

Ovo Gas Limited

**Director's report and financial
statements**

For the year ended 31 December 2013

Registered number 06752915

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Director's report

The Director presents his report and the audited financial statements for the year ended 31 December 2013

Principal activities

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

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 The Core, 40 St Thomas Street, Bristol, BS1 6JX

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 year.

Financial instruments

Due to the selling on of gas and related supply services to other members of the Ovo group there is minimal exposure to Ovo Gas Limited from trade receivables.

Proposed dividend

The Director does not recommend the payment of a dividend (31 December 2012: £nil).

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 (31 December 2012 £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 directors are responsible for preparing 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Director's report *(continued)*

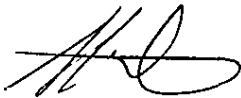
Directors' indemnities

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 year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Auditors

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

By order of the board on 3 April 2014



Stephen Fitzpatrick
Director

The Core, 40 St Thomas Street, Bristol, BS1 6JX

Independent Auditors' Report to the members of Ovo Gas Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of the 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by Ovo Gas Limited, comprise

- the Statement of Financial Position as at 31 December 2013,
- the Statement of Comprehensive Income for the year then ended,
- the Statement of Changes in Equity for the year then ended,
- the Statement of Cash Flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") 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 and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, the directors are 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 ISAs (UK & 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



Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
3 April 2014

Statement of Comprehensive Income
for the year ended 31 December 2013

	<i>Note</i>	For the year ended 31 December 2013 £000	For the year ended 31 December 2012 £000
<i>Revenue</i>	2	1,914	893
<i>Cost of sales</i>		(1,578)	(706)
<i>Gross profit</i>		336	187
<i>Administrative expenses</i>	3,4	(280)	(161)
<i>Operating profit</i>		56	26
<i>Profit before tax</i>		56	26
<i>Taxation</i>	1,5	-	-
<i>Profit for the year attributable to equity shareholders</i>		56	26

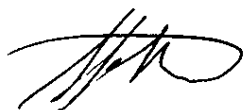
All amounts relate to continuing operations. There is no other comprehensive income other than the profit for the year.

The notes on pages 10 to 16 form part of these financial statements.

Statement of Financial Position
at 31 December 2013

	<i>Note</i>	31 December 2013 £000	31 December 2012 £000
Current assets			
Trade and other receivables	6	207	502
Total assets		207	502
Current liabilities			
Trade and other payables	7	(127)	478
Total liabilities		(127)	478
Net assets/(liabilities)		80	24
Equity attributable to ordinary shareholders			
Share capital	8	-	-
Retained earnings		80	24
Total equity		80	24

These financial statements were approved by the director on 3 April 2014 and signed by



Stephen Fitzpatrick
Director

Company registered number 06752915

The notes on pages 10 to 16 form part of these financial statements

Statement of Changes in Equity

	<i>Note</i>	Share capital £000	Retained earnings £000	Total equity £000
Balance at 31 December 2012	10	-	24	24
Profit for the year		-	56	56
Balance at 31 December 2013		-	80	80

The notes on pages 10 to 16 form part of these financial statements

Statement of Cash Flows
for the year ended 31 December 2013

Note

	For the year to 31 December 2013 £000	For the year to 31 December 2012 £000
Cash flows from operating activities		
Profit for the year	56	26
(Increase)/decrease in trade and other receivables	295	(344)
Increase/(decrease) in trade and other payables	(351)	318
	<hr/>	<hr/>
Net cash flow from operating activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	-	-
	<hr/>	<hr/>

The notes on pages 10 to 16 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 The Core, 40 St Thomas Street, Bristol, BS1 6JX

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 January 2013

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 2013

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the company.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below.

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 group 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 2015, subject to endorsement by the EU. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

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.

Notes (continued)

1 Accounting policies (continued)

New standards and interpretations not yet adopted (continued)

The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting year beginning on or after 1 January 2014, 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

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

	For the year to 31 December 2013 £000	For the year to 31 December 2012 £000
Audit fees in respect of these financial statements	5	5
Non audit services - taxation	1	1
	<hr/>	<hr/>

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 year. There was one director during the year (December 2012: 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 during the year of £279,918 (31 December 2012: £161,000).

Notes (continued)

5 Taxation

Recognised in the income statement

	For the year ended 31 December 2013 £000	For the year ended 31 December 2012 £000
<i>Total tax expense</i>	-	-

The company had no liability to corporation tax due to the availability of tax losses from other companies in the group

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

Reconciliation of effective tax rate

	For the year ended 31 December 2013 £000	For the year ended 31 December 2012 £000
<i>Profit for the year</i>	56	26
<i>Tax using the UK corporation tax rate of 23.25% (December 2012: 24.5%)</i>	13	6
<i>Group relief of current year profits</i>	(13)	(6)
<i>Total tax expense</i>	-	-

6 Trade and other receivables

	31 December 2013 £000	31 December 2012 £000
Current		
<i>Prepayments and accrued income</i>	-	502
<i>Amounts owed to group undertakings</i>	207	-
	207	502

Notes (continued)

7 Trade and other payables

	31 December 2013 £000	31 December 2012 £000
<i>Current</i>		
<i>Amounts due to group undertakings</i>	-	212
<i>Non-trade payables and accrued expenses</i>	127	266
	<hr/>	<hr/>
	127	478
	<hr/>	<hr/>

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.

8 Share capital

Share capital authorised at the beginning and at the end of the current and prior year 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 year (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.

9 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.

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 £207,000 (31 December 2012: £nil) being the total of the carrying amount of financial assets, shown in note 7. As this balance is with other group companies, the risk is minimal.

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

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)

10 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	Administrative
	For the year ended	For the year ended	expenses from	expenses from
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	£000	£000	£000	£000
Ultimate parent of the Group	-	-	241	139
Immediate parent of the Group	1,914	893	39	23
	<u>1,914</u>	<u>893</u>	<u>280</u>	<u>162</u>
			Receivables	Payables
			outstanding	outstanding
			For the year ended	For the year
			31 December	ended 31
			2013	December 2012
			£000	£000
Ultimate parent of the Group			-	-
Immediate parent of the Group			207	212
			<u>207</u>	<u>212</u>

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

11 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.