and recognised as a gain (or loss) in profit or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability. Any deferred gain is a separate item, not part of the derivative fair value but presented within the carrying amount of the derivative asset or liability.

Fair value measurement

The Group measures financial instruments such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

For contracts that are not collateralised, the Group also takes into account the counterparties' credit risks (for derivative assets) or the Group's own non-performance risk (for derivative liabilities) and includes a credit valuation adjustment or debit valuation adjustment, as appropriate, by assessing the maximum credit exposure and taking into account market-based inputs concerning probabilities of default and loss given default.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade collateral assets and liabilities

Cash held in collateral accounts is assessed to determine whether attached restrictions preclude it from meeting classification as cash and cash equivalents. If that is the case, then such cash balances are shown within trade collateral assets, which is presented within trade and other receivables in the balance sheet.

Renewable energy certificates

The Group measures renewable energy certificates similarly to physical inventory. Renewable energy certificates that are not considered liquid are measured at cost upon acquisition, and subsequently measured on a first in, first out basis at the lower of cost and net realisable value. The net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

The Group applies the commodity broker-trader exemption noted in IAS 2 Inventories for renewable energy certificates that are considered liquid. These certificates are measured at fair value less costs to sell.

The Group's renewable energy certificates are presented within other current assets in the balance sheet.

Income taxes

Current tax liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Group relief payments from/to a group company to transfer tax losses between inter-group companies are treated as income tax.

Deferred taxation is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

When a group entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient future taxable profits will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements (continued)

Provisions (continued)

For a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. A contract is onerous if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. This policy does not apply to derivative financial instruments that are within the scope of IFRS 9 Financial Instruments: Recognition and Measurement.

Renewable obligation

A liability for the Group's renewable obligation is recognised based on the level of electricity supplied to customers and is calculated in accordance with percentages set by the UK Government and the renewable obligation certificate buyout price for that period

Employee benefits – profit-sharing and bonus plans

The Group recognises the expected cost of profit-sharing and bonus payments when the Group has a present legal or constructive obligation to make such payment as a result of past events and a reliable estimate of the obligation can be made.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current and non-current classification. An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current. A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Cash dividend distribution to members

The Group recognises a liability to make cash distributions to members when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the UK company law, a distribution is authorised when it is approved by the members. A corresponding amount is recognised directly in equity.

Revenue

Revenue (IFRS 15)

Revenue is recognised when (or as) the Group satisfies the performance obligations in terms of the contract. For all periods presented, the Group's revenue under IFRS 15 relates to renewable energy certificates.

For renewable energy certificates, revenue is recognised when the performance obligation per the contract is satisfied. For processing ROC sales, where the transaction price includes variable consideration in the form of recycle, the recycle is estimated at the point when the performance obligation is met and is then subsequently fair valued until the date of the final recycle announcement.

The Group has concluded that, under IFRS 15, it is the principal in all of its revenue arrangements, since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

Net trading income (IFRS 9)

Energy supply, power generation and energy (wholesale) trading contracts falling within the scope of IFRS 9 are accounted for as follows:

Both the unrealised (fair value changes) gains and losses on open financial and physical energy contract positions and the realised (settled) gains and losses on liquidated positions are included on a net basis within net trading income.

Net trading income also includes all related costs and benefits associated with energy supply and purchase transactions such as industry costs.

Presentation of realised derivative gains/losses in profit or loss

Management notes that IFRS has limited guidance (IAS 1.35) and industry practice under IFRS varies depending on how realised derivative gains/losses for commodity contracts are presented in profit or loss, e.g. on a gross or net basis.

Management is of the view that revenue arising from commodity contracts should be presented on a gross basis if they fall under the scope of IFRS 15. All realised gains and losses arising from commodity contracts within the scope of IFRS 9 are presented net within profit or loss.

Foreign currencies

The Company and Group financial statements are presented in Pound Sterling (£). The functional currency of the Company is also Pound Sterling.

Assets and liabilities of the entities that have other functional currencies are translated into Pound Sterling at the exchange rates as at the reporting date. Equity transactions are translated into Pound Sterling at the historical rate. Revenue and expenses are translated into Pound Sterling using average exchange rates for the year.

All differences are taken to equity through other comprehensive income.

Notes to the Financial Statements (continued)

2. Net trading income and revenue

Revenue contains sale of goods under IFRS 15, recognised at a point in time. Net trading gains or losses arise from realised and unrealised sales and purchases of commodity contracts. Amounts reported in relation to EBRS claims are presented below:

	Group	Company
	2023	No.
	£000	*£000*
Recognised in Income Statement under 'Net trading income'	284,502	227,005
Recognised in Statement of Financial Position under 'Trade and other receivables' and 'Other current assets'	56,650	43,932

Notes to the Financial Statements (continued)

3. Expense by nature

Operating profit stated after charging the following items:

	Group		Company	
	2023	2022	2023	2022
	£000	*£000*	*£000*	*£000*
Cost of sales	305,271	149,455	149,455	162,040
Depreciation of property, plant and equipment (Note 8)	2,102	1,579	1,579	1,177
Amortisation of intangible assets (Note 9)	4,468	4,240	4,240	1,725
Auditor's remuneration:				
Audit of the financial statements	1,370	836	836	661
Non-audit services	-	7	7	-
Staff costs (Note 5)	55,734	35,686	35,686	22,184
Repairs and maintenance	5,625	4,000	4,000	3,839
Movement in bad debt provision including write-offs	28,922	3,356	3,356	743
Professional fees	5,207	2,648	2,648	1,693
Rent and rates	785	569	569	287
Fixed asset write-offs (Note 8)	148	59	59	59
IT costs	6,754	4,420	4,420	3,003
Other costs	7,355	5,999	5,999	4,108
Impairment of intangible assets (Note 9)	-	692	692	-
	-----------	-----------	-----------	-----------
	423,741	**213,546**	**213,546**	**201,519**

The increase in the bad debt provision since the prior year is driven by increases in both the underlying debt balances and customer credit risk, due primarily to macro-economic impact of increased energy prices resulting in higher inflation.

4. Directors' remuneration

	Group		Company	
	2023	2022	2023	2022
	£000	*£000*	*£000*	*£000*
	-----------	-----------	-----------	-----------
Aggregate emoluments in respect of qualifying services	**1,473**	**1,028**	**1,473**	**1,028**

The aggregate emoluments of the highest paid director were £737,232 (2022: £638,825). Details of pension-related payments and loans are disclosed in Note 5 and Note 11, respectively.

Notes to the Financial Statements (continued)

5. Staff costs

	Group		Company	
	2023	2022	2023	2022
	£000	*£000*	*£000*	*£000*
Wages and salaries	49,030	31,622	29,116	18,672
Social security costs	4,863	2,842	3,884	2,467
Pension costs (defined contribution scheme)	1,841	1,222	1,517	1,045
	-----------	-----------	-----------	-----------
	55,734	**35,686**	**34,517**	**22,184**

The Group has established a Stakeholder Personal Pension Plan and makes defined contributions on behalf of eligible employees to their own stakeholder funds within the scheme. There were no outstanding contributions payable to the pension scheme or accrued pension costs as at 31 March 2023 (2022: £Nil).

The total pension contributions for directors paid by the Group and Company relating to the year ended 31 March 2023 was £22,991 (2022: £33,070) of which £Nil related to the highest paid director as his pension is paid as a cash alternative and not into a pension scheme.

The average number of employees in the Company during the year was as follows:

	Group		Company	
	2023	2022	2023	2022
	£000	*£000*	*£000*	*£000*
Management	27	26	13	12
Front office	32	33	27	26
Middle office	89	87	57	66
Back office	391	311	239	191
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	539	**457**	**336**	**295**

Notes to the Financial Statements (continued)

6. Interest income and interest expense

Interest and similar income	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Bank interest	169	1	70	1
Other interest income	1,476	81	1,097	84
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	1,645	**82**	**1,167**	**85**

Interest and similar income	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Letter of credit charges – group companies	958	302	896	896
Other interest expense	5,801	1,199	2,474	2,474
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	6,759	**1,501**	**3,370**	**3,370**

7. Income Tax

(a) Analysis of tax in the year

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Current tax				
Tax payable/(receivable) on current year profit/(loss)	52,035	8,551	47,104	8,551
Adjustments in respect of prior periods	933	(1,609)	1,018	(1,609)
	-----------	-----------	-----------	-----------
Total current tax	**52,968**	**6,942**	**48,122**	**6,942**
Deferred tax				
Current year	(6,278)	(861)	(1,202)	45
Adjustments in respect of prior periods	(966)	46	45	46
Write-down of deferred tax asset	-	1,311	-	-
Effect of changes in tax rates	(321)	88	-	88
	-----------	-----------	-----------	-----------
Total deferred tax	**(7,565)**	**584**	**(1,157)**	**179**
Tax charge in profit or loss	**45,403**	**7,526**	**46,965**	**7,121**

(b) Factors affecting tax expense for the year

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 19% (2021: 19%).

Notes to the Financial Statements (continued)

7. Income Tax (continued)

(b) Factors affecting tax expense for the year

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are reconciled below:

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Profit on ordinary activities before tax	249,999	38,101	243,128	45,447
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	47,499	7,172	46,194	8,635
Effects of:				
Tax rate differences in foreign jurisdictions	(1,429)	152	-	-
Expenses not deductible for tax purposes	(217)	19	(284)	19
Non-qualifying assets	390	-	327	-
Adjustment in respect of prior periods	(33)	(1,401)	1,063	(1,563)
Write-down of deferred tax asset	(511)	1,311	-	-
Effect of changes in tax rates	10	331	(288)	88
Income not taxable	(47)	(52)	(47)	(52)
Transfer pricing adjustments	-	123	-	123
Effects of group/other reliefs	(259)	(129)	-	(129)
Total tax charge	**45,403**	**7,526**	**46,965**	**7,121**

(c) Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Deferred tax liability:				
Decelerated capital allowances	572	552	572	552
Temporary differences on intangibles recognised on acquisition	1,830	2,227	-	-
Other temporary differences	-	752	-	-
Total deferred tax liability	**2,402**	**3,531**	**572**	**552**
Deferred tax asset:				
Tax loss carried forward	-	2,098	2,098	-
Loan relationships	13	13	13	13
Unpaid employee remuneration	1,348	-	-	-
Derivative financial instruments	2,916	-	-	-
Accruals and provisions	1,103	-	-	-
Other temporary differences	201	173	173	173
Total deferred tax asset	5,581	2,284	2,284	186
Net deferred tax asset / (liability)	3,179	(1,247)	791	(366)

Notes to the Financial Statements (continued)

7. Income Tax (continued)

(c) Deferred tax (continued)

	Group		Company	
	2023 £000	2022 £000	2023 £000	2022 £000
Net deferred tax reconciliation:				
Net deferred tax asset/(liability) at 1 April	(1,247)	1,029	(366)	(187)
Profit and loss account:				
Deferred tax charge to I/S for the period	6,278	(2,063)	1,202	-
Effect of changes in tax rates	321	(88)	-	(88)
Adjustments in respect of prior years	966	(47)	(45)	(46)
Other movements:				
Tax loss carried forward	(804)	1,613	-	-
Other temporary differences	(540)	-	-	(45)
Deferred tax surrendered as group relief	(1,579)	(857)	-	-
FX adjustments	(216)	(834)	-	-
	-----------	-----------	-----------	-----------
Net deferred tax asset/(liability) at 31 March	**3,179**	**(1,247)**	**791**	**(366)**

Deferred tax is recognised on assets at the rate at which the assets are expected to reverse. This is based on the substantively enacted rate at the balance sheet date. In relation to UK corporation tax rate, the Finance Act 2021 (substantively enacted on 24 May 2021) increased the UK corporation tax rate from 19% to 25%, effective 1 April 2023. The financial effect of this change on future deferred tax measurement is expected not to be significant for the Group and Company.

At 31 March 2023, the Group had tax losses carried forward of £35.5m (2022: £13.1m) on which no deferred tax asset was recognised because it is uncertain that there will be sufficient future profits against which to utilise the assets.

Notes to the Financial Statements (continued)

8. Property, plant and equipment

Group

	Office equipment	Fixtures & fittings	IT hardware	Right-of-use asset - buildings	Land and buildings	Work in Progress	Total
	£000	£000	£000	£000	£000	£000	£000
Cost:							
At 01 April 2022	357	1,360	2,165	7,677	190	197	11,946
Effect of FX Translation	-	1	(1)	(14)	-	-	(14)
Additions	2	45	507	1,170	625	-	2,349
Retirements	-	-	-	-	-	-	-
Disposals	-	-	-	(795)	-	-	(795)
Transfers	-	-	197	-	-	(197)	-
Other	-	133	135	-	-	-	268
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At 31 March 2023	**359**	**1,539**	**3,003**	**8,038**	**815**	**-**	**13,754**
Depreciation:							
At 01 April 2022	333	348	1,740	1,825	76	-	4,322
Effect of FX Translation	1	-	1	(13)	-	-	(11)
Charge for year	7	185	395	1,486	29	-	2,102
Retirements	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Impairments	-	51	-	-	96	-	147
Other	-	132	135	-	-	-	267
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At 31 March 2023	**341**	**716**	**2,271**	**3,298**	**201**	**-**	**6,827**
Net book value:							
At 31 March 2022	24	1,012	425	5,852	114	197	7,624
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At 31 March 2023	**18**	**823**	**732**	**4,740**	**614**	**-**	**6,927**

Notes to the Financial Statements (continued)

8. Property, plant and equipment (continued)

Group (continued)

	Office equipment	Fixtures & fittings	IT hardware	Right-of-use asset - buildings	Land and buildings	Work in Progress	Total
	£000	£000	£000	£000	£000	£000	£000
Cost:							
At 01 April 2021	367	1,299	2,453	7,718	147	-	11,984
Effect of FX Translation	1	2	9	86	-	-	98
Additions	5	65	202	121	43	197	633
Retirements	(16)	(6)	(499)	-	-	-	(521)
Disposals	-	-	-	(248)	-	-	(248)
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At 31 March 2022	**357**	**1,360**	**2,165**	**7,677**	**190**	**197**	**11,946**
Depreciation:							
At 01 April 2021	332	173	1,724	852	24	-	3,105
Effect of FX Translation	-	-	-	7	-	-	10
Charge for year	17	181	512	966	52	-	1,728
Retirements	(16)	(6)	(499)	-	-	-	(521)
Disposals	-	-	-	-	-	-	-
	-----------	-----------	-----------	-----------	-----------	-----------	-----------
At 31 March 2022	**333**	**348**	**1,740**	**1,825**	**76**	**-**	**4,322**
Net book value:							
At 31 March 2021	**35**	**1,126**	**729**	**6,866**	**123**	**-**	**8,879**
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At 31 March 2022	**24**	**1,012**	**425**	**5,852**	**114**	**197**	**7,624**

Company

	Office equipment	Fixtures & fittings	IT hardware	Right-of-use asset - buildings	Work in Progress	Total
	£000	£000	£000	£000	£000	£000
Cost:						
At 01 April 2022	326	1,147	1,875	4,814	197	8,359
Additions	-	-	275	347	-	622
Disposals	-	-	-	(513)	-	(513)
Retirements	-	-	-	-	-	-
Transfer	-	-	197	-	(197)	-
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At 31 March 2023	**326**	**1,147**	**2,347**	**4,648**	**-**	**8,468**
Depreciation:						
At 01 April 2022	325	265	1,574	1,240	-	3,404
Charge for year	1	123	281	904	-	1,309
Disposals	-	-	-	-	-	-
Retirements	-	-	-	-	-	-
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At 31 March 2023	326	388	1,855	2,144	-	4,713
Net book value:						
At 31 March 2022	1	882	301	3,574	197	4,955
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At 31 March 2023	**-**	**759**	**492**	**2,504**	**-**	**3,755**

Notes to the Financial Statements (continued)

8. Property, plant and equipment (continued)

Company (continued)

	Office equipment	Fixtures & fittings	IT hardware	Right-of-use asset - buildings	Work in Progress	Total
	£000	£000	£000	£000	£000	£000
Cost:						
At 01 April 2021	342	1,153	2,235	4,814	-	8,544
Additions	-	-	139	-	197	336
Disposals	-	-	-	-	-	-
Retirements	(16)	(6)	(499)	-	-	(521)
	-----------	-----------	-----------	-----------	-----------	-----------
At 31 March 2022	**326**	**1,147**	**1,875**	**4,814**	**-**	**8,359**
Depreciation:						
At 01 April 2021	330	145	1,649	624	-	2,748
Charge for year	11	126	424	616	-	1,177
Disposals	-	-	-	-	-	-
Retirements	(16)	(6)	(499)	-	-	(521)
	-----------	-----------	-----------	-----------	-----------	-----------
At 31 March 2022	**325**	**265**	**1,574**	**1,240**	**-**	**3,404**
Net book value:						
At 31 March 2021	12	1,008	586	4,190	-	5,796
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At 31 March 2022	**1**	**882**	**301**	**3,574**	**197**	**4,955**

Notes to the Financial Statements (continued)

9. Intangible assets

Group

	IT Software	Customer Relationships	Goodwil	Work in Progress	Total
	£000	£000	£000	£000	£000
Cost:					
At 01 April 2022	22,748	12,029	11,846	1,138	47,761
Effect of FX Translation	118	-	-	10	128
Additions	938	-	-	1,982	2,920
Transfers	1,393	-	-	(1,393)	-
Retirements	(178)	-	-	-	(178)
Disposals	(97)	-	-	(257)	(354)
Other	1,058	-	-	-	1,058
	-----------	-----------	-----------	-----------	-----------
At 31 March 2023	**25,980**	**12,029**	**11,846**	**1,480**	**51,335**
Amortisation and impairment:					
At 01 April 2022	11,291	3,384	-	-	14,675
Effect of FX Translation	43	-	-	-	43
Charge for year	2,965	1,503	-	-	4,468
Retirements	(178)	-	-	-	(178)
Disposals	(184)	-	-	-	(184)
Other	1,056	-	-	-	1,056
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At 31 March 2023	**14,993**	**4,887**	**-**	**-**	**19,880**

Group

	IT Software	Customer Relationships	Goodwil	Work in Progress	Total
	£000	£000	£000	£000	£000
Cost:					
At 01 April 2021	21,237	12,029	11,846	888	46,000
Effect of FX Translation	80	-	-	12	92
Additions	2,268	-	-	498	2,766
Transfers	(616)	-	-	(260)	(876)
Retirements	(221)	-	-	-	(221)
Disposals	-	-	-	-	-
Other	1,058	-	-	-	1,058
	-----------	-----------	-----------	-----------	-----------
At 31 March 2022	**22,748**	**12,029**	**11,846**	**1,138**	**47,761**
At 31 March 2022	22,748	12,029	11,846	1,138	47,761
At 01 April 2022	11,291	3,384	-	-	14,675
Effect of FX Translation	43	-	-	-	43
Charge for year	2,965	1,503	-	-	4,468
Retirements	(178)	-	-	-	(178)
Disposals	(184)	-	-	-	(184)
Other	1,056	-	-	-	1,056
	-----------	-----------	-----------	-----------	-----------
At 31 March 2022	**11,291**	**3,384**	**-**	**-**	**14,675**
Net book value:					
At 31 March 2021	12,462	10,149	11,846	888	35,345
	-----------	-----------	-----------	-----------	-----------
At 31 March 2022	**11,457**	**8,645**	**11,846**	**1,138**	**33,086**

Notes to the Financial Statements (continued)

9. Intangible assets (continued)

Group (continued)

Upon the acquisition of SmartestEnergy Business Ltd (SEBL), goodwill of £11.8 million was recognised. The goodwill arising is attributable to the workforce and buyer-specific synergies.

The goodwill has been tested for impairment by comparing it to the value-in-use of the Cash Generating Unit (CGU). The value-in-use calculation is based on projected cash flows over the next five years. The key assumptions used are sales growth and cost savings expected as the company grows. The model presumes a post-tax discount rate of 11.2% and pre-tax discount rate of 13.6% (2022: 8.2% and 8.3%, respectively) and a long-term growth rate of 2% (2022: 1%). SEBL's business is principally focused on renewable electricity sales and therefore consideration of climate and environmental impacts are already a key feature of its business model.

Based on the projected cash flows, no impairment charge was required during the current year (2022: £Nil). However, if SEBL's EBIT over the next five years were to fall by 78% against forecast, or the discount rate applied was increased to 40%, the recoverable amount would equal the carrying amount of the CGU.

Company

	IT Software	Work in Progress	Total
	£000	£000	£000
Cost:			
At 01 April 2022	18,015	739	18,754
Additions	217	522	739
Transfers	631	(631)	-
Disposals	(97)	(140)	(237)
Retirements	-	-	-
	-----------	-----------	-----------
At 31 March 2023	**18,766**	**490**	**19,256**
Amortisation and impairment:			
At 01 April 2022	9,505	-	9,505
Amortisation charge for year	1,721	-	1,721
Disposals	-	-	-
Retirements	-	-	-
	-----------	-----------	-----------
At 31 March 2023	**11,226**	**-**	**11,226**
Net book value:			
At 31 March 2022	8,510	739	9,249
	-----------	-----------	-----------
At 31 March 2023	**7,540**	**490**	**8,030**

	IT Software	Work in Progress	Total
	£000	£000	£000
Cost:			
At 01 April 2022	17,757	506	18,263
Additions	338	372	710
Transfers	139	(139)	-
Disposals	-	-	-
Retirements	(219)	-	(219)
	-----------	-----------	-----------
At 31 March 2023	**18,015**	**739**	**18,754**
Amortisation and impairment:			
At 01 April 2022	7,940	-	7,940
Amortisation charge for year	1,725	-	1,725
Disposals	-	-	-
Retirements	(160)	-	(160)
	-----------	-----------	-----------
At 31 March 2023	**9,505**	**-**	**9,505**
Net book value:			
At 31 March 2022	9,817	506	10,323
	-----------	-----------	-----------
At 31 March 2023	**8,510**	**739**	**9,249**

Notes to the Financial Statements (continued)

10. Investments in subsidiaries

The Company's investments in subsidiaries were as follows:

	2023	2022
	£000	£000
Cost:		
At 01 April	27,980	27,980
	------------	------------
At 31 March	27,980	27,980

The investment in SmartestEnergy Business Ltd (SEBL) has been tested for impairment by comparing it to the equity value of the projected cash flows. No impairment charge was required during the current year (2022: nil). As of 31 March 2023, the same underlying assumptions used in the Goodwill impairment testing outlined in Note 9 above were applied. However, if SEBL's EBIT over the next five years were to fall by 86% against forecast or the discount rate applied was increased to 57%, the recoverable amount would equal the carrying amount of the investment.

At 31 March 2023 and 2022, the Company had 100% controlling interests in the following subsidiaries:

Subsidiaries	**Direct or indirect**	**Types of shares held**	**Proportion held (%)**	**Address of registered offices**	**Principal activity**
Subsidiaries	Direct or indirect	Types of shares held	Proportion held (%)	Address of registered offices	Principal activity
SmartestEnergy US Holding Inc.	Direct	Ordinary	100%	333 West Washington St., Suite 140, Syracuse, NY 132020, USA	Holding company
SmartestEnergy US LLC	Indirect	Ordinary	100%	333 West Washington St., Suite 140, Syracuse, NY 132020, USA	Wholesale electricity procurement
SmartestEnergy Australia PTY Ltd	Direct	Ordinary	100%	36 Carrington Street, Sydney, NSW 2000, Australia	Wholesale electricity procurement
SmartestEnergy Financial Services PTY Ltd	Direct	Ordinary	100%	36 Carrington Street, Sydney, NSW 2000, Australia	Wholesale electricity procurement
SmartestEnergy Business Ltd	Direct	Ordinary	100%	Ridgeworth House, Liverpool Gardens, Worthing, West Sussex, BN11 1RY, England	Wholesale electricity procurement

Notes to the Financial Statements (continued)

11. Other current assets

	2023	2022	2023	2022
	£000	£000	£000	£000
Renewable energy certificates	100,271	166,816	83,735	158,878
Prepayments	5,717	2,615	3,271	1,853
Other debtors	12,598	15,012	3,117	7,024
Loans due from subsidiary companies	-	-	-	10,000
	-----------	-----------	-----------	-----------
Total other current assets	**118,586**	**184,443**	**90,123**	**177,755**

	2023	2022	2023	2022
Other non-current assets:	£000	£000	£000	£000
Prepayments - non-current	12,680	-	2,337	-
	-----------	-----------	-----------	-----------
Total other non-current assets	**12,680**	**-**	**2,337**	**-**

Renewable energy certificates comprise of Renewable Obligation Certificates (ROCs), Renewable Energy Guarantees of Origin (REGOs) and Guarantees of Origin (GoOs).

The Company provides Season Ticket and Cycle to Work loans to its staff and directors, the amount receivable from these parties was £5,371 (2021: £2,901), these loans have been included under Other. During 2021/22 no payments were made to any directors (2020/21: Nil). Prepayments include advance payments for ROCs and REGOs of £2,270,024 (2021: £530,896).

The Company provides Season Ticket and Cycle to Work loans to its staff and directors, the amount receivable from these parties was £3,543 (2022: £5,371). These loans have been included within other debtors. During the year, no payments were made to any directors (2022: £Nil). Prepayments include advance payments for ROCs and REGOs of £2,958,965 (2022: £2,270,024).

12. Trade and other receivables

	2023	2022	2023	2022
	£000	£000	£000	£000
Trade receivables	183,158	132,464	131,591	118,694
Accrued income	556,616	266,864	526,050	250,924
Amounts due from Marubeni group companies	16,169	18,139	16,168	18,089
Trade collateral asset	88,409	15,469	48,500	12,523
VAT receivable	2,470	-	2,379	-
SmartestEnergy Group debtors	-	-	1,665	108
	-----------	-----------	-----------	-----------
Total trade and other receivables	**846,822**	**432,936**	**726,353**	**400,338**

Trade debtors have payments terms ranging from 5 to 90 days.

Accrued income represents unbilled balances receivable for energy supplied to customers during the year, wholesale energy trades, ROC processing fees and income from industry related charges.

Trade collateral assets comprise cash placed with trading counterparties to cover the Group's credit exposure as well as enabling the Group to access the trading exchange.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2023	2022	2023	2022
	£000	£000	£000	£000
At 1 April	9,243	6,301	2,424	1,416
Arising during the year	28,922	3,222	9,347	1,288
Write-off	(3,364)	(280)	(1,677)	(280)
Effect of FX Translation	(24)	-	-	-
	-----------	-----------	-----------	-----------
At 31 March	**34,777**	**9,243**	**10,094**	**2,424**

Notes to the Financial Statements (continued)

12. Trade and other receivables (continued)

As at 31 March 2023 and 2022, the ageing and expected credit loss (ECL)analysis of gross trade receivables, including accrued income that was subject to expected credit losses, was as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	< 30 days	31–60 days	61–90 days	61–90 days	> 121 days
Group	£000	£000	£000	£000	£000	£000	£000
2023	354,457	259,979	16,765	30,150	11,227	8,904	27,432
ECL allowance	34,777	1,555	853	615	7,760	4,392	19,602
ECL rate	9.81%	0.60%	5.09%	2.04%	69.12%	49.33%	71.46%
2022	141,707	95,821	23,833	8,549	2,287	1,960	9,254
ECL allowance	9,243	1,411	62	79	1,667	952	5,072
ECL rate	6.52%	1.47%	0.26%	0.92%	72.89%	48.57%	54.81%
Company	£000	£000	£000	£000	£000	£000	£000
2023	278,207	235,246	16,896	7,618	3,446	4,976	10,025
ECL allowance	10,094	1,288	624	614	1,387	1,149	5,032
ECL rate	3.63%	0.55%	3.69%	8.06%	40.25%	23.09%	50.19%
2022	121,118	94,296	16,946	4,636	306	908	4,026
ECL allowance	2,424	1,410	61	79	46	83	745
ECL rate	2.00%	1.50%	0.36%	1.70%	15.03%	9.14%	18.50%

All other receivables within 'Trade and other receivables' are neither impaired nor past due. Refer to Note 20 on credit risk of trade receivables to understand how the Group manages and measures credit quality of its trade receivables and other receivables.

13. Financial instruments

The year-end position of the Group comprises the following classes of financial assets and liabilities:

	2023	2022
Financial assets	£000	£000
Financial assets at amortised cost:		
Cash and cash equivalents	24,830	27,807
Trade and other receivables (Note 12)	846,822	432,936
	-----------	-----------
	871,652	460,743
Financial assets at fair value (held for trading):		
Energy derivatives	1,407,739	2,616,296
	-----------	-----------
	1,407,739	2,616,296
Total financial assets	**2,279,391**	**3,077,039**

Financial liabilities	£000	£000
Financial liabilities at amortised cost:		
Trade and other payables (Note 14)	703,473	503,232
Lease liabilities (Note 15)	4,884	5,909
Liabilities to Marubeni group companies (Notes 14 and 15)	114,550	44,932
Interest payable	667	33
	-----------	-----------
	823,574	554,106
Financial liabilities at fair value (held for trading):		
Energy derivatives	1,141,211	2,516,075
	-----------	-----------
	1,141,211	2,516,075
Total financial liabilities	**1,964,785**	**3,070,181**

Trade and other payables are due within 3 months and the carrying amount corresponds to the contractual undiscounted payments.

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

The year-end position of the Company comprises the following classes of financial assets and liabilities:

	2023	2022
Financial assets	£000	£000
Financial assets at amortised cost:		
Cash and cash equivalents	12,530	17,640
Trade and other receivables (Note 12)	726,353	400,338
Loans due from subsidiary company (Note 11)	-	10,000
	-----------	-----------
	738,883	427,978
Financial assets at fair value (held for trading):		
Energy derivatives	1,267,197	2,570,721
	-----------	-----------
	1,267,197	2,570,721
Total financial assets	**2,006,080**	**2,998,699**

	2023	2022
Financial liabilities	£000	£000
Financial liabilities at amortised cost:		
Trade and other payables (Note 14)	644,940	457,171
Lease liabilities (Note 15)	2,369	3,538
Liabilities to Marubeni group companies (Notes 14 and 15)	24,139	24,139
Interest payable	137	25
	-----------	-----------
	671,585	484,873
Financial liabilities at fair value (held for trading):		
Energy derivatives	1,019,633	2,484,224
	-----------	-----------
	1,019,633	2,484,224
Total financial liabilities	**1,691,218**	**2,969,097**

Trade and other payables are due within 3 months and the carrying amount corresponds to the contractual undiscounted payments.

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

Analysis of maturity profile of financial liabilities held at amortised cost:

	Total	< 3 months	3 – 12 months	> 12 months
	£000	*£000*	*£000*	*£000*
Group				
2023				
Trade and other payables (Note 14)	703,473	703,070	403	-
Liabilities to Marubeni group companies (Notes 14 and 15)	114,550	76,700	-	37,850
Lease liabilities (Note 15)	4,884	158	1,029	3,697
Interest payable	667	667	-	-
	-----------	-----------	-----------	-----------
	823,574	**780,595**	**1,432**	**41,547**
2022				
Trade and other payables (Note 14)	479,593	479,593	-	-
Amounts due to fellow subsidiary undertakings (Note 14 and 15)	23,641	-	11,361	11,361
Liabilities to Marubeni group companies (Notes 14 and 15)	44,932	-	-	24,139
Lease liabilities (Note 15)	5,909	161	161	3,092
Interest payable	33	33	33	-
	-----------	-----------	-----------	-----------
	554,108	**479,787**	**35,729**	**38,592**

	Total	< 3 months	3 – 12 months	> 12 months
	£000	*£000*	*£000*	*£000*
Company				
2023				
Trade and other payables (Note 14)	644,940	644,940	-	-
Liabilities to Marubeni group companies (Notes 14 and 15)	24,139	-	-	24,139
Lease liabilities (Note 15)	2,369	40	122	2,207
Interest payable	137	137	-	-
	-----------	-----------	-----------	-----------
	823,574	**780,595**	**1,432**	**41,547**
2022				
Trade and other payables (Note 14)	447,171	447,171	-	-
Amounts due to fellow subsidiary undertakings (Note 14 and 15)	10,000	-	10,000	-
Liabilities to Marubeni group companies (Notes 14 and 15)	24,139	-	-	24,139
Lease liabilities (Note 15)	3,538	161	496	2,881
Interest payable	25	25	-	-
	-----------	-----------	-----------	-----------
	484,873	**447,357**	**10,496**	**27,020**

Interest receivable by the Group and Company on cash at the bank and in hand was not material for any of the periods presented.

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

Derivative financial instruments

The energy derivative contracts are net-settled derivatives for which the contractual maturity is essential to understand the timing of the cash flows; accordingly, in respect of liquidity risk, net cash flows disclosed in the above table are based on contractual maturity.

The future gross cash inflows and outflows related to derivative contracts is as follows:

Group

	Within 3 months	Within 3 months	1 to 5 years	Over 5 years
2023	£000	£000	£000	£000
Cash inflow	1,734,981	4,202,072	2,439,352	21,627
Cash outflow	1,684,714	3,874,438	1,892,308	15,165
	Within 3 months	Within 3 months	1 to 5 years	Over 5 years
2022	£000	£000	£000	£000
Cash inflow	1,176,073	2,726,236	1,641,170	22
Cash outflow	1,185,917	2,749,701	1,760,706	4,325

Company

	Within 3 months	Within 3 months	1 to 5 years	Over 5 years
2023	£000	£000	£000	£000
Cash inflow	1,631,798	4,022,149	2,172,160	15,066
Cash outflow	1,616,318	3,760,402	1,760,336	8,545
	Within 3 months	Within 3 months	1 to 5 years	Over 5 years
2022	£000	£000	£000	£000
Cash inflow	1,132,670	2,419,083	1,506,711	22
Cash outflow	1,140,469	2,444,743	1,630,577	4,325

The total gross amount related to these energy derivative contracts consisted of:

Group	Derivative assets		Derivative assets	
	2023	2022	2023	2022
	£000	£000	£000	£000
Gross before netting	3,893,532	6,864,220	3,627,004	6,763,999
Netting	(2,485,793)	(4,247,924)	(2,485,793)	(4,247,924)
	-----------	-----------	-----------	-----------
Total derivatives recognised on balance sheet	1,407,739	2,616,296	1,141,211	2,516,075

Company	Derivative assets		Derivative assets	
	2023	2022	2023	2022
	£000	£000	£000	£000
Gross before netting	3,631,210	6,828,529	3,383,646	6,742,031
Netting	(2,364,013)	(4,257,807)	(2,364,013)	(4,257,807)
	-----------	-----------	-----------	-----------
Total derivatives recognised on balance sheet	1,267,197	2,570,722	1,019,633	2,484,224

The Group and Company presents its financial assets and financial liabilities gross on the statement of financial position even where express written agreements exist between the parties to a transaction that provide for their settlement on a net basis and this agreement is deemed legally enforceable, unless it is the practice and intention to settle net.

A net gain of £198.5 million (2022: gain of £89.3 million) has arisen in the Group from recognising unrealised held-for-trading derivative contracts at fair value through profit or loss, all of which is included within net trading income, in relation to energy derivatives.

A net gain of £177.6 million (2022: gain of £72.0 million) has arisen in the Company from recognising unrealised held-for-trading derivative contracts at fair value through profit or loss, all of which is included within net trading income, in relation to energy derivatives.

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

Financial instruments recorded at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Energy derivatives

The Group holds energy derivatives. The fair values of energy derivatives are determined using valuation techniques based in part on observable market data and in part on internal models.

In the case of forwards, the Group uses a method of linear interpolation. This is done by using a mixture of data from the 'Argus Index', extrapolating data from the APX spot market and the correlation between the gas and power prices, the 'spark spread', as the gas market is more heavily traded. A half hourly curve is used to reflect this interpolation at a more granular level. The prices used to value these transactions reflect the Group's best estimate, considering various factors including closing commodity exchange and over-the-counter quotations.

Estimates of the volumes to be delivered by generators are used when the volumes are not fixed contractually. In determining the fair value of derivative positions, appropriate credit risk adjustments are made in accordance with IFRS 13.

Deferred day-one gains

Where the fair value at initial recognition for energy derivatives differs from the transaction price, a day-one gain or loss will arise. Whilst the entire contract is designated as a derivative, only part of the contract value, i.e. the energy component of the contract price is based on observable quoted market data, whereas other elements are based on unobservable market data. If such unobservable data, other than pass-through cost, materially contributes to the contract's fair value, the day-one gains of the entire contract are not recognised immediately in profit or loss but deferred and amortised to profit or loss based on volumes purchased or delivered over the contractual period until such time as observable market data becomes available (see Note 1 for further detail).

The amount that has yet to be recognised in the profit or loss account relating to day-one gains is as follows:

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Deferred day one gains at 1 April (net liability)	29,975	7,900	20,860	7,900
Movements	52,704	22,075	10,014	12,960
	-----------	-----------	-----------	-----------
Deferred day one gains at 31 March (net liability)	**82,679**	**29,975**	**30,874**	**20,860**

Determination of fair value and fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Group

At 31 March 2023	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets				
Energy derivatives	542	1,051,390	355,807	1,407,739
	-----------	-----------	-----------	-----------
	542	**1,051,390**	**355,807**	**1,407,739**
Financial liabilities				
Energy derivatives	37	970,392	170,782	1,141,211
	-----------	-----------	-----------	-----------
	37	**970,392**	**170,782**	**1,141,211**

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

Determination of fair value and fair value hierarchy (continued)

Group (continued)

At 31 March 2022	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets				
Energy derivatives	-	2,003,592	612,704	2,616,296
	-----------	-----------	-----------	-----------
	-	**2,003,592**	**612,704**	**2,616,296**
Financial liabilities				
Energy derivatives	-	2,238,866	277,209	2,516,075
	-----------	-----------	-----------	-----------
	-	**2,238,866**	**277,209**	**2,516,075**

Company

At 31 March 2023	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets				
Energy derivatives	-	1,063,370	203,827	1,267,197
	-----------	-----------	-----------	-----------
	-	**1,063,370**	**203,827**	**1,267,197**
Financial liabilities				
Energy derivatives	-	862,729	156,904	1,019,633
	-----------	-----------	-----------	-----------
	-	**862,729**	**156,904**	**1,019,633**

Company (continued)

At 31 March 2023	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
Financial assets				
Energy derivatives	-	1,967,794	602,927	2,570,721
	-----------	-----------	-----------	-----------
	-	**1,967,794**	**602,927**	**2,570,721**
Financial liabilities				
Energy derivatives	-	2,306,551	177,673	2,484,224
	-----------	-----------	-----------	-----------
	-	**2,306,551**	**177,673**	**2,484,224**

The reconciliation of the Level 3 fair value measurements during the year is as follows:

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Net Level 3 derivatives at 1 April	335,496	(8,124)	425,255	(8,158)
Level 3 derivatives arising during the year	(6,735)	153,997	(103,962)	200,998
Recognised in the statement of comprehensive income	(143,122)	189,622	(274,370)	232,414
Effect of FX Translation	(614)	-	-	-
	-----------	-----------	-----------	-----------
Net Level 3 derivatives at 31 March	**185,025**	**335,495**	**46,923**	**425,255**

Movements in the fair value of Level 3 derivatives during the periods presented above are included within Net Trading Income within the statements of comprehensive income.

Notes to the Financial Statements (continued)

13. Financial instruments (continued)

The following summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

	2023	2022	2023	2022	
Description of Level 3 derivatives	*£000*	*£000*	*£000*	*£000*	*Unobservable inputs*
Retail and Generation energy derivative contracts	185,025	335,495	335,495	425,255	1. Forecasted energy generation volumes for intermittent technologies 2. Forecasted industry costs

Relationship of unobservable inputs to fair value

As of 31 March 2023, a shift in total volumes by +/- 5% results in a change in fair value of £2m (2022: £30m) for Generation energy derivative contracts. A shift in forecasted industry costs do not materially impact the fair value of Retail energy derivative contracts (Group & Company).

14. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	£000	*£000*	*£000*	*£000*
Trade payables	43,044	38,711	38,733	35,915
Accruals	612,299	346,322	564,259	316,698
Trade collateral liabilities	48,130	94,558	41,948	94,558
Amounts due to Marubeni group companies	2,430	23,641	-	10,000
	-----------	-----------	-----------	-----------
	705,903	**503,232**	**644,940**	**457,171**

Trade collateral liabilities are comprised of cash and ROCs received from higher risk trading counterparties.

15. Other liabilities

	Group		Company	
	2023	2022	2023	2022
Other current liabilities:	*£000*	*£000*	*£000*	*£000*
Renewable obligation	151,403	135,798	146,075	135,798
Climate Change Levy	9,415	8,471	7,347	7,257
Net VAT payable	5,254	8,389	-	6,895
Customer advances	34,485	11,655	-	-
Bank interest payable	14	27	14	19
Interest payable to Group companies	702	6	123	6
Current lease liability	1,187	2,817	162	656
Current liabilities to Marubeni group companies	74,220	20,793	-	-
	-----------	-----------	-----------	-----------
	276,680	**187,956**	**153,721**	**150,631**

	Group		Company	
	2023	2022	2023	2022
Other non-current liabilities:	*£000*	*£000*	*£000*	*£000*
Non-current lease liability	3,697	3,093	2,207	2,882
Non-current liabilities to Marubeni group companies	37,851	24,139	24,139	24,139
	-----------	-----------	-----------	-----------
	41,548	**27,232**	**26,346**	**27,021**

The Group has lease contracts in relation to buildings used in its operations. As of 31 March 2023, active building leases had remaining terms of between 0.5 and 6 years.

Notes to the Financial Statements (continued)

15. Other liabilities (continued)

Set out below are the carrying amount of lease liabilities and movements during the period:

Group as a lessee:	2023	2023
	£000	£000
As at 1 April	5,909	6,895
Additions	968	121
Disposals	(791)	(248)
Accretion of interest	128	103
Payments	(1,326)	(962)
Effect of FX Translation	(4)	-
	-----------	-----------
As at 31 March	**4,884**	**5,909**

Company as a lessee:	2023	2023
	£000	£000
As at 1 April	3,538	4,170
Additions	-	-
Disposals	(513)	-
Accretion of interest	74	88
Payments	(730)	(720)
	-----------	-----------
As at 31 March	**2,369**	**3,538**

A reconciliation of movement of liabilities arising from financing activities is as follows:

	Group		Company	
Debt items included within liabilities:	2023	2022	2023	2022
	£000	*£000*	*£000*	*£000*
Amounts due to Marubeni group companies (Note 14)	2,430	23,641	-	10,000
Current liabilities to Marubeni group companies (Note 15)	74,220	20,793	-	-
Lease liabilities (Note 15)	4,884	5,909	2,369	3,538
Non-current liabilities to Marubeni group companies (Note 15)	37,851	24,139	24,139	24,139
	-----------	-----------	-----------	-----------
	119,385	**74,482**	**26,508**	**37,677**

Notes to the Financial Statements (continued)

15. Other liabilities (continued)

Debt reconciliation to financing cash flows:

Group

Debt reconciliation to financing cash flows:	01-Apr-22	Cash flows	FX adjustment	Disposals	Interest accretion	New leases	31-Mar-23
	£000	£000	£000	£000	£000	£000	£000
Loans and borrowings	68,573	46,448	(577)	-	56	-	114,500
Lease liabilities	5,909	(1,326)	(4)	(791)	128	968	4,884
	-----------	-----------	-----------	-----------	-----------	-----------	-----------
Total liabilities from financing activities	*74,482*	*45,122*	*(581)*	*(791)*	*184*	*968*	*119,384*

Debt reconciliation to financing cash flows:	01-Apr-21	Cash flows	FX adjustments	Disposals	Interest accretion	New leases	31-Mar-22
	£000	£000	£000	£000	£000	£000	£000
Loans and borrowings	35,338	33,235	-	-	-	-	68,573
Lease liabilities	6,895	(962)	-	(248)	103	121	5,909
	-----------	-----------	-----------	-----------	-----------	-----------	-----------
Total liabilities from financing activities	**42,233**	**32,273**	**-**	**(248)**	**103**	**121**	**74,482**

Company

Debt reconciliation to financing cash flows:	01-Apr-22	Cash flows	Disposals	Interest accretion	New leases	31-Mar-23
	£000	£000	£000	£000	£000	£000
Loans and borrowings	34,139	(10,000)	-	-	-	24,139
Lease liabilities	3,538	(730)	(513)	74	-	2,369
	-----------	-----------	-----------	-----------	-----------	-----------
Total liabilities from financing activities	**37,677**	**(10,730)**	**(513)**	**74**	**-**	**26,508**

Debt reconciliation to financing cash flows:	01-Apr-22	Cash flows	Disposals	Interest accretion	New leases	31-Mar-22
	£000	£000	£000	£000	£000	£000
Loans and borrowings	27,139	7,000	-	-	-	34,139
Lease liabilities	4,170	(720)	-	88	-	3,538
	-----------	-----------	-----------	-----------	-----------	-----------
Total liabilities from financing activities	**31,309**	**6,280**	**-**	**88**	**-**	**37,677**

Notes to the Financial Statements (continued)

16. Trade and other payables

Group	**Dilapidation costs**	**Onerous contract**	**Employment contracts**	**TPI commis-sion claim**	**Surrender provision**	**Total**
	£000	£000	£000	£000	£000	£000
At 1 April 2021	196	-	214	-	-	410
Arising during the year	-	369	-	571	-	940
(Utilised) / created	-	-	(214)	-	-	(214)
	-----------	-----------	-----------	-----------	-----------	-----------
At 31 March 2022	**196**	**369**	**-**	**571**	**-**	**1,136**
At 1 April 2022	196	369	-	571	-	1,136
Arising during the year	347	-	649	-	757	1,753
(Utilised) / created	-	(369)	202	(571)	1,623	885
Effect of FX Translation	-	-	(39)	-	(112)	(151)
At 31 March 2023	543	-	812	-	2,268	3,623
	-----------	-----------	-----------	-----------	-----------	-----------
-current	347	-	761	-	2,268	3,376
-non-current	196	-	51	-	-	247

Company	**Dilapidation costs**	**Onerous contract**	**Employment contracts**	**TPI commis-sion claim**	**Surrender provision**	**Total**
	£000	£000	£000	£000	£000	£000
At 1 April 2021	196	-	214	-	-	410
Arising during the year	-	369	-	571	-	940
	-----------	-----------	-----------	-----------	-----------	-----------
At 31 March 2022	**196**	**369**	**-**	**571**	**-**	**1,136**
At 1 April 2021	196	-	214	-	-	410
Arising during the year	-	369	-	571	-	940
At 1 April 2022	196	369	-	571	-	1,136
Arising during the year	347	-	-	-	-	347
(Utilised) / created	-	(369)	-	(571)	-	(940)
	-----------	-----------	-----------	-----------	-----------	-----------
At 31 March 2023	**543**	**-**	**-**	**-**	**-**	**543**
-current	347	-	-	-	-	347
-non-current	196	-	-	-	-	196

Notes to the Financial Statements (continued)

17. Share capital, share premium, dividends

	2023 and 2022
	£000
Authorised share capital	
Ordinary shares of £1 each	14,000
Allotted and fully paid up share capital	
Ordinary shares of £1 each	6,667

All shares rank pari passu in all respects.

The share premium account is the amount above the nominal value received for shares sold, less transaction costs.

During the year, the Company paid no interim dividend (2022: £Nil), and no final dividend (2022: £10.6 million) in respect of the year ended 31 March 2023. For the year ended 31 March 2022, the Company paid a dividend of £1,590 per ordinary share.

18. Related party transactions

Parties are considered to be related if one has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party.

The Group did not identify any transactions or hold any open balances with related party entities outside those under the control of the ultimate parent company, Marubeni Corporation. Furthermore, the Group did not identify any transaction or hold any open balances with the ultimate parent company, Marubeni Corporation.

Details of facility and loan agreements with related parties are as follows:

Lender	Loan/ facility type	Total facility amount	Amount drawn down	Interest	Interest due	Expiry date
Marubeni Finance Europe plc	Secured revolving loan facility	£10m (2021: £10m,)	£10m (2021: £3m)	0.5% + (1m, 3m, 6m) TSRR	Bi-annually	March 2023
Marubeni Finance Europe plc	Secured term loan facility	£20.8m (2021: £20.8m)	£20.6m (2021: £20.6m)	1.1% + 3m TSRR	Quarterly	December 2024
Marubeni Finance Europe plc	Secured term loan facility	£3.5m (2021 £3.5m)	£3.5m (2021 £3.5m)	1.1% + base rate	Quarterly	January 2025
Marubeni Finance Europe plc	Secured revolving loan facility	£228m (2021: £0)	£0 (2021: £0)	0.5% + 1m TSRR	Monthly	March 2027
Borrower	**Loan/ facility type**	**Total facility amount**	**Amount drawn down**	**Interest**	**Interest due**	**Expiry date**
SmartestEnergy Business Ltd	Secured revolving loan facility	£20m (2022: £20m)	£0m (2022: £10m)	0.5% + (1m, 3m, 6m) TSRR	Any frequency up to 12 months, but not to go beyond facility maturity date	Mar-27

Assets and liabilities relating to the above facilities and loans have been included in the remainder of the note below.

The Group and Company also has a cash pooling arrangement with the Marubeni group where cash balances are deposited in an intercompany account at the end of each day. At 31 March 2022, £18m was deposited in this account (2021: £28.0m).

The Group and Company also had a Parent Company Guarantees ("PCGs") and Letter of Credits ("LCs") facility allowance of up to £1,093m. As of 31 March 2022, the amount utilised was £833m (2021: £387m) The facility has since been renewed with a new limit of £2,482m. PCGs and LCs are not presented in the statement of financial position.

Notes to the Financial Statements (continued)

18. Related party transactions (continued)

Group

During the year ended 31 March 2022, transactions entered into by the Group companies with other members of the Marubeni Group consisted of the following:

Related party transactions in consolidated statements of comprehensive income:	2023	2022
	£000	£000
Net trading income	57	-
Administrative expenses	(1,103)	(160)
Interest expense	(3,809)	(339)
Interest income	439	80
	-----------	-----------
Net total related party transactions	**(4,416)**	**(419)**

Related party balances in consolidated balance sheets:	2022	2021
	£000	£000
Trade and other receivables	16,175	18,213
	-----------	-----------
Total within total assets	16,175	18,213
Trade and other payables	77,462	235
Other current liabilities	174	10,006
Other non-current liabilities	37,850	24,139
	-----------	-----------
Total within total liabilities	**115,486**	**34,380**

Company

For the years ended 31 March 2023 and 2022, transactions entered into and balances held by the Company with its subsidiary undertakings and Marubeni Group companies consisted of the following:

Related party transactions in Company statements of comprehensive income:	2023	2022
	£000	£000
Revenue and net trading income		
SmartestEnergy Business Ltd	178,980	62,818
SmartestEnergy US Holdings Ltd	-	60
Administrative expenses		
Marubeni Group companies	(259)	(160)
Interest expense		
Marubeni Group companies	(1,728)	(339)
Interest income		
Marubeni Group companies	437	80

Related party balances in consolidated balance sheets:	2023	2022
	£000	£000
Non-current derivative assets		
SmartestEnergy Business Ltd	68,617	160
Current derivative assets		
SmartestEnergy Business Ltd	55,837	-
Trade and other receivables		
Marubeni Group companies	16,174	18,213
SmartestEnergy Business Ltd	18,417	5,593
Other current assets		
Marubeni Group companies	593	316
SmartestEnergy Business Ltd	615	10,000
SmartestEnergy US Holdings Ltd	704	58
SmartestEnergy Australia PTY Ltd	330	50
	-----------	-----------
Total within total assets	161,287	34,390

Notes to the Financial Statements (continued)

18. Related party transactions (continued)

Company (continued)

Related party transactions in Company statements of comprehensive income:	2023	2022
	£000	£000
Trade and other payables		
Marubeni Group companies	557	235
Other current liabilities		
Marubeni Group companies	123	10,006
Other non-current liabilities		
Marubeni Group companies	24,139	24,139
Non-current derivative liabilities		
SmartestEnergy Business Ltd	-	23,355
Current derivative liabilities		
SmartestEnergy Business Ltd	-	76,182
	-----------	-----------
Total within total liabilities	**24,819**	**133,917**

Details regarding remuneration and pensions of key management personnel of the Group and Company are disclosed in notes 4 and 5.

19. Management of capital

The Group considers equity to be its capital. The Group is not subject to any externally imposed capital requirements and there have been no changes in capital structure strategy during the financial year.

The Group and Company utilise the following key measures to manage its capital:

- Return on Capital Employed (ROCE): defined as operating profit as a percentage of the sum of (i) total equity and (ii) total non-current liabilities.
- Return on Assets (ROA): defined as profit after taxation as a percentage of average total assets.

	Group		Company	
	2023	2022	2023	2022
	£000	*£000*	*£000*	*£000*
Return on capital employed (ROCE)	42.25%	6.01%	44.33%	7.21%
Return on assets (ROA)	7.10%	1.54%	7.34%	2.00%

Notes to the Financial Statements (continued)

20. Financial risk management

As a participant in the energy market, the Group is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. In order to manage these risks, the Group has put in place a risk management framework to facilitate an integrated approach which links the Group's appetite for risk to the detailed risk controls employed at the operational level.

Certain risks and the respective management framework have been re-evaluated since the last financial statements, in light of the continued expansion and diversification of the business.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. ECL from customers has been accounted for as per note 12. The Group manages the following credit risks:

Offtake credit risk

In offtake, credit exposure arises from the delivered unpaid amount owed by offtake customers for power delivered to them by the Group (import power). The majority of offtake customers are signed up to contracts that allow the Group to net cash payments upon settlement. This netting, combined with the fact that the Group purchases far more power than it delivers to these customers, means the Group's offtake customers generally have a net exposure to the Group thereby mitigating any credit risk. Offtake credit risk exposure can also arise from the forward fixing of power prices which can result in a derivative financial asset position. In the event of an Offtake customer credit default, the credit exposure on a derivative asset would be mitigated by the net exposure of the customer to the Group.

Wholesale trading credit risk

In offtake, credit exposure arises from the delivered unpaid amount owed by offtake customers for power delivered to them by the Group (import power). The majority of offtake customers are signed up to contracts that allow the Group to net cash payments upon settlement. This netting, combined with the fact that the Group purchases far more power than it delivers to these customers, means the Group's offtake customers generally have a net exposure to the Group thereby mitigating any credit risk. Offtake credit risk exposure can also arise from the forward fixing of power prices which can result in a derivative financial asset position. In the event of an Offtake customer credit default, the credit exposure on a derivative asset would be mitigated by the net exposure of the customer to the Group.

Supply credit risk

In supply, credit exposure arises from the delivered unpaid amount owed by supply customers for power supplied to them by the Group and the present value of any derivatives related to the forward fixing of power prices. The Group applies a credit policy under which the Group will supply power to any supply customer who passed the quantitative and qualitative credit assessment process.

During the financial year 0.16% of receivable balances as a percentage of Group's supply business' total turnover were written off (2021: 0.08%). The Group has applied the same methodology of credit assessment and scoring as used by Marubeni Corporation, supplemented with further enhancements by the Group's own credit approval process and procedures so that underlying credit risk is properly assessed before a contractual commitment is undertaken.

The Group's policy for supply credit risk is to apply for credit insurance from a credit insurance company (currently Atradius N.V.) for all supply sales opportunities and, if such application is not accepted by the credit insurance company, the Group further assesses the credit worthiness of the customer to determine if the credit risk can be mitigated by additional collateral.

The credit quality of market counterparties, offtake and supply customers is analysed using credit ratings published by Bureau Van Dijk (and S&P for large counterparties outside UK and Ireland) and is as follows (see next page):

Notes to the Financial Statements (continued)

20. Financial risk management (continued)

Credit Risk (continued)

Group

Rating	Credit quality	2023	2022
		£000	£000
Secure	Minimal risk	286,039	526,982
Stable	Low risk	51,365	-
Normal	**Average risk**	1,287,638	1,688,580
Caution	Slightly greater than average risk	462,337	720,409
High risk	High risk	123	-
Unrated	**Unrated**	191,889	141,068
		-----------	-----------
Total financial assets		**2,279,391**	**3,077,039**

Company

Rating	Credit quality	2022	2021
		£000	£000
		£000	£000
Secure	**Minimal risk**	174,994	521,660
Stable	Low risk	333	-
Normal	Average risk	1,259,113	1,660,561
Caution	**Slightly greater than average risk**	566,989	733,291
High risk	High risk	-	-
Unrated	Unrated	4,651	83,187
		-----------	-----------
Total financial assets		**2,006,080**	**2,998,699**

Unrated category relates to an accumulation of balances from counterparties without publicly available credit ratings. Such exposure historically generated insignificant bad debts.

Overall, the Group's low or well mitigated exposure to credit risk is further illustrated by the fact that the Group has historically experienced very low levels of bad debts.

The risk is further mitigated by the Group such that where an express written agreement exists, and this agreement is deemed legally enforceable, the Group manages its credit exposures net by counterparty. Where such an agreement is not in place, or where there is a debate as to the enforceability of the terms of the agreement that is in place, the credit exposure is managed gross.

Liquidity risk

Liquidity risk arises from the general funding requirements of the Group and its management of assets and liabilities. A maturity analysis of financial liabilities and derivatives is in note 13. The Group uses a combination of third party working capital facilities and cash to provide funding to support its business activities.

The Group's main funding needs during the current year were met by loan facility obtained from Marubeni Finance Europe (note 18).

Market risk

Market risk is the risk that the Group is unable to manage the price exposure in the electricity, gas and renewable markets of its open positions. A failure to manage this risk will then lead to gross margin loss on any such un-hedged positions. The risk is also arising from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Group's market risk is managed as follows:

Commodity price risk

The Group is affected by commodity price volatility of its fair valued gas and electricity derivative contracts.

The Group's commodity price risk is monitored through the application of a Risk Management Committee approved Value-at-Risk (VaR) limit and daily loss limit. Operational reports are sent to management on a daily basis and reports confirming compliance with the Group's Risk Policy to the monthly Risk Management Committee. The Group uses VaR as the basis for monitoring and controlling its commodity price risk. VaR is managed using the variance covariance model (VCV) on a 95% confidence interval, 5 day holding period. The VaR for the Company and relevant subsidiary undertakings as at 31 March was:

Value at Risk (VaR)	Currency	2023	2022
		'000	'000
SmartestEnergy Limited	GBP	1,548	5,576
SmartestEnergy Australia PTY Ltd	AUD	1,528	459
SmartestEnergy US LLC	USD	600	533

Notes to the Financial Statements (continued)

20. Financial risk management (continued)

Market Risk (continued)

As with any modelled risk measure, there are certain limitations that arise from the assumptions used in the VaR calculation, these include:

- Risk factors which are not fully addressed by the VaR methodology. These are addressed either by sensitivity or position limits or by stress testing scenarios;
- Changes in risk factors may not follow the assumed distribution. In particular, the normal distribution assumption may underestimate the probability of large market moves;
- Historical data may not be a good estimate of the potential changes to risk factors observed in the future and any modifications to that data may not be adequate; and
- VaR based on 95% confidence level does not reflect potential losses beyond that percentile.

VaR should not be viewed as a guarantee of the maximum daily loss that can be experienced by the Group on its portfolio. Nor can the Group be certain that losses will not exceed the VaR more frequently than five times in every one hundred days.

The Group accounts for all of its generation and retail contracts at fair value and economically hedges its commodity price exposure in the wholesale electricity forward market through the over-the-counter derivatives market and commodity exchanges and therefore does not consider the commodity price risk on its net open derivative position to be material

21. Ultimate parent undertaking and controlling party

The immediate and ultimate parent company and controlling party is Marubeni Corporation, a company incorporated in Japan. The results of the Company are consolidated in Marubeni Corporation's financial statements. Copies of Marubeni Corporation's financial statements can be obtained from its head office at 4-2, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8088, Japan.

22. Post balance sheet events

In May 2023, the Company entered into a 10-year lease agreement for new office space in Ipswich, United Kingdom. The lease resulted in the recognition of a right-of-use asset for £2.0 million, lease liabilities of £1.9 million, and provision for estimated dilapidation costs of £0.3 million.

As of 31 March 2023, the Group and Company had Parent Company Guarantees ("PCGs") and Letter of Credits ("LCs") facility allowance of up to £2,432 million. In June 2023, the facility was renewed with a new limit of £1,810 million, with an expiry date of June 2024.