Ovo Gas Limited

Director's report and financial statements

For the six months ended 31 December 2011

Registered number 06752915

Contents

Director's report

The Director presents his report and the audited financial statements for the six months ended 31 December 2011

Principal activities

The principal activity of Ovo Gas Limited is the supply of gas and related services

The company has changed its accounting reference date from 30 June to 31 December

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

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

Business review

Ovo Gas Limited holds the Gas Supply Licence for the Ovo group of companies Gas is procured on the wholesale markets and is sold, along with gas supply services, to other companies within the Ovo group of companies

As the commodity is sold at a fixed margin there is no commodity market risk taken on by Ovo Gas Limited, other than movements on open commodity purchase contracts

Given the simple nature of the Company's business and the fact that the Company is not managed separately from the other companies in the Ovo group, the director is of the opinion that analysis using KPIs specific to the company is not necessary or appropriate

Future developments

The Director does not consider that Ovo Gas Limited will be used for any other purpose than that set out in the Business Review

Research and development

The Company undertook no research and development during the period

Financial instruments

As the Company only sells on gas and related supply services to other members of the Ovo group of there is minimal exposure to Ovo Gas Limited from trade receivables

Proposed dividend

The Director does not recommend the payment of a dividend (year to 30 June 2011 £nil)

Policy and practice on payment of creditors

The Director requires the Company to perform to high standards of commercial practice Its policy is to comply with the terms of payment agreed with a supplier Where terms are not negotiated, the Company endeavours to adhere to the supplier's standard terms

At the period end, there were no trade payables outstanding (excluding transactions between the companies in the Ovo group) as the main creditor is paid on a prepayment basis

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 period, 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 period (year to 30 June 2011 £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,
- state whether applicable accounting standards have been followed, subject to any material departures and explained in the financial statements, and
- 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

Director's report *(continued)*

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

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006 The indemnity was in force throughout the last financial period and is currently in force The Company also purchased and maintained throughout the financial year Director's and Officers' liability insurance in respect of itself and its Director

Auditors

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

By order of the board on 11 June 13

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 six months ended 31 December 2011 which comprise 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 2, 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 director's 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 31 December 2011 and of its profit and cash flows for the period 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 period 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
Bristol
12 June 2013

Statement of Comprehensive Income

for the six months ended 31 December 2011

	Note	For the six months ended 31 December 2011 £000	For the year ended 30 June 2011 £000
Revenue	2	255	418
Cost of sales		(198)	(356)
Gross profit		57	62
Administrative expenses	3,4	(50)	(50)
Operating profit		7	12
Profit before tax		7	12
Taxation	5	-	-
Profit for the year attributable to equity shareholders		7	12

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

The notes on pages 9 to 17 form part of these financial statements

Statement of Financial Position
at 31 December 2011

	Note	**31 December 2011 £000**	30 June 2011 £000
Non-current assets			
Intangible assets	6	-	-
		-	-
Current assets			
Trade and other receivables	7	**158**	658
Total assets		**158**	658
Current liabilities			
Trade and other payables	8	**160**	667
Total liabilities		**160**	667
Net liabilities		**(2)**	(9)
Equity attributable to equity holders of the parent			
Share capital	9	-	-
Retained earnings		**(2)**	(9)
Total equity		**(2)**	(9)

These financial statements were approved by the director on 11/6/13 and signed by

Stephen Fitzpatrick
Director

Company registered number 06752915

The notes on pages 9 to 17 form part of these financial statements

Statement of Changes in Equity

	Note	**Share capital £000**	**Retained earnings £000**	**Total equity £000**
Equity at 1 July 2010	9	-	(21)	(21)
Profit for the year		-	12	12
Equity at 1 July 2011	9	-	(9)	(9)
Profit for the period		-	7	7
Balance at 31 December 2011		-	**(2)**	**(2)**

The notes on pages 9 to 17 form part of these financial statements

Statement of Cash Flows
for the six months ended 31 December 2011

	Note	**For the six months to 31 December 2011 £000**	For the year ended 30 June 2011 £000
Cash flows from operating activities			
Profit for the period/year		7	12
Decrease/increase in trade and other receivables		500	(518)
(Decrease)/Increase in trade and other payables		(507)	506
Net cash flow from operating activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		-	-

The notes on pages 9 to 17 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 and which are relevant to its operations and effective for accounting periods beginning on 1 July 2011

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

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

Changes in accounting policy and disclosures

New and amended standards adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 July 2011 that would be expected to have a material impact on the company

New standards, amendments and interpretations issued but not effective for the financial period beginning 1 July 2011 and not early adopted

IAS 19, 'Employee benefits' was amended in June 2011 and the amendments have no impact on the company's financial statements

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities IFRS 9 was issued in November 2009 and October 2010 It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments IFRS 9 requires financial assets to be classified into two measurement categories those measured as at fair value and those measured at amortised cost The determination is made at initial recognition The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument For financial liabilities, the standard retains most of the IAS 39 requirements The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch The company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP The company is yet to assess IFRS13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2012, subject to endorsement by the EU

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company

Notes (continued)

2 Revenue

All revenue is attributable to the Company's principal activity being the supply of gas in the United Kingdom

All revenue arose within the United Kingdom

3 Expenses and auditors' remuneration

Included in the profit for the period are the following

	For the six months to 31 December 2011	For the year ended 30 June 2011
	£000	£000
Audit fees in respect of these financial statements	**5**	5
Non audit services - taxation	**1**	1

Fees for audit and taxation services are borne by Ovo Energy Limited

4 Staff numbers and costs

The Company had no direct employees or salary cost during the period There was one director during the period (year to 30 June 2011 one) Directors' remuneration and salary cost is recognised in Ovo Group Limited Salary costs were recharged from Ovo Group Limited and Ovo Energy Limited for time spent by its director and employees working for the Company The recharged costs of £50,000 (year to June 2011 £50,000) equate to an amount representing a 2% (year to 30 June 2011 2%) charge for persons employed by group companies (including the director) The number of employees across the Ovo group of companies averaged 101 during the period (year to 30 June 2011 53) and totalled 116 at the period-end (year to 30 June 2011 65)

Notes (continued)

5 Taxatıon

Recognised in the income statement

	For the sıx months ended 31 December 2011 £000	For the year ended 30 June 2011 £000
Deferred tax expense	-	-
Total tax expense	-	-

A reconcılıatıon between the tax expense and the product of the accountıng profit multıplied by the company's tax rate ıs as follows

Reconcıliation of effective tax rate

	For the sıx months ended 31 December 2011 £000	For the year ended 30 June 2011 £000
Profit for the perıod	7	12
Tax usıng the UK corporatıon tax rate of 26% (2011 20 %)	2	2
Group relıef of current perıod(profits)/losses	(2)	(2)
Total tax expense	-	-

Notes (continued)

6 Intangible assets

	Trademarks £000
Cost	
Balance at 1 July 2010	2
Disposals – transfers to other group companies	(2)
Balance at 30 June and 31 December 2011	-
Amortisation and impairment	
Balance at 30 June and 31 December 2011	-
Net book value	
At 1 July 2010	**2**
At 30 June 2011 and 31 December 2011	-

Notes (continued)

7 Trade and other receivables

	31 December 2011 £000	30 June 2011 £000
Current		
Amounts due from group undertakings	-	596
VAT recoverable	9	8
Prepayments and accrued income	149	54
	158	658

8 Trade and other payables

	31 December 2011 £000	30 June 2011 £000
Current		
Amounts due to group undertakings	110	667
Non-trade payables and accrued expenses	50	-
	160	667

9 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)

10 Financial rısk

Credit rısk

Fınancıal rısk management

Credıt rısk ıs the rısk of financıal loss to the Company ıf a customer or counterparty to a financıal ınstrument faıls to meet its contractual oblıgatıons, and arıses prıncıpally from the Company's receıvables from customers and from securıty deposıts and prepayments to supplıers and dıstributors

Exposure to credıt rısk

The carryıng amount of financıal assets represents the maxımum credıt exposure Therefore, the maxımum exposure to credıt rısk at the balance sheet date was £nıl (30 June 2011 £596,000) beıng the total of the carryıng amount of financıal assets, shown ın note 7 All the receıvables are wıth partıes ın the UK, wıth the majorıty of the balance beıng recoverable from other group undertakıngs

Liquıdity risk

Fınancıal rısk management

Lıquıdıty rısk ıs the rısk that the Company wıll not be able to meet ıts financıal oblıgatıons as they fall due

The group management team uses short and long-term cash flow forecasts to manage lıquıdıty rısk Forecasts are supplemented by sensıtıvıty analysıs whıch ıs used to assess fundıng adequacy for at least a 12 month perıod

Exposure to lıquıdıty rısk

The Company has no lıquıd resources of ıts own and ıs dependent upon the support of other companıes wıthın the Ovo group to provıde lıquıdıty on ıts behalf

Commodity risk

Exposure to commodıty rısk

The Company has no exposure to commodıty rısk as ıt passes prıce rısk on to Ovo Energy Lımıted by rechargıng all gas sold at a fixed margın

Notes (continued)

11 Related parties

Identity of related parties with which the Company has transacted

During the year, loans existed and transactions occurred between the Company and Ovo Energy Limited (immediate parent company) and between the Company and Ovo Group Limited (ultimate parent company)

Other related party transactions

	Sales to	Sales to	**Administrative expenses incurred from**	Administrative expenses incurred from
	For the six months ended 31 December 2011 £000	For the year ended 30 June 2011 £000	**For the six months ended 31 December 2011 £000**	For the year ended 30 June 2011 £000
Ultimate parent of the Group	**-**	-	**-**	5
Immediate parent of the Group	**255**	418	**50**	45
	255	418	**50**	50

	Receivables outstanding	Receivables outstanding	**Payables outstanding**	Payables outstanding
	For the six months ended 31 December 2011 £000	For the year ended 30 June 2011 £000	**For the six months ended 31 December 2011 £000**	For the year ended 30 June 2011 £000
Ultimate parent of the Group	**-**	-	**-**	13
Immediate parent of the Group	**-**	596	**110**	654
	-	596	**110**	667

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

12 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