

ESP Utilities Group Limited

Consolidated Interim Report

Period Ended

30 June 2022

Registered number 02612105

ESPUG Utilities Group Limited

Consolidated Interim Report
For the period ended 30 June 2022

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Directors

Anna Dellis
Nick Horler
Simon Lees
Paul Miles
Adam Miller
Stephen Morris (appointed 25 October 2021)
Kevin O'Connor
Bernardo Sottomayor
Vicki Spiers
Yaad Virdee

Secretary and registered office

Beach Secretaries Limited, Bluebird House, Mole Business Park, Leatherhead, KT22 7BA

Company number

02612105

Auditors

Deloitte LLP, 1 New Street Square, London, EC4A 3HQ

ESP Utilities Group Limited

Consolidated statement of comprehensive income For the period ended 30 June 2022

	6 months ended 30 June 2022 Unaudited £'000	6 months ended 30 June 2021 Unaudited £'000	12 months ended 31 December 2021 Audited £'000
Turnover	50,986	42,766	88,648
Cost of sales	(26,108)	(19,538)	(40,644)
Gross profit	24,878	23,228	48,004
Administrative expenses	(7,435)	(6,444)	(14,946)
Charge for bad debts	-	-	(1,030)
Group operating profit	17,443	16,784	32,028
Other interest receivable and similar income	1	6	6
Interest payable and similar charges	(5,942)	(5,029)	(10,796)
Profit on ordinary activities before taxation	11,502	11,761	21,238
Taxation on profit on ordinary activities	(1,534)	(3,272)	(6,557)
Profit for the financial period and total comprehensive income for the period	9,968	8,489	14,681

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations. There were no items of other comprehensive income in the current and prior year.

ESP Utilities Group Limited

Consolidated balance sheet at 30 June 2022

	30 June 2022 Unaudited £'000	30 June 2022 Unaudited £'000	30 June 2021 Unaudited £'000	30 June 2021 Unaudited £'000	31 December 2021 Audited £'000	31 December 2021 Audited £'000
Fixed assets						
Tangible assets		392,970		356,599		373,612
Current assets						
Debtors	12,672		12,138		9,974	
Cash at bank and in hand	31,964		56,700		36,304	
	<u>44,636</u>		<u>68,838</u>		<u>46,278</u>	
Creditors: amounts falling due within one year	<u>(33,117)</u>		<u>(28,951)</u>		<u>(27,457)</u>	
Net current assets/(liabilities)		<u>11,519</u>		<u>39,887</u>		<u>18,821</u>
Total assets less current liabilities		<u>404,489</u>		<u>396,486</u>		<u>392,433</u>
Creditors: amounts falling due after more than one year		<u>(374,719)</u>		<u>(374,817)</u>		<u>(374,164)</u>
Provisions for liabilities		<u>(21,567)</u>		<u>(16,876)</u>		<u>(20,034)</u>
Net assets		<u>8,203</u>		<u>4,793</u>		<u>(1,765)</u>
Capital and reserves						
Called up share capital		156,426		156,426		156,426
Profit and loss account		(148,223)		(151,633)		(158,191)
		<u>8,203</u>		<u>4,793</u>		<u>(1,765)</u>

The consolidated interim report was approved by the Board of Directors and authorised for issue on 26 September 2022 and were signed on its behalf by:



Paul Miles
Director

ESP Utilities Group Limited

Consolidated statement of changes in equity For the period ended 30 June 2022

	Share capital 30 June 2022 Unaudited £'000	Profit and loss account 30 June 2022 Unaudited £'000	Total equity 30 June 2022 Unaudited £'000	Share capital 30 June 2021 Unaudited £'000	Profit and loss account 30 June 2021 Unaudited £'000	Total Equity 30 June 2021 Unaudited £'000	Share capital 31 December 2021 Audited £'000	Profit and loss account 31 December 2021 Audited £'000	Total Equity 31 December 2021 Audited £'000
1 January	156,426	(158,191)	(1,765)	156,426	(148,322)	8,104	156,426	(148,322)	8,104
Comprehensive income for the period	-	9,968	9,968	-	8,489	8,489	-	14,681	14,681
Total comprehensive income for the period	-	9,968	9,968	-	8,489	8,489	-	14,681	14,681
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(11,800)	(11,800)	-	(24,550)	(24,550)
Total contributions by and distributions to owners	-	-	-	-	(11,800)	(11,800)	-	(24,550)	(24,550)
30 June	156,426	(148,223)	8,203	156,426	(151,633)	4,793	156,426	(158,191)	(1,765)

ESP Utilities Group Limited

Consolidated statement of cash flows For the period ended 30 June 2022

	6 month ended 30 June 2022 Unaudited £'000	6 month ended 30 June 2021 Unaudited £'000	Year ended 31 December 2021 Audited £'000
Cash flows from operating activities			
Profit for the financial period	9,968	8,489	14,681
Adjustments for:			
Depreciation and amortisation of fixed assets	5,244	4,843	10,047
Net interest payable/(receivable)	5,941	5,023	10,790
Taxation expense	1,534	3,272	6,557
(Increase)/Decrease in trade and other debtors	(1,892)	(3,398)	(1,183)
Increase/(decrease) in trade creditors	4,643	3,490	1,057
Profit on disposal of tangible assets	(20)	(18)	(51)
Cash from operations	25,418	21,701	41,898
Interest paid	(5,219)	(4,410)	(10,571)
Taxation paid	(986)	-	-
Dividends paid	-	(11,800)	(24,550)
Net cash generated from operating activities	19,213	5,491	6,777
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets	53	41	127
Purchases of tangible fixed assets	(23,607)	(24,334)	(46,102)
Interest received	1	6	6
Net cash used in investing activities	(23,553)	(24,287)	(45,969)
Cash flows from financing activities			
Capex loan advanced	-	-	-
Loan note issued	-	60,000	60,000
Net cash from financing activities	-	60,000	60,000
Net (decrease) / increase in cash and cash equivalents	(4,340)	41,204	20,808
Cash and cash equivalents at beginning of year	36,304	15,496	15,496
Cash and cash equivalents at end of period	31,964	56,700	36,304
Cash and cash equivalents comprise:			
Cash at bank and in hand	31,964	56,700	36,304
Bank overdrafts	-	-	-
	31,964	56,700	36,304

ESP Utilities Group Limited

Notes forming part of the consolidated interim report For the period ended 30 June 2022

1 Financial Information

The interim financial information for the 6 months ended 30 June 2022 does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. It has been prepared using accounting policies and principles consistent with those applied in the preparation of the audited accounts of ESP Utilities Group Ltd for the period ended 31 December 2021.

The interim financial information has been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

2 Comparatives

The comparatives in the interim financial information are the figures included in the audited financial statements for ESP Utilities Group Ltd for the period ended 31 December 2021, together with the unaudited results for the 6 months ending 30 June 2021.

3 Analysis of Turnover

	6 months ended 30 June 2022 Unaudited £'000	6 months ended 30 June 2021 Unaudited £'000	12 months ended 31 December 2021 Audited £'000
Analysis by class of business:			
Gas transportation	18,231	16,764	34,362
Gas metering	4,551	4,796	9,539
Electricity distribution	27,842	20,847	44,028
Release of deferred income on third party contributions	362	359	719
	<u>50,986</u>	<u>42,766</u>	<u>88,648</u>

The Group's revenue is generated in the United Kingdom (excluding Northern Ireland).

4 Debtors

	Group 30 June 2022 Unaudited £'000	Group 30 June 2021 Unaudited £'000	Group 31 December 2021 Audited £'000
Trade debtors	8,789	9,197	8,317
Other debtors	-	31	53
Corporation tax	858	-	-
Prepayments and accrued income	3,025	2,910	1,604
	<u>12,672</u>	<u>12,138</u>	<u>9,974</u>

All debtors are due within one year.

ESP Utilities Group Limited

Notes forming part of the consolidated interim report For the period ended 30 June 2022 (continued)

4 Debtors (continued)

The amounts owed by group undertakings relate to intercompany balances which do not bear interest and are repayable on demand by the Company when sufficient funds are available to do so.

5 Creditors: amounts falling due within one year

Group	30 June 2022 Unaudited £'000	30 June 2021 Unaudited £'000	31 December 2021 Audited £'000
Trade creditors	15,756	15,750	12,864
Loans due to Group undertakings	2,195	2,195	2,195
Loan note interest due	2,106	2,001	2,102
Taxation and social security	219	163	182
Other creditors	3,471	1,352	778
Corporation tax	-	-	128
Accruals and deferred income	9,370	7,490	9,208
	33,117	28,951	27,457

Loans due to Group undertakings are currently attracting interest at a fixed rate of 8% (2021: 8%). The loan is repayable on demand.

6 Creditors: amounts falling due after more than one year

Group	30 June 2022 Unaudited £'000	30 June 2021 Unaudited £'000	31 December 2021 Audited £'000
Loan notes	312,691	312,467	311,971
Capex loan	30,000	30,000	30,000
Deferred income	32,028	32,350	32,193
	374,719	374,817	374,164

The deferred income relates to contributions, from owner-occupiers of premises, partly to offset the capital expenditure on the infill networks, which are received at the time of initial connection. These receipts are released to the statement of comprehensive income account over the useful life of the related assets.

ESP Utilities Group Limited

Notes forming part of the consolidated interim report For the period ended 30 June 2022 (continued)

6 Creditors: amounts falling due after more than one year (continued)

The loan notes are secured by an All Assets charge over the assets of the Group, and are structured as follows:

£54m at 2.69% Senior Secured Tranche A note due 6th October 2027
 £85m at 3.05% Senior Secured Tranche B note due 6th October 2032
 £30m at 2.116% Senior Secured note due 13th February 2035
 £30m at 2.53% Senior Secured note due 30th June 2036
 £85m at 3.35% Senior Secured Tranche C note due 6th October 2037
 £30m at 2.736% Senior Secured note due 13th May 2041

The Capex loan is repayable in full in October 2022 and incurs interest at a rate of Sonia plus 1.62%. The bank loans are secured by an All Assets charge over the assets of the Group

The analysis of loans due to Group undertakings is as follows:

Group	30 June 2022 Unaudited £'000	30 June 2021 Unaudited £'000	31 December 2021 Audited £'000
In one year or less, or on demand	2,195	2,195	2,195
In more than one year but not more than two years	-	-	-
In more than two years but not more than five years	-	-	-
In more than five years	-	-	-
	<u>2,195</u>	<u>2,195</u>	<u>2,195</u>

7 Financial instruments

The Group's financial instruments may be analysed as follows:

	Group 30 June 2022 Unaudited £'000	Group 30 June 2021 Unaudited £'000	Group 31 December 2021 Unaudited £'000
Financial assets			
<i>measured at amortised cost:</i>			
Cash at bank	31,964	56,700	36,304
Trade debtors	8,789	9,197	8,317
Other debtors	-	31	53
	<u>40,753</u>	<u>65,928</u>	<u>44,674</u>
Financial liabilities			
<i>measured at amortised cost:</i>			
Trade creditors	15,756	15,750	12,864
Loans due to Group undertakings	2,195	2,195	2,195
Loan note interest	2,106	2,001	2,102
Other creditors	3,212	1,352	778
Accruals	8,660	7,490	8,501
Loan notes	312,691	312,467	311,971
Capex loan	30,000	30,000	30,000
	<u>374,610</u>	<u>377,655</u>	<u>379,311</u>

ESP Utilities Group Limited

Notes forming part of the consolidated interim report
For the period ended 30 June 2022 (*continued*)

8 Capital commitments	30 June	30 June	31 December
Group	2022	2021	2021
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Contracted but not provided for	178,418	158,004	177,793
	<u>178,418</u>	<u>158,004</u>	<u>177,793</u>
9 Reconciliation of operating profit to EBITDA	30 June	30 June	31 December
Group	2022	2021	2021
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Group Operating Profit	17,443	16,784	32,028
Add back net depreciation	4,882	4,485	9,327
	<u>22,325</u>	<u>21,269</u>	<u>41,355</u>
EBITDA	22,325	21,269	41,355
	<u>22,325</u>	<u>21,269</u>	<u>41,355</u>

10 Related party disclosures

The Group's immediate holding company is Zoom Gas Pipelines Limited, a company registered in England and Wales. The Group's ultimate holding company is Zoom Holding Limited, a company registered in England and Wales. The Group is ultimately controlled by 3i MIA LP, an English limited partnership, which is managed by 3i Investments plc. 3i Investments plc is wholly owned by 3i Group plc. The general partner of 3i MIA LP is 3i Managed Infrastructure GP (2017) LLP.

The smallest group in which the results of the Group are consolidated is that headed by ESP Utilities Group Limited.

The largest group in which the results of the Group are consolidated is that headed by Zoom Holding Limited.