

ESP Utilities Group Limited

Consolidated Interim Report

Period Ended

30 June 2023

Registered number 02612105

ESPUG Utilities Group Limited

Consolidated Interim Report
For the period ended 30 June 2023

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Directors

Anna Dellis
Nick Horler
Simon Lees
Paul Miles
Adam Miller
Stephen Morris
Kevin O'Connor
Bernardo Sottomayor
Vicki Spiers
Yaad Virdee
Peter Whittaker (Appointed 21 February 2023)

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 2023

	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000	12 months ended 31 December 2022 Audited £'000
Turnover	60,326	50,986	109,022
Cost of sales	(31,188)	(26,108)	(57,267)
Gross profit	29,138	24,878	51,755
Administrative expenses	(8,562)	(7,435)	(18,719)
Charge for bad debts	-	-	1,095
Group operating profit	20,576	17,443	34,131
Other interest receivable and similar income	201	1	1
Interest payable and similar charges	(6,776)	(5,942)	(12,177)
Profit on ordinary activities before taxation	14,001	11,502	21,955
Taxation on profit on ordinary activities	(2,066)	(1,534)	(2,418)
Profit for the financial period and total comprehensive income for the period	11,935	9,968	19,537

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 2023

	30 June 2023 Unaudited £'000	30 June 2023 Unaudited £'000	30 June 2022 Unaudited £'000	30 June 2022 Unaudited £'000	31 December 2022 Audited £'000	31 December 2022 Audited £'000
Fixed assets						
Tangible assets		429,308		392,970		410,575
Current assets						
Debtors	14,177		12,672		17,168	
Cash at bank and in hand	39,906		31,964		41,663	
	<u>54,083</u>		<u>44,636</u>		<u>58,831</u>	
Creditors: amounts falling due within one year	<u>(33,230)</u>		<u>(33,117)</u>		<u>(52,976)</u>	
Net current assets/(liabilities)		<u>20,853</u>		<u>11,519</u>		<u>5,855</u>
Total assets less current liabilities		<u>450,161</u>		<u>404,489</u>		<u>416,430</u>
Creditors: amounts falling due after more than one year		<u>(424,792)</u>		<u>(374,719)</u>		<u>(404,934)</u>
Provisions for liabilities		<u>(24,162)</u>		<u>(21,567)</u>		<u>(22,224)</u>
Net assets		<u>1,207</u>		<u>8,203</u>		<u>(10,728)</u>
Capital and reserves						
Called up share capital		156,426		156,426		156,426
Profit and loss account		(155,219)		(148,223)		(167,154)
		<u>1,207</u>		<u>8,203</u>		<u>(10,728)</u>

The consolidated interim report was approved by the Board of Directors and authorised for issue on 26 September 2023 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 2023

	Share capital 30 June 2023 Unaudited £'000	Profit and loss account 30 June 2023 Unaudited £'000	Total equity 30 June 2023 Unaudited £'000	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 31 December 2022 Audited £'000	Profit and loss account 31 December 2022 Audited £'000	Total Equity 31 December 2022 Audited £'000
1 January	156,426	(167,154)	(10,728)	156,426	(158,191)	(1,765)	156,426	(158,191)	(1,765)
Comprehensive income for the period	-	11,935	11,935	-	9,968	9,968	-	19,537	19,537
Profit for the period	-	11,935	11,935	-	9,968	9,968	-	19,537	19,537
Total comprehensive income for the period	-	11,935	11,935	-	9,968	9,968	-	19,537	19,537
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(28,500)	(28,500)
Total contributions by and distributions to owners	-	-	-	-	-	-	-	(28,500)	(28,500)
30 June	156,426	(155,219)	1,207	156,426	(148,223)	8,203	156,426	(167,154)	(10,728)

ESP Utilities Group Limited

Consolidated statement of cash flows For the period ended 30 June 2023

	6 month ended 30 June 2023 Unaudited £'000	6 month ended 30 June 2022 Unaudited £'000	Year ended 31 December 2022 Audited £'000
Cash flows from operating activities			
Profit for the financial period	11,935	9,968	19,537
Adjustments for:			
Depreciation and amortisation of fixed assets	5,838	5,244	10,753
Net interest payable/(receivable)	6,575	5,941	12,176
Taxation expense	2,066	1,534	2,418
(Increase)/Decrease in trade and other debtors	2,735	(1,892)	(6,410)
Increase/(decrease) in trade creditors	(20,618)	4,643	11,651
Profit on disposal of tangible assets	(11)	(20)	(32)
Cash from operations	8,520	25,418	50,093
Interest paid	(5,604)	(5,219)	(11,006)
Taxation paid	107	(986)	(1,169)
Dividends paid	-	-	(14,500)
Net cash generated from operating activities	3,023	19,213	23,418
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets	13	53	128
Purchases of tangible fixed assets	(24,994)	(23,607)	(48,188)
Interest received	201	1	1
Net cash used in investing activities	(24,780)	(23,553)	(48,059)
Cash flows from financing activities			
Capex loan advanced	20,000	-	30,000
Loan note issued	-	-	-
Net cash from financing activities	20,000	-	30,000
Net (decrease) / increase in cash and cash equivalents	(1,757)	(4,340)	5,359
Cash and cash equivalents at beginning of year	41,663	36,304	36,304
Cash and cash equivalents at end of period	39,906	31,964	41,663
Cash and cash equivalents comprise:			
Cash at bank and in hand	39,906	31,964	41,663
Bank overdrafts	-	-	-
	39,906	31,964	41,663

ESP Utilities Group Limited

Notes forming part of the consolidated interim report For the period ended 30 June 2023

1 Financial Information

The interim financial information for the 6 months ended 30 June 2023 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 2022.

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 2022, together with the unaudited results for the 6 months ending 30 June 2022.

3 Analysis of Turnover

	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000	12 months ended 31 December 2022 Audited £'000
Analysis by class of business:			
Gas transportation	21,742	18,231	37,378
Gas metering	5,428	4,551	9,546
Electricity distribution	32,791	27,842	61,372
Release of deferred income on third party contributions	365	362	726
	60,326	50,986	109,022

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

4 Debtors

	Group 30 June 2023 Unaudited £'000	Group 30 June 2022 Unaudited £'000	Group 31 December 2022 Audited £'000
Trade debtors	9,141	8,789	4,727
Other debtors	1,172	-	9,735
Corporation tax	580	858	814
Prepayments and accrued income	3,284	3,025	1,892
	14,177	12,672	17,168

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 2023 (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 2023 Unaudited £'000	30 June 2022 Unaudited £'000	31 December 2022 Audited £'000
Trade creditors	14,152	15,756	13,120
Loans due to Group undertakings	2,200	2,195	2,195
Loan note interest due	3,165	2,106	2,112
Taxation and social security	231	219	219
Other creditors	538	3,471	16,080
Corporation tax	-	-	-
Accruals and deferred income	12,944	9,370	19,250
	33,230	33,117	52,976

Loans due to Group undertakings are currently attracting interest at a fixed rate of 8% (2022: 8%). The loan is repayable on demand.

6 Creditors: amounts falling due after more than one year

Group	30 June 2023 Unaudited £'000	30 June 2022 Unaudited £'000	31 December 2022 Audited £'000
Loan notes	313,247	312,691	313,132
Capex loan	80,000	30,000	60,000
Deferred income	31,545	32,028	31,802
	424,792	374,719	404,934

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 2023 (*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 2026 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 2023 Unaudited £'000	30 June 2022 Unaudited £'000	31 December 2022 Audited £'000
In one year or less, or on demand	2,200	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	-	-	-
	2,200	2,195	2,195

7 Financial instruments

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

	Group 30 June 2023 Unaudited £'000	Group 30 June 2022 Unaudited £'000	Group 31 December 2022 Unaudited £'000
Financial assets			
<i>measured at amortised cost:</i>			
Cash at bank	39,906	31,964	41,663
Trade debtors	9,141	8,789	4,727
Other debtors	1,172	-	9,735
	40,219	40,753	56,125
Financial liabilities			
<i>measured at amortised cost:</i>			
Trade creditors	14,152	15,756	13,120
Loans due to Group undertakings	2,200	2,195	2,195
Loan note interest	3,165	2,106	2,112
Other creditors	538	3,212	16,080
Accruals	12,944	8,660	19,250
Loan notes	313,247	312,691	313,132
Capex loan	80,000	30,000	60,000
	443,286	481,610	536,889

ESP Utilities Group Limited

Notes forming part of the consolidated interim report
For the period ended 30 June 2023 (*continued*)

8 Capital commitments

Group	30 June 2023 Unaudited £'000	30 June 2022 Unaudited £'000	31 December 2022 Audited £'000
Contracted but not provided for	187,232	178,418	184,440

9 Reconciliation of operating profit to EBITDA

Group	30 June 2023 Unaudited £'000	30 June 2022 Unaudited £'000	31 December 2022 Audited £'000
Group Operating Profit	20,576	17,443	34,131
Add back net depreciation	5,473	4,882	10,024
EBITDA	26,049	22,325	44,155

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.