

Company registration number: 10989875

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2025

RETAIL ENERGY CODE
COMPANY LIMITED

MENZIES
BRIGHTER THINKING

RETAIL ENERGY CODE COMPANY LIMITED

COMPANY INFORMATION

Directors	R Awatar H Charlton R M Rotko D J Wylie P A Hallas H Nixon (appointed 1 April 2025) I A Haigh
Company secretary	B F O'Shea
Registered number	10989875
Registered office	27 Old Gloucester Street London WC1N 3AX
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Magna House 18-32 London Road Staines-Upon-Thames TW18 4BP

RETAIL ENERGY CODE COMPANY LIMITED

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RETAIL ENERGY CODE COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2025

Business Review

The Retail Energy Code Company Ltd ('RECCo') was established as the corporate vehicle for ensuring the proper, effective, and efficient implementation and ongoing management of the Retail Energy Code (the REC). The REC is a set of detailed rules and governance arrangements which ensure the effective and efficient operation of the competitive GB retail energy supply market.

The retail energy supply market has undergone significant change over the last three to five years. It has become clear that a strong consumer focus, balanced with sustainable and efficient market and business practices are integral to its success. RECCo, acting as intelligent customer on behalf of the market participants procures, manages, and transforms a suite of central services, systems and processes. In doing so we need to strike the right balance between what is needed to address current market challenges, while preparing for what is needed in the future.

RECCo is a not-for-profit organisation and in each financial year our income must match our costs. Prior to the start of each financial year we agree a budget with industry, which is a good faith estimate of the costs that are anticipated to be incurred in delivering the Strategy and Forward Work Plan. Where the costs incurred are less than our good faith estimate we return the surplus to the funding parties as a rebate against their charges for the subsequent year. Acting on stakeholder feedback, we strengthened our future budget development and consultation process. We enhanced our transparency through publication of business cases for investment projects, deeper analysis of staffing and headcount and provided early sight of expected current year outturn.

The 12-month period to 31 March 2025 continued to be a challenge for all sectors of the energy industry as the continuing impact of the cost-of-living crisis and high energy prices was felt. We continued to support REC Parties in their enduring compliance with the REC and deliver on our obligations under retail specific programmes and initiatives. We continue to develop the RECCo operating environment and grow our human capital resource capacity and capability to match our delivery obligations, we delivered several foundational step changes for the future. Our development and deployment of the Payment Method Levelisation scheme and system will have a direct beneficial impact on vulnerable customers.

RETAIL ENERGY CODE COMPANY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Directors' statement of compliance with duty to promote the success of the Company

Under Section 172(1) of the Companies Act 2006, the Board of Directors have a duty to act in good faith and in a way that would be most likely to promote the success of the Company for the benefit of its stakeholders whilst having regard to matters set out in Section 172(1) (a-f) of the Act.

The governance of RECCo is primarily set out in the Retail Energy Code rather than in its Articles of Associations. Section 5 of the REC sets out the role of RECCo and also requires that the RECCo Board shall, in all its activities, always act in a manner designed to achieve that the REC is given full and prompt effect in accordance with its provisions, in a manner consistent with the REC Objectives, and without undue discrimination between Parties or Users or any classes of Party or User; and that the RECCo Board conducts its affairs in an open and transparent manner.

RECCo has made significant strides over the past financial year, advancing an ambitious work programme aligned with ensuring continued delivery of the REC Objectives and the evolving needs of the retail energy market. RECCo achieved key milestones across major industry programmes, digital innovation, and consumer protection. Looking to the long-term, RECCo also strategically examined its future operating model including its future services profile. Alongside this RECCo initiated a strategic review of the operation of the REC Performance Assurance Framework and regime. These together were done with the objective of ensuring the REC, RECCo and the REC Services are fit for purpose for the future.

As always, stakeholder insights have helped shape this thinking and we have proactively sought their views through publication of our Strategy, Forward Work Plan and Budget including long-term financial projections. We engaged with industry on a bi-lateral basis as well as webinars offering participants the opportunity to engage directly on the day or through written submissions.

RECCo operates as a virtual organisation, a model that has served us well, enabling us to draw on talent from across the UK. The directors are committed to promoting an engaged and healthy workforce, recognising the importance of both physical and mental wellbeing. We engage with our team through weekly and monthly team meetings, employee engagement surveys and this promotes strong communication channels through the business. The directors encourage progression in the business through appropriate training and development.

We foster relationships with our suppliers through a variety of channels ranging from establishing strong commercial and procurement relationships through open and competitive procurements, unambiguous contracts and paying our suppliers in a timely manner. Our service delivery function engages with our suppliers daily to ensure that services are delivering the required standard and continuing to evolve to meet our needs. Our transformation team look to ensure that services are designed and built in line with our data and digitalization strategy including security by design.

We have established a code manager service whereby REC stakeholders are actively consulted with, as part of the development of industry change. All changes are publicly consulted on and where appropriate require regulatory consent through Ofgem approval. The change process allows for prioritization of change and creation of alternative proposals. All REC stakeholders have an equal voice in the change process.

Stakeholder satisfaction with REC Services rose in 2024, with our Annual Satisfaction Survey showing an average increase from 7.0 to 7.5 out of 10 across our collective REC Services. This reflects the efforts of our team and service partners and the impact of service user feedback. Effective stakeholder engagement remains central to our approach and we delivered over 240 engagements with nearly 950 stakeholders thereby strengthening relationships, enhancing transparency, and building mutual understanding.

We are aware of our obligations regarding environmental impact and supporting the UK achieve Net Zero targets. Our approach to this is twofold, firstly through changes to the REC which will deliver on the governments commitment and secondly through our operational practices be that limitations on use of air travel or requiring our substantial contracts to include sustainability and environmental commitments.

The directors, individually and collectively, believe they have acted in good faith at all times during the year and are focused on promoting the success of the group for the benefit of all stakeholders. The directors consider the impact on the interests of the group stakeholders, while discharging all their duties.

RETAIL ENERGY CODE COMPANY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Principal risks and uncertainties

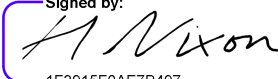
The REC Board has established a Risk Committee whose purpose is to identify, assess, and manage risks that may impact the organisation's mission, operations, and financial stability. It ensures effective risk governance and supports informed decision-making. The Risk Committee meets quarterly, reviews all high value risks and conducts deep dive into certain risk categories. It reports its findings to the Board. RECCo's risk management methodology uses key components of the Government Orange Book: Management of Risk - Principles and Concepts. The Risk Committee consider the key strategic risks for RECCo to be cyber risk, future code manager licence obligations and resources management. The organisation has taken action to address each including enhancing our security and data protection capability, developing an engagement programme with Ofgem to ensure the organisation is fully ready to take on licence obligations and a proactive resources and people management culture.

Key performance indicators

Due to the nature of RECCo's activities, the directors consider there to be no key performance indicator to report.

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

Signed by:



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H. Nixon

Director

Signed by:



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D J Wylie

Director

Date: 13-Aug-25 | 21:47 BST

14-Aug-25 | 11:25 BST

RETAIL ENERGY CODE COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025

The directors present their report and the financial statements for the year ended 31 March 2025.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Principal activity

The Retail Energy Code (REC) is a dual fuel code designated by Ofgem in February 2019 and sets out the governance and processes to enable the operation of faster and more reliable arrangements for consumers to switch their energy suppliers. The Retail Energy Code Company (RECCo) is the corporate vehicle for ensuring the proper, effective, and efficient implementation and ongoing management of the REC. RECCo is a non-profit making company and its costs are recovered mainly from licenced energy suppliers and electricity distribution businesses, in accordance with the funding and charging methodology arrangements set out in the REC.

The principal activity of the company during the year was to facilitate the ongoing development of the REC and procure and deliver a suite of central market services to support industry participants in the effective and efficient discharge of their regulatory obligations as set out in the REC. During the year the company continued to invest in the development of services, systems, and processes to deliver the services set out in the REC necessary for the effective operation of the retail energy market including the industry faster switching services which went live in July 2022. RECCo continued to support the ongoing development of the Market-wide Half Hourly Settlement (MHHS) programme which will have a material impact on the retail energy market and consumers, and for which RECCo have an obligation to deliver a key element. The company also invested in the design, build, implementation and operation of the Prepayment Method Levelisation Reconciliation Scheme which went live on 01 April 2024, an Ofgem led initiative designed to introduce common energy tariff charges across prepayment and direct debit customers .

Directors

The directors who served during the year were:

C Anastasi (resigned 31 March 2025)
R Awatar
H Charlton
R M Rotko

RETAIL ENERGY CODE COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

D J Wylie
P A Hallas
I A Haigh

Engagement with suppliers, stakeholder and others

We set out our engagement with suppliers and stakeholder as part of the Strategic Review on page 2.

Greenhouse gas emissions, energy consumption and energy efficiency action

We set out commitment to Net Zero as part of the Strategic Review on page 2.

Disclosure of information to auditors

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

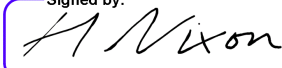
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

Signed by:

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H. Nixon
Director

Date: 13-Aug-25 | 21:47 BST

Signed by:

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D J Wylie
Director

Date: 14-Aug-25 | 11:25 BST

RETAIL ENERGY CODE COMPANY LIMITED

MENZIES
BRIGHTER THINKING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RETAIL ENERGY CODE COMPANY LIMITED

Opinion

We have audited the financial statements of Retail Energy Code Company Limited (the 'Company') for the year ended 31 March 2025, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Company's ability to continue as a going concern for a period of at least twelve 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.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

RETAIL ENERGY CODE COMPANY LIMITED

MENZIES
BRIGHTER THINKING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RETAIL ENERGY CODE COMPANY LIMITED (CONTINUED)

Opinion 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 the 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

RETAIL ENERGY CODE COMPANY LIMITED

MENZIES
BRIGHTER THINKING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RETAIL ENERGY CODE COMPANY LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the most significant laws and regulation was Companies Act 2006, employment law and the REC.
- We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.
- We understood how the Company is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas;

- posting of fraudulent journal entries
- authorisation, processing, and payment of fraudulent expenses
- timing of revenue recognition.

Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgments made by management in its significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations
- Testing expenditure transactions for evidence of authorisation and obtained signed agreements where applicable.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

RETAIL ENERGY CODE COMPANY LIMITED

MENZIES
BRIGHTER THINKING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RETAIL ENERGY CODE COMPANY LIMITED (CONTINUED)

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 Auditors' 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.

DocuSigned by:

Janice Matthews

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Janice Matthews FCA

Menzies LLP

Chartered Accountants

Statutory Auditor

Magna House

18-32 London Road

Staines-Upon-Thames

TW18 4BP

Date:

14-Aug-25 | 17:01 BST

RETAIL ENERGY CODE COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

		2025 £	2024 £
Turnover	3	42,245,645	38,406,044
Gross profit		42,245,645	38,406,044
Administrative expenses		(42,325,891)	(38,489,648)
Operating loss		(80,246)	(83,604)
Interest receivable and similar income	7	105,954	106,998
Profit before tax		25,708	23,394
Tax on profit	8	(25,708)	(23,394)
Profit for the financial year		-	-

There were no recognised gains and losses for 2025 or 2024 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2025 (2024:£NIL).

The notes on pages 16 to 22 form part of these financial statements.

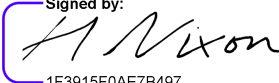
RETAIL ENERGY CODE COMPANY
LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Note	2025 £	2024 £
Fixed assets			
Debtors due after more than 1 year		700,000	3,461,500
		<u>700,000</u>	<u>3,461,500</u>
Current assets			
Debtors: amounts falling due within one year	9	3,206,694	5,770,030
Cash at bank and in hand	10	16,853,414	15,123,754
		<u>20,060,108</u>	<u>20,893,784</u>
Creditors: amounts falling due within one year	11	(20,062,563)	(20,896,239)
Net current liabilities		<u>(2,455)</u>	<u>(2,455)</u>
Total assets less current liabilities		<u>697,545</u>	<u>3,459,045</u>
Trade creditors >1 yr		(700,000)	(3,461,500)
Net liabilities		<u>(2,455)</u>	<u>(2,455)</u>
Capital and reserves			
Called up share capital	13	94	94
Profit and loss account		(2,549)	(2,549)
		<u>(2,455)</u>	<u>(2,455)</u>

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

Signed by:



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.....

H Nixon

Director

Date: 13-Aug-25 | 21:47 BST

Signed by:



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.....

D J Wylie

Director

Date: 14-Aug-25 | 11:25 BST

The notes on pages 16 to 22 form part of these financial statements.

RETAIL ENERGY CODE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2025

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2024	94	(2,549)	(2,455)
At 31 March 2025	94	(2,549)	(2,455)

The notes on pages 16 to 22 form part of these financial statements.

RETAIL ENERGY CODE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2023	94	(2,549)	(2,455)
At 31 March 2024	94	(2,549)	(2,455)

The notes on pages 16 to 22 form part of these financial statements.

RETAIL ENERGY CODE COMPANY LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	2025 £	2024 £
Cash flows from operating activities		
Profit for the financial year	25,708	23,394
Adjustments for:		
Interest received	(105,954)	(106,998)
Decrease/(increase) in debtors	6,225,436	(9,135,328)
Decrease in creditors	(4,470,392)	(10,069,234)
Corporation tax (paid)	(51,092)	(1,413)
Net cash generated from operating activities	1,623,706	(19,289,579)
Cash flows from investing activities		
Interest received	105,954	106,998
Net cash from investing activities	105,954	106,998
Net increase/(decrease) in cash and cash equivalents	1,729,660	(19,182,581)
Cash and cash equivalents at beginning of year	15,123,754	34,306,335
Cash and cash equivalents at the end of year	16,853,414	15,123,754
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	16,853,414	15,123,754
	16,853,414	15,123,754

The notes on pages 16 to 22 form part of these financial statements.

RETAIL ENERGY CODE COMPANY LIMITED

ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 MARCH 2025

	At 1 April 2024 £	Cash flows £	At 31 March 2025 £
Cash at bank and in hand	15,123,754	1,729,660	16,853,414
	<u>15,123,754</u>	<u>1,729,660</u>	<u>16,853,414</u>

The notes on pages 16 to 22 form part of these financial statements.

RETAIL ENERGY CODE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1. General information

Retail Energy Code Company Limited is a private company, limited by shares, registered in England and Wales, registration number 10989875. The principal place of business is 27 Old Gloucester Street, London England, WC1N 3AX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue

Income represents amounts charged to licenced energy suppliers, licenced electricity distribution business who have acceded to the Retail Energy Code and charges to other energy industry participants in accordance with the REC charging methodology and RECCo Charging Statement. In accordance with the provisions set out in the REC, RECCo shall be entitled to recover, all the reasonable costs and expenses RECCo properly incurs pursuant to the REC. Each energy supplier shall be liable to fund the costs incurred by RECCo in respect of each financial year in proportion to their market share except to the extent those costs are recovered from electricity distribution companies and other industry entities in accordance with the REC charging methodology and RECCo Charging Statement. Where an energy supplier has been invoiced on account during the year for a sum greater than their share of the recoverable costs, a rebate is included in creditors as other creditors, and where an energy suppliers share of recoverable costs exceeds the amount invoiced on account in the year the balance is included in debtors as accrued income. Revenue is recognised net of VAT.

We do not show the charges levied under the Tariff Method Levelisation scheme we administer as revenue. As part of the scheme, Energy Suppliers provide RECCo with customer portfolio data by distribution region and Ofgem provide RECCo with tariff data. RECCo carries out a reconciliation to identify which Energy suppliers are required to contribute to the scheme and which Energy Suppliers, because of their customer portfolio being predominately prepayment customers, are beneficiaries from the scheme. This calculation is done monthly. We raise invoices to the contributor suppliers. On payment of the invoices, we allocate the cash received proportional to the suppliers who are beneficiaries and we remit the monies, in a timely manner, to those losing suppliers. The income generated does not form part of the REC charging regime. Consequently, we do not recognise any receipts or payments in RECCo's financial accounts in relation to Tariff Method Levelisation, however, we do recognise all costs incurred in administering the scheme which are recoverable through the REC charges.

RETAIL ENERGY CODE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

2.4 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.5 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.6 Debtors

Trade debtors are amounts due from customers in respect of invoices issued for their share of the RECCo costs or REC services provided. Short term debtors are measured at transaction price, less any impairment.

Long term debtors at 31 March 2025, are amounts recoverable from the Smart DCC which will be recovered as a reduction against the service charges in 2026/27. Long term debtors at 31 March 2024 are recoverable from Smart DCC in 2025/26.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.8 Financial instruments

Financial instruments are recognised in the Company's Statement of financial position when the Company becomes party to the contractual provisions of the instrument.

RETAIL ENERGY CODE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

3. Turnover

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

	2025 £	2024 £
Retail Energy Code charges	41,737,284	37,625,104
Other services	508,361	780,940
	<u>42,245,645</u>	<u>38,406,044</u>

All turnover arose within the United Kingdom.

4. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2025 £	2024 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	<u>15,900</u>	<u>14,740</u>
Statutory accounts preparation services	<u>2,500</u>	<u>2,310</u>

RETAIL ENERGY CODE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

5. Employees

Staff costs, including directors' remuneration, were as follows:

	2025 £	2024 £
Wages and salaries	3,543,765	2,850,508
Social security costs	485,893	336,595
Cost of defined contribution scheme	496,526	405,528
	<u>4,526,184</u>	<u>3,592,631</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2025 No.	2024 No.
Employees	<u>48</u>	<u>39</u>

6. Directors' remuneration

	2025 £	2024 £
Directors' emoluments	<u>262,944</u>	<u>242,793</u>
	<u>262,944</u>	<u>242,793</u>

The highest paid director received remuneration of £108,000 (2024 - £108,000).

7. Interest receivable

	2025 £	2024 £
Other interest receivable	<u>105,954</u>	<u>106,998</u>
	<u>105,954</u>	<u>106,998</u>

RETAIL ENERGY CODE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

8. Taxation

	2025 £	2024 £
Corporation tax		
Current tax on profits for the year	25,708	23,394
	<u>25,708</u>	<u>23,394</u>
Total current tax	<u>25,708</u>	<u>23,394</u>

Factors affecting tax charge for the year

The tax assessed for the year is £25,708 (2024 - £23,394) the standard rate of corporation tax in the UK of 19% (2024 - 19%). The differences are explained below:

	2025 £	2024 £
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2024 - 19%)	4,885	4,445
Effects of:		
Allowable expenses	-	(4,445)
Interest income	20,823	23,394
Total tax charge for the year	<u>25,708</u>	<u>23,394</u>

9. Debtors

	2025 £	2024 £
Due after more than one year		
Other debtors	700,000	3,461,500
	<u>700,000</u>	<u>3,461,500</u>

Other Debtors due after more than one year reflects the underspend on the Central Switching Service ('CSS') in the year 31 March 2025 and 31 March 2024, which is recoverable through a reduction in their CSS charges in 2026/27 and 2025/26 respectively.

2025 £	2024 £
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RETAIL ENERGY CODE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

9. Debtors (continued)

Due within one year

Trade debtors	-	5,469,178
Other debtors	2,985,000	-
Called up share capital not paid	94	94
Prepayments and accrued income	221,600	300,758
	3,206,694	5,770,030

10. Cash and cash equivalents

	2025 £	2024 £
Cash at bank and in hand	16,853,414	15,123,754
	16,853,414	15,123,754

Included in cash at bank is £3,835,936 (2024: £NIL) in respect of Payment Method Levelisation received from energy suppliers, who are contributors into the scheme. This money will be paid to energy Suppliers who are beneficiaries from the scheme after the year end. An equivalent value creditors balance is shown in Other Creditors in note 11. Included in the trade debtors balance is £NIL (2024: £5,442,480) due from Market Stabilisation debtors.

11. Creditors: Amounts falling due within one year

	2025 £	2024 £
Trade creditors	1,371,394	1,061,026
Corporation tax	25,708	25,423
Other taxation and social security	476,264	650,104
Other creditors	13,909,798	15,317,229
Accruals and deferred income	4,279,399	3,842,457
	20,062,563	20,896,239

Other Creditors includes £7,049,422 (2024 : £9,840,956) due to Energy Suppliers as a rebate against their 2025-26 charges and £3,835,936 (2024: £Nil) due to Energy Suppliers under the Payment Method Levelisation Scheme and £39,442 March 2025 pension payable.

RETAIL ENERGY CODE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

12. Creditors: Amounts falling due after more than one year

	2025 £	2024 £
Other creditors	700,000	3,461,500
	<u>700,000</u>	<u>3,461,500</u>

Other Creditors falling due more than one year reflects the underspend incurred in the year to 31 March 2025 and 31 March 2024 on the Central Switching Service which will be returned to REC funding parties as a reduction against their costs in 2026/27 and 2025/26 respectively.

13. Share capital

	2025 £	2024 £
Allotted, called up and unpaid share capital		
94 (2024 - 94) Ordinary shares of £1.00 each	94	94
	<u>94</u>	<u>94</u>

14. Commitments under operating leases

At 31 March 2025 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2025 £	2024 £
Not later than 1 year	117,554	112,817
Later than 1 year and not later than 5 years	1,104	118,658
	<u>118,658</u>	<u>231,475</u>

15. Related party transactions

During the year, the Company invoiced its shareholders to the value of £33,102,687 (2024: £31,761,176) based on the agreed budget. At the year end, an amount of £Nil (2024: (£898,343)) was due from shareholders and is included within trade debtors. At the year end, a rebate of £6,000,564 (2024: £7,394,757) was due to the shareholders and this is included within other creditors. At the year end, a Payment Method Levelisation scheme payment of £2,606,119 (2024: £Nil) was due to the shareholders and this is included within other creditors.