Ovo Gas Limited

Director's report and financial statements
For the year ended 30 June 2011

Registered number 06752915

Contents

Director's report

The Dırector presents hıs report and the audıted financıal statements for the year ended 30 June 2011

Princıpal activitıes

The prıncıpal actıvıty of Ovo Gas Lımıted ıs the supply of gas and related servıces

The comparatıve perıod reflected ın these financıal statements represents the 10 month perıod from 1 September 2009 to 30 June 2010

Ovo Gas Lımıted (the "Company") ıs a company ıncorporated and domıcıled ın the Unıted Kıngdom

The Company's regıstered office and prıncıpal place of busıness ıs Wellıngton House, Kemble Enterprıse Park, Kemble, Cırencester, GL7 6BQ

Business review

Ovo Gas Lımıted holds the Gas Supply Lıcence for the Ovo group of companıes Gas ıs procured on the wholesale markets and ıs sold, along wıth gas supply servıces, to other companıes wıthın the Ovo group of companıes

As the commodıty ıs sold at a fixed margın there ıs no commodıty market rısk taken on by Ovo Gas Lımıted, other than movements on open commodıty purchase contracts

Future developments

The Dırector does not consıder that Ovo Gas Lımıted wıll be used for any other purpose than that set out ın the Busıness Revıew

Research and development

The Company undertook no research and development durıng the year

Fınancıal ınstruments

Due to the sellıng on of gas and related supply servıces to other members of the Ovo group of there ıs mınımal exposure to Ovo Gas Lımıted from trade receıvables

Proposed dividend

The Dırector does not recommend the payment of a dıvıdend (2010 £nıl)

Polıcy and practıce on payment of credıtors

The Dırector requıres the Company to perform to hıgh standards of commercıal practıce Its polıcy ıs to comply with the terms of payment agreed wıth a supplıer Where terms are not negotıated, the Company endeavours to adhere to the supplıer's standard terms

At the year end, there were no trade payables outstandıng (excludıng transactıons between the companıes ın the Ovo group) as the maın credıtor ıs paıd on a prepayment basıs

Director's report *(continued)*

Directors

The Director who held office during the year was as follows

Stephen Fitzpatrick

Employees

There were no employees in Ovo Gas Limited during the year, however the Company did pay administrative charges for the use of staff time from employees of Ovo Energy Limited and Ovo Group Limited

Political and charitable contributions

The Company did not make any political or charitable donations or incur any political expenditure during the year (2010 £nil)

Disclosure of information to auditors

The Director who held office at the date of approval of this Director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Director's responsibilities statement

The Director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the Director to prepare financial statements for each financial year Under that law the Director has prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the Director must not approve the financial statements unless he is 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 Director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Director is 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 He is 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

Corporate Governance

The Director is mindful of Corporate Governance and continues to work with advisers on how to enhance levels of governance that are appropriate for the current size of the Ovo group of companies

Director's report *(continued)*

Auditors

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office

By order of the board on 26th April 2012

Stephen Fitzpatrick
Director

Wellington House, Kemble, Gloucestershire GL7 6BQ

Independent Auditors' Report to the members of Ovo Gas Limited

We have audited the financial statements of Ovo Gas Limited for the year ended 30 June 2011 which the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors
As explained more fully in the director's responsibilities statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2011 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where 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

Paul Nott

Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors
East Midlands
27 April 2012

Statement of Comprehensive Income

for the year ended 30 June 2011

	Note	**For the year ended 30 June 2011 £000**	For the 10 month period ended 30 June 2010 £000
Revenue	*2*	**418**	102
Cost of sales		**(356)**	(102)
Gross profit		**62**	-
Administrative expenses	*3,4*	**(50)**	(15)
Operating profit/(loss)		**12**	(15)
Financial income	*5*	**-**	2
Financial expenses	*5*	**-**	(3)
Profit/(loss) before tax		**12**	(16)
Taxation	*1,6*	**-**	(1)
Profit/(loss) for the year attributable to equity shareholders		**12**	(17)

All amounts relate to continuing operations There is no other comprehensive income other than the profit for the year

The notes on pages 11 to 19 form part of these financial statements

Statement of Financial Position
at 30 June 2011

	Note	**30 June 2011 £000**	30 June 2010 £000
Non-current assets			
Intangible assets	*7*	-	2
		-	2
Current assets			
Trade and other receivables	*8*	**658**	138
		658	138
Total assets		**658**	140
Current liabilities			
Trade and other payables	*9*	**667**	161
		667	161
Total liabilities		**667**	161
Net liabilities		**(9)**	(21)
Equity attributable to equity holders of the parent			
Share capital	*10*	-	-
Retained earnings		**(9)**	(21)
Total equity		**(9)**	(21)

These financial statements were approved by the director on 26th April 2012 and signed by

Stephen Fitzpatrick
Director

Company registered number 06752915

The notes on pages 11 to 19 form part of these financial statements

Statement of Changes in Equity

	Note	Share capital £000	Retained earnings £000	Total equity £000
Equity at incorporation 1 September 2009	*10*	-	(4)	(4)
Loss for the period		-	(17)	(17)
Balance at 30 June 2010		-	(21)	(21)
Equity at 1 July 2010	*10*	-	**(21)**	**(21)**
Profit for the year		-	**12**	**12**
Balance at 30 June 2011		-	**(9)**	**(9)**

The notes on pages 11 to 19 form part of these financial statements

Statement of Cash Flow
for the year ended 30 June 2011

	Note	For the year ended 30 June 2011	For the 10 month period ended 30 June 2010
		£000	£000
Cash flows from operating activities			
Profit/(loss) for the year		**12**	(17)
Adjustments for			
Financial income	*5*	-	(2)
Financial expense	*5*	-	3
Taxation		-	1
		12	(15)
Increase in trade and other receivables		**(518)**	(136)
Increase in trade and other payables		**506**	151
Net cash flow from operating activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year		-	-

The notes on pages 11 to 19 form part of these financial statements

Notes
(forming part of the financial statements)

1 Accounting policies

The principal accounting policies are summarised below

General information

Ovo Gas Limited (the "Company") is a company incorporated and domiciled in the United Kingdom

The nature of the Company's operations and its principal activities are set out in the Director's Report

The Company's registered office and principal place of business is Wellington House, Kemble Enterprise Park, Kemble, Cirencester, GL7 6BQ

Basis of preparation

The Company financial statements have been prepared and approved by the director in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRSs") and IFRIC interpretations and with the Companies Act 2006 applicable to companies reporting under IFRS The accounting policies set out below have, unless otherwise stated, been applied consistently in these financial statements

In the current year, the Group has adopted all applicable IFRS and interpretations which have been endorsed by the EU (IFRS) and which are relevant to its operations and effective for accounting periods beginning on 1 July 2010

The financial statements are prepared on the historical cost basis Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') The financial statements are presented in 'Pounds Sterling' (£), which is the Company's functional and the group's presentation currency

Going concern

The ability of the Company to pay its debts as they fall due is dependent upon the support of other companies within the Ovo group and the director has confirmed that such support will continue to be provided for the foreseeable future The director has reviewed the business plan of the Ovo group of companies as a whole and believes that the group as a whole has adequate financial resources to meet its debts as they fall due for the foreseeable future therefore the financial statements have been prepared on a going concern basis

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables and trade and other payables

Trade and other receivables

Trade and other receivables are recognised initially at fair value Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses

Trade and other payables

Trade and other payables are recognised initially at fair value Subsequent to initial recognition they are measured at amortised cost using the effective interest method

Notes (continued)

1 Accounting policies *(continued)*

Intangible assets and goodwill

Intangible assets

Trademarks have an indefinite life, are not subject to amortisation and are tested for impairment at each balance sheet date

Impairment excluding deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate Interest on the impaired asset continues to be recognised through the unwinding of the discount When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment If any such indication exists, then the asset's recoverable amount is estimated For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount Impairment losses are recognised in profit or loss

In respect of non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Revenue

Revenue arises as a result of a recharge to the immediate parent company, Ovo Energy Limited, of the costs associated with the supply of gas as these costs are incurred

Expenses

Financing income and expenses

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method

Notes (continued)

1 Accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised

New IFRS accounting standards and interpretations adopted in 2011

The following revised standards and interpretations have been applied by the Company from 1 July 2010 None of the pronouncements had a material impact on the Company's results or assets and liabilities

	Effective date
Amendments to IFRS 2 on Share-based Payments	1 January 2009
Amendments to IFRS 7 Financial Instruments Disclosures	1 January 2009
Amendments to IAS 39 Financial Instruments Recognition and Measurement	1 July 2010
Amendments to IFRIC 9 Reassessment of Embedded Derivatives	1 July 2009
Revised IAS 24 Related Party Disclosure	1 January 2011
Improvements to IFRSs (issued May 2010) (adoption dates vary but certain improvements are mandatory for the year commencing on or after 1 July 2010)	

New IFRS accounting standards and interpretations effective in 2011, but not relevant

The following amendments were mandatory for accounting periods beginning on or after 1 July 2010, but were not relevant to the operations of the Company·

	Effective date
IFRIC 18 Transfers of Assets from Customers	1 July 2009
IFRIC Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

New IFRS accounting standards, interpretations and amendments to published standards which are not yet effective

The IASB and IFRIC issued the following standards and interpretations with an effective date after the date of these financial statements They have not been adopted early by the Company and the director does not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's reported income or net assets in the period of adoption

	Effective date
IFRS 9 Financial Instruments Classification and Measurement	1 January 2013
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013

Notes (continued)

2 Revenue

All revenue ıs attrıbutable to the Company's prıncıpal actıvıty beıng the supply of gas ın the Unıted Kıngdom

All revenue arose wıthın the Unıted Kıngdom

3 Expenses and audıtors' remuneratıon

Included ın the profit/(loss) for the year are the followıng

	For the year ended 30 June 2011 £000	For the 10 month perıod ended 30 June 2010 £000
Audıt fees ın respect of these financıal statements	5	5
Non audıt servıces - taxatıon	1	-

Fees for audıt and taxatıon servıces are borne by Ovo Energy Lımıted

4 Staff numbers and costs

The Company had no dırect employees or salary cost durıng the year There was one director durıng the year (2010. two) Dırectors' remuneratıon and salary cost ıs recognısed ın Ovo Group Lımıted Salary costs were recharged from Ovo Group Lımıted and Ovo Energy Lımıted for tıme spent by ıts directors and employees workıng for the Company The recharged costs of £50,000 (2010 £14,000) equate to an amount representıng a 2% (2010 3%) charge for persons employed by group companıes (ıncludıng dırectors) The number of employees across the Ovo group of companıes averaged 53 durıng the year (2010 21) and totalled 65 at the year-end (2010 45)

5 Finance income and expenses

Included ın the profit/(loss) for the year are the followıng

	For the year ended 30 June 2011 £000	For the 10 month perıod ended 30 June 2010 £000
Fınance ıncome		
Interest ıncome on unımpaıred financıal assets (loans to group undertakıngs)	-	2
Total ınterest ıncome on financıal assets not at faır value through profit or loss	-	2
Total finance ıncome	-	2
Fınance expenses		
Total ınterest expense on financıal lıabılıtıes measured at amortısed cost (loans from group undertakıngs)	-	3
Total finance expenses	-	3

Notes (continued)

6 Taxation

Recognised in the income statement

	For the year ended 30 June 2011 £000	For the 10 month period ended 30 June 2010 £000
Deferred tax credit	-	-
Reversal of deferred tax asset in respect of prior year	-	1
Deferred tax expense	-	1
Total tax expense	-	1

A reconciliation between the tax expense and the product of the accounting profit/(loss) multiplied by the company's tax rate is as follows

Reconciliation of effective tax rate

	For the year ended 30 June 2011 £000	For the 10 month period ended 30 June 2010 £000
Profit/(loss) for the year	**12**	(17)
Tax using the UK corporation tax rate of 20% (2010 21 %)	**2**	(3)
Group relief of current year(profits)/losses	**(2)**	3
Reversal of previously recognised tax losses	-	(1)
Total tax expense	-	(1)

Factors affecting future tax charge

There is an unrecognised deferred tax asset of £nil (2010 £975) from the prior period relating to the tax value of loss carry forwards, which management believe will not be utilised in the foreseeable future

Notes (continued)

7 Intangible assets

	Trademarks £000
Cost	
Balance at 1 September 2009	1
Acquisitions – externally purchased	1
Balance at 30 June 2010	**2**
Balance at 1 July 2010	2
Disposals – transfers to other group companies	(2)
Balance at 30 June 2011	-
Amortisation and impairment	
Balance at 1 September 2009	-
Impairment charge	-
Balance at 30 June 2010	-
Balance at 1 July 2010	-
Impairment charge	-
Balance at 30 June 2011	-
Net book value	
At 1 September 2009	**1**
At 30 June 2010 and 1 July 2010	**2**
At 30 June 2011	-

Notes (continued)

8 Trade and other receivables

	2011 £000	2010 £000
Current		
Amounts due from group undertakings	**596**	104
VAT recoverable	**8**	10
Prepayments and accrued income	**54**	24
	658	138

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material Due to their short maturities, the fair value of trade and other receivables approximates to their book value

As at 30 June 2011, all trade receivables are due from group undertakings with no provision for impairment of receivables Amounts due from group undertakings are repayable on demand but are only likely to be settled in cash on a net basis with amounts due to group undertakings

9 Trade and other payables

	2011 £000	2010 £000
Current		
Amounts due to group undertakings	**667**	147
Non-trade payables and accrued expenses	**-**	14
	667	161

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material Due to their short maturities, the fair value of trade and other payables approximates to their book value

As at 30 June 2011, amounts due to group undertakings are repayable on demand but are only likely to be settled in cash on a net basis with amounts due from group undertakings

10 Share capital

Share capital authorised at the beginning and at the end of the current and prior period totalled £100 00 (10,000 ordinary shares of £0 01 each)

The allotted, called up and fully paid ordinary share capital totalled £100 00 at the beginning and at the end of the current and prior period (10,000 ordinary shares of £0 01 each)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

Notes (continued)

11 Financial risk

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and from security deposits and prepayments to suppliers and distributors

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure Therefore, the maximum exposure to credit risk at the balance sheet date was £658,000 (2010 £138,000) being the total of the carrying amount of financial assets, shown in note 8 All the receivables are with parties in the UK, with the majority of the balance being recoverable from other group undertakings

The allowance account for trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amounts considered irrecoverable are written off against the trade receivables directly There were no transactions written off in the period There was no allowance for trade receivables at the period end as management does not expect any significant losses from non-performance by counterparties

Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due

The group management team uses short and long-term cash flow forecasts to manage liquidity risk Forecasts are supplemented by sensitivity analysis which is used to assess funding adequacy for at least a 12 month period

Exposure to liquidity risk

All financial liabilities are non-derivative in nature, relate to trade and other payables, and are due within one year, as shown in note 9 The Company has no liquid resources of its own and is dependent upon the support of other companies within the Ovo group to provide liquidity on its behalf

Commodity risk

Exposure to commodity risk

The Company has no exposure to commodity risk as it passes price risk on to Ovo Energy Limited by recharging all gas sold at a fixed margin

Notes (continued)

12 Related parties

Identity of related parties with which the Company has transacted

During the year, loans existed between the Company and Ovo Energy Limited (immediate parent company) and between the Company and Ovo Group Limited (ultimate parent company) Up until 30 June 2010, interest was charged on the loan at 5% or 2 5% above the base rate if higher Details of amounts outstanding and charged during the year are contained in notes 4, 5, 8, and 9

Other related party transactions

	Sales to	Sales to	**Administrative expenses incurred from**	Administrative expenses incurred from
	For the year ended 30 June 2011	For the 10 month period ended 30 June 2010	**For the year ended 30 June 2011**	For the 10 month period ended 30 June 2010
	£000	£000	**£000**	£000
Ultimate parent of the Group	**-**	-	**5**	7
Immediate parent of the Group	**418**	102	**45**	8
	418	102	**50**	15

	Receivables outstanding	Receivables outstanding	**Payables outstanding**	Payables outstanding
	For the year ended 30 June 2011	For the 10 month period ended 30 June 2010	**For the year ended 30 June 2011**	For the 10 month period ended 30 June 2010
	£000	£000	**£000**	£000
Ultimate parent of the Group	**-**	-	**13**	7
Immediate parent of the Group	**596**	104	**654**	140
	596	104	**667**	147

In addition to the above, trademarks with a book value of £2,000 were sold to Ovo Energy Limited for their book value during the year

Related party transactions between group companies are unsecured amounts, repayable on demand and will be settled in cash

13 Ultimate parent company and controlling party

The Company is a subsidiary undertaking of Ovo Energy Limited, the parent of the smallest group of which the Company is a member The ultimate parent company is Ovo Group Limited, the parent of the largest group of which the Company is a member Both Ovo Energy Limited and Ovo Group Limited are incorporated in England and Wales The ultimate controlling party is Stephen Fitzpatrick, director of Ovo Gas Limited and shareholder of the immediate and ultimate parent companies The consolidated financial statements of this group are available to the public from the registered office shown in note 1