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HG1 Gas Limited

FINANCIAL STATEMENTS

for the year ended

30 April 2013



HG1 Gas Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T P Jones
J L Hall
C J England
C J Chambers
P Gaines (resigned 28 May 2013)
P A Gibson (resigned 28 May 2013)
J R Leworthy
M J Walls

SECRETARY

T P Jones

REGISTERED OFFICE

CNG House
5 Victoria Avenue
Harrogate
HG1 1EQ

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
2 Whitehall Quay
Leeds
West Yorkshire
LS1 4HG

HG1 Gas Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of HG1 Gas Limited for the year ended 30 April 2013

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was that of a holding company

The principal activities of the subsidiary companies during the year were that of the supply of natural gas and provision of shipping services to other gas retailers, the sale and distribution of natural gas and computer software development

REVIEW OF THE BUSINESS

On 28 May 2013 the remaining consideration shares of HG1 were redeemed at the Company's option and were purchased back into the Company

The trading summarised on page 7 is for the full year ended 30 April 2013 and for the six month period from 1 November 2011 to 30 April 2012

Gas prices were again favourable throughout the year with the exception of one month, where gas wholesale prices were subject to unusually high fluctuations, at which time the Company's risk management strategy came into effect and profits were still reported for the year. Further contributing to the reported profits across this period is the Company's sound purchasing strategy, continued staff development and a strong focus on credit control.

The Company places great importance on its involvement in the local community and during the year maintained its commitment to a series of charities and organisations through donations, fundraising and sponsorship.

FUTURE DEVELOPMENTS

The directors aim to improve performance, manage risk and achieve further growth via diversification in terms of products offered and markets targeted.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,859,975 (2012 - £2,538,171). No dividends were paid during the year (2012 - £1,741). Particulars of dividends paid are detailed in note 9 to the financial statements.

KEY PERFORMANCE INDICATORS

The Board and management use the following KPIs in monitoring business performance towards achievement of the Group's strategic objectives:

Customer Measures - The Company continues to expand its customer base thanks to both high retentions and new business won, this is shown in the renewal rate for 2013 of 87%, down marginally from 89% in 2012. These rates are regularly reviewed as an indicator of customer satisfaction.

Employee Measures - The Company aims to have content employees as it recognises the direct link to quality of service and customer satisfaction. To monitor this, management look at staff retention rates, these remain high at 92%, compared to 91% for 2012 and impartial/third party assessment of staff feedback.

Product Measures - The product range and mix are monitored to ensure that the Company responds to changes in customer preference and the market as a whole. Product's and tariffs in the gas market can, at

HG1 Gas Limited

DIRECTORS' REPORT

times be very confusing, in response the Company has a product range of simple products to cater for customer needs in a transparent, simple way

Credit Control Measures - The Company is committed to tightly managing its debt slippage levels, and notwithstanding the increased turnover seen during the year, debt slippage levels improved to 97% (2012 – 96%) in Contract Natural Gas Limited and for Total Energy Gas Supplies Limited, levels were maintaining at 95% (2012 – 95%)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial instruments are used to meet the Company's risk management objective of mitigating exposure to external risks. The Company's financial instruments primarily comprise bonds, bank loans, finance leases and overdrafts. The principal purpose of these is to raise funds for the Company's operations. In addition various other financial instruments such as trade creditors and trade debtors arise directly from its operations. As a result of its normal business activities the Company is exposed to a number of risks, the most significant of which are price risk, credit risk, liquidity risk and cashflow risk.

Price risk - Price risk is the risk of a decline in the value of a security. The Company uses short-term contracts with suppliers and customers to manage its exposure to market price fluctuations.

Credit risk - Credit risk is the risk of suffering financial loss should counterparties default on their contractual obligations to the Company, this includes exposures in respect of outstanding receivables and committed transactions. The Company trades with customers of a variety of sizes and that have been customers for varying lengths of time. The nature and spread of these relationships assist management in controlling its credit risk, in addition to the normal credit management processes, which may involve the use of credit checking, bonds and other financial instruments.

Liquidity risk - Liquidity risk is the risk that the Company is unable to meet its current and future financial obligations as they fall due, or is only able to do so at excessive cost. In respect of liquidity risk, the Company aims to maintain a balance between continuity of funding and flexibility through the use of bonds, bank loans, finance leases and overdrafts. The Company proposes to meet its commitments from the operating cash flows of the business, existing cash, borrowings, and existing committed lines of credit.

Cashflow risk - Cashflow risk is the risk that a company's available cash will not be sufficient to meet its financial obligations. Management control and monitor the Company's cashflow on a daily basis, including forecasting future requirements and cash flows.

RISK AND UNCERTAINTY

The key risks and uncertainties faced by the Company in the year are outlined below, along with how management have addressed them.

Commodity risk - The Company is exposed to movements in wholesale gas markets and prices. The Company has to procure gas at fixed prices to meet uncertain levels of demand that are subject to seasonal fluctuations. Forecasts of commodity prices and customer demand are regularly reviewed to provide senior management with a clear perspective of the Company's profit position and pricing requirements.

Information systems security risk - The Company's reputation and operations are critically dependent on the maintenance of robust and secure information systems. Effective and secure information systems are essential for the efficient management and accurate billing of the Company's customers. The confidentiality, integrity

HG1 Gas Limited

DIRECTORS' REPORT

and availability of the information systems could be affected by factors that include human error, ineffective design, through malfunction or deliberate attack Controls are in place to manage this risk, including monitoring and access restrictions Business continuity plans are in place to help recover from significant outages or interruptions To improve efficiency investments are continually made to the systems

Loss of key personnel - The loss of key personnel may disrupt the Company and adversely affect the financial results The contributions of key personnel are depended upon for the future success of the Company Although certain personnel have employment agreements, changes in the senior management and any future departures of key employees may disrupt the business and materially adversely affect the results of operations To help mitigate this employment agreements are used, concession planning is made, and remuneration packages are set to attract and retain a high caliber of employee

Competitive environment - The energy environment is highly competitive and there is limited scope for differentiation, where customers switch suppliers based on price and service levels, there is always a risk of substantial customer losses if the Company loses its competitiveness To retain the Company's competitive position, the aim is to be competitive on price, and to combine attractive products and propositions with high quality customer service

Security of supply - The Company is reliant on gas supplies from around the world, to their access to reserves and the reliability of the storage, pipeline and gas processing To help mitigate this risk, agreements are made with the Company's gas supplier for the purchase of gas

DIRECTORS

The directors who served the Company during the year were as follows

T P Jones FCCA
J L Hall
C J England
C J Chambers
P Gaines (resigned 28 May 2013)
P A Gibson (resigned 28 May 2013)
J R Leworthy
M J Walls

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

AUDITOR

Baker Tilly UK Audit LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

On behalf of the board



T P Jones
Director

Date 01/08/2013.

HG1 Gas Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HG1 Gas Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HG1 GAS LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 5, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at

[http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 April 2013 and of the group's profit 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.

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 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, 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 BYRNE BSC MBA FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

2 Whitehall Quay

Leeds

LS1 4HG

Date

5 August 2013

Baker Tilly UK Audit LLP

HG1 Gas Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 30 April 2013

	<i>Notes</i>	2013 £	2012 £
GROUP TURNOVER	2	157,198,782	77,232,246
Cost of sales		(148,581,595)	(72,258,709)
Gross profit		8,617,187	4,973,537
Administrative expenses		(5,810,734)	(1,920,538)
Other operating income		13,333	-
OPERATING PROFIT	3	2,819,786	3,052,999
Interest receivable		266	280,289
		2,820,052	3,333,288
Interest payable and similar charges	6	(165,005)	(132,318)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,655,047	3,200,970
Taxation	7	(648,484)	(534,189)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,006,563	2,666,781
Minority interests		(146,588)	(128,610)
PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY		1,859,975	2,538,171
PROFIT FOR THE FINANCIAL YEAR	22	1,859,975	2,538,171

The profit for the year arises from the group's continuing operations. No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

The Company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account.

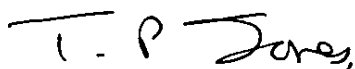
HG1 Gas Limited

CONSOLIDATED BALANCE SHEET

30 April 2013

	Notes	2013 £	2012 £
FIXED ASSETS			
Intangible assets	10	137,247	171,559
Tangible assets	11	68,131	71,274
Investments	12	3,600,300	3,300,300
		<u>3,805,678</u>	<u>3,543,133</u>
CURRENT ASSETS			
Debtors	13	25,794,818	18,426,486
Cash at bank and in hand		1,239,894	506,245
		<u>27,034,712</u>	<u>18,932,731</u>
CREDITORS			
Amounts falling due within one year	14	(23,359,507)	(16,433,708)
NET CURRENT ASSETS		<u>3,675,205</u>	<u>2,499,023</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,480,883</u>	<u>6,042,156</u>
CREDITORS			
Amounts falling due after more than one year	15	(1,403,750)	(1,971,586)
		<u>6,077,133</u>	<u>4,070,570</u>
CAPITAL AND RESERVES			
Called up share capital	20	11,764	11,764
Share premium	21	1,000,000	1,000,000
Profit and loss account	22	4,396,405	2,536,430
SHAREHOLDERS' FUNDS	23	<u>5,408,169</u>	<u>3,548,194</u>
MINORITY INTERESTS		<u>668,964</u>	<u>522,376</u>
		<u>6,077,133</u>	<u>4,070,570</u>

The financial statements on pages 7 to 23 were approved by the board of directors and authorised for issue on 1 August 2013 and are signed on their behalf by



T P Jones
Director

HG1 Gas Limited

BALANCE SHEET

30 April 2013

	Notes	2013 £	2012 £
FIXED ASSETS			
Investments	12	<u>4,429,338</u>	<u>4,429,338</u>
CURRENT ASSETS			
Debtors	13	8,500	12,238
Cash at bank and in hand		<u>19,041</u>	<u>10,243</u>
		27,541	22,481
CREDITORS			
Amounts falling due within one year	14	<u>(2,299,919)</u>	<u>(1,633,919)</u>
NET CURRENT LIABILITIES		<u>(2,272,378)</u>	<u>(1,611,438)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,156,960	2,817,900
CREDITORS			
Amounts falling due after more than one year	15	<u>(1,403,750)</u>	<u>(1,966,250)</u>
		<u>753,210</u>	<u>851,650</u>
CAPITAL AND RESERVES			
Called up share capital	20	11,764	11,764
Share premium	21	1,000,000	1,000,000
Profit and loss account	22	<u>(258,554)</u>	<u>(160,114)</u>
SHAREHOLDERS' FUNDS		<u>753,210</u>	<u>851,650</u>

The financial statements on pages 7 to 23 were approved by the board of directors and authorised for issue on 1 August 2013 and are signed on their behalf by



T P Jones
Director

HG1 Gas Limited

CONSOLIDATED CASH FLOW

for the year ended 30 April 2013

	<i>Notes</i>	2013 £	2012 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	24 a	1,566,748	(1,347,273)
Returns on investments and servicing of finance	24 b	(164,739)	147,971
Taxation	24 b	(579,174)	(726,379)
Capital expenditure and financial investment	24 b	(345,252)	(1,840,036)
		477,583	(3,765,717)
Acquisitions and disposals	24 b	-	(1,309,149)
Equity dividends paid		-	(1,741)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		477,583	(5,076,607)
Financing	24 b	256,066	2,975,222
INCREASE/(DECREASE) IN CASH IN THE PERIOD		733,649	(2,101,385)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		2013 £	2012 £
Increase/(decrease) in cash in the period		733,649	(2,101,385)
Net cash (inflow) from bank loans		(366,991)	(1,968,750)
Cash outflow in respect of hire purchase		10,924	(10,924)
Loan stock issued on acquisition of subsidiary		-	(560,000)
Other loans issued on acquisition of subsidiary		100,000	(100,000)
Change in net debt	24 c	477,582	(2,639,674)
Net funds at the beginning of the year	24 c	(4,741,059)	-
Net debt at the end of the year	24 c	(4,263,477)	(4,741,059)

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

GOING CONCERN

The accounts have been prepared on a going concern basis. Having carried out a detailed review of the group's resources and the challenges presented by the current economic climate, the directors are confident that the group has sufficient cash flows to meet its liabilities as they fall due for at least one year from the approval of the accounts.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its useful economic life. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

TURNOVER

Turnover represents the fair value of the right to consideration of goods and services provided to customers.

GOODWILL

Goodwill representing the excess of the consideration for an acquired subsidiary compared with the fair value of net assets acquired is capitalised and written off evenly over six years as in the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Negative goodwill arises when the fair value of the consideration for an acquired subsidiary is less than the fair value of the separable net assets. The amount up to the value of non-monetary assets acquired is credited to the profit and loss account in the period in which those monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account on acquisition.

INVESTMENTS

Long term investments are classified as fixed assets. Short term investments are classified as current assets.

Fixed asset investments are stated at cost in the Company balance sheet. Provision is made for any impairment in the value of fixed asset investments.

AMORTISATION

Amortisation is calculated so as to write off the cost of an intangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows:

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

Positive Goodwill - Straight line over 6 years

Negative Goodwill - Over the period of realisation of non-monetary assets

FIXED ASSETS

All fixed assets are initially recorded at cost

DEPRECIATION

Depreciation is calculated so as to write off the cost of a tangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings	-	25% Straight line
Motor Vehicles	-	25% Reducing balance
Computer Equipment	-	33 33% Straight line

HIRE PURCHASE AGREEMENTS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding. All other leases are "operating leases" and the rentals are charged to the profit and loss account on a straight line basis over the lease term.

PENSION COSTS

The Company operates a money purchase pension scheme for the Directors and offers a stakeholder shell pension scheme for its employees.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group

An analysis of turnover is given below

	2013	2012
	£	£
United Kingdom	157,198,782	77,232,246

3 OPERATING PROFIT

Operating profit is stated after charging

	2013	2012
	£	£
Amortisation of positive goodwill	34,312	34,312
Amortisation of negative goodwill – Contract Natural Gas Limited	-	(991,207)
Depreciation of owned fixed assets	48,969	33,969
Depreciation of assets held under hire purchase agreements	-	3,450
Auditor's remuneration		
- as auditor	25,000	27,500
- for services relating to corporate finance transactions	26,426	-
- for services relating to taxation	7,243	-
- for other services	9,000	63,517
Operating lease costs		
- Plant and equipment	29,890	13,319
- Other	100,579	51,467

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year was

	2013	2012
	No	No
Number of administrative staff	50	46
Number of management staff	14	12
	<u>64</u>	<u>58</u>

The aggregate payroll costs of the above were

	2013	2012
	£	£
Wages and salaries	1,989,066	896,361
Social security costs	159,811	89,819
Other pension costs	19,092	7,796
	<u>2,167,969</u>	<u>993,976</u>

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

5 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2013	2012
	£	£
Remuneration receivable	498,112	386,472

Remuneration of highest paid director

	2013	2012
	£	£
Total remuneration (excluding pension contributions)	221,472	160,215

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
On bank loans and overdrafts	165,005	104,662
On finance leases	-	27,652
On other loans	-	4
	165,005	132,318

7 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2013	2012
	£	£
Current tax		
UK Corporation tax based on the results for the year at 24% (2012 - 26%)	657,796	534,189
Adjustment in respect of prior year	(9,312)	-
Total current tax	648,484	534,189

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 24% (2012 - 26%), as explained below

	2013	2012
	£	£
Profit on ordinary activities before taxation	2,655,047	3,200,970
Profit on ordinary activities by rate of tax	637,211	827,131
Effects of		
Expenses not deductible for tax purposes	13,552	(245,782)
Capital allowances for period in excess of depreciation	(43)	(1,371)
Depreciation in excess of capital allowances	8,006	-
Utilisation of tax losses	-	(39,931)
Tax chargeable at lower rates	-	(5,858)
Rounding on tax charge	(930)	-
Adjustment in respect of prior year	(9,312)	-
Total current tax (note 7(a))	648,484	534,189

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

8 LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was £98,440 (2012 - £160,114)

9 DIVIDENDS

Equity dividends

	2013 £	2012 £
Paid during the year		
Dividends on equity shares of £nil (2012 - £0 20 per share)	-	1,741

10 INTANGIBLE FIXED ASSETS

Group	Goodwill £	Negative Goodwill £	Total £
Cost			
At 30 April 2012	205,871	(991,207)	(785,336)
At 30 April 2013	205,871	(991,207)	(785,336)
Amortisation			
At 30 April 2012	34,312	(991,207)	(956,895)
Charge for the year	34,312	-	34,312
At 30 April 2013	68,624	(991,207)	(922,583)
Net book value			
At 30 April 2013	137,247	-	137,247
At 30 April 2012	171,559	-	171,559

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

11 TANGIBLE FIXED ASSETS

Group	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost				
At 30 April 2012	2,989	13,226	92,478	108,693
Additions	11,018	-	44,584	55,602
Disposals	-	(13,226)	-	(13,226)
At 30 April 2013	<u>14,007</u>	<u>-</u>	<u>137,062</u>	<u>151,069</u>
Depreciation				
At 30 April 2012	1,170	3,450	32,799	37,419
Charge for the year	3,273	-	45,696	48,969
Disposals	-	(3,450)	-	(3,450)
At 30 April 2013	<u>4,443</u>	<u>-</u>	<u>78,495</u>	<u>82,938</u>
Net book value				
At 30 April 2013	<u>9,564</u>	<u>-</u>	<u>58,567</u>	<u>68,131</u>
At 30 April 2012	<u>1,819</u>	<u>9,776</u>	<u>59,679</u>	<u>71,274</u>

Hire purchase agreements

Included within the net book value of £68,131 is £nil (2012 - £9,776) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £nil (2012 - £3,450).

12 INVESTMENTS

Group	Other investments £
Escrow account	
Cost	
At 30 April 2012	3,300,300
Additions	300,000
At 30 April 2013	<u>3,600,300</u>
Net book value	
At 30 April 2013	<u>3,600,300</u>
At 30 April 2012	<u>3,300,300</u>

Funds are held in an Escrow account to provide collateral for the group trading arrangements.

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

12 INVESTMENTS - *continued*

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
SUBSIDIARY UNDERTAKINGS				
All held by the Company				
Contract Natural Gas Software Limited	England	Ordinary shares	100%	Computer software development
Contract Natural Gas Limited				Supply of natural gas and provision of shipping services to other gas retailers
Total Energy Gas Supplies Limited	England	Ordinary shares	93%	Sale and distribution of natural gas
Contract Natural Gas 2 Limited	England	Ordinary shares	93%	Dormant

HG1 Gas Limited holds 93% of the Ordinary share capital of Contract Natural Gas Limited, which in turn holds 100% of the Ordinary share capital of each of Total Energy Gas Supplies Limited and Contract Natural Gas 2 Limited

Company	Group companies £
Cost	
At 30 April 2012	4,429,338
At 30 April 2013	<u>4,429,338</u>
Net book value	
At 30 April 2013	<u>4,429,338</u>
At 30 April 2012	<u>4,429,338</u>

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

13 DEBTORS

	2013	Group 2012	2013	Company 2012
	£	£	£	£
Trade debtors	23,330,566	17,084,375	-	-
Other debtors	1,118,431	315,931	-	3,738
Directors current accounts	8,500	8,680	8,500	8,500
Prepayments and accrued income	1,337,321	1,017,500	-	-
	<u>25,794,818</u>	<u>18,426,486</u>	<u>8,500</u>	<u>12,238</u>

The debtors above include the following amounts falling due after more than one year

	2013	Group 2012	2013	Company 2012
	£	£	£	£
Prepayments and accrued income	<u>60,000</u>	<u>420,000</u>	<u>-</u>	<u>-</u>

14 CREDITORS amounts falling due within one year

	2013	Group 2012	2013	Company 2012
	£	£	£	£
Bank loans, overdrafts and similar finance	4,099,621	3,170,130	562,500	562,500
Trade creditors	15,795,593	9,875,330	-	-
Amounts owed to group undertakings	-	-	1,737,419	971,419
Obligations under hire purchase agreements	-	5,588	-	-
Corporation tax	406,668	337,358	-	-
Other taxation and social security costs	1,206,043	872,413	-	-
Other creditors	185,701	100,000	-	100,000
Accruals and deferred income	1,665,881	2,072,889	-	-
	<u>23,359,507</u>	<u>16,433,708</u>	<u>2,299,919</u>	<u>1,633,919</u>

The £100,000 in respect of deferred consideration for the acquisition of Contract Natural Gas Software Limited included in other creditors was paid by HG1 Gas Limited on the deferred payment date of 31 October 2012

The following liabilities disclosed under creditors falling due within one year are secured by the Company

	2013	Group 2012	2013	Company 2012
	£	£	£	£
Bank loans, overdrafts and similar finance	4,099,621	3,170,130	-	-
Obligations under hire purchase agreements	-	5,588	-	-
	<u>4,099,621</u>	<u>3,175,718</u>	<u>-</u>	<u>-</u>

The bank loans, overdrafts and similar finance are secured by a debenture over the assets of the Company. The obligations under hire purchase agreements are secured over the assets to which they relate.

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

15 CREDITORS amounts falling due after more than one year

	2013	Group 2012	2013	Company 2012
	£	£	£	£
Bank loans and overdrafts	843,750	1,406,250	843,750	1,406,250
Obligations under hire purchase agreements	-	5,336	-	-
Other creditors	560,000	560,000	560,000	560,000
	<u>1,403,750</u>	<u>1,971,586</u>	<u>1,403,750</u>	<u>1,966,250</u>

The bank loans are repayable by equal quarterly instalments and bear interest at a rate which fluctuates in line with the inter-bank rate

The following liabilities disclosed under creditors falling due after more than one year are secured by the Company

	2013	Group 2012	2013	Company 2012
	£	£	£	£
Bank loans and overdrafts	843,750	1,406,250	-	-
Obligations under hire purchase agreements	-	5,336	-	-
	<u>843,750</u>	<u>1,411,586</u>	<u>-</u>	<u>-</u>

The bank loans and overdrafts are secured by a debenture over the assets of the Company. The obligations under hire purchase agreements are secured over the assets to which they relate

16 CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows

	2013	Group 2012	2013	Company 2012
	£	£	£	£
Amounts repayable				
In one year or less or on demand	4,099,621	3,170,130	-	-
In more than two years but not more than five years	843,750	1,406,250	-	-
	<u>4,943,371</u>	<u>4,576,380</u>	<u>-</u>	<u>-</u>

17 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2013	Group 2012	2013	Company 2012
	£	£	£	£
Amounts payable within 1 year	-	5,588	-	-
Amounts payable between 2 to 5 years	-	5,336	-	-
	<u>-</u>	<u>10,924</u>	<u>-</u>	<u>-</u>

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

18 COMMITMENTS UNDER OPERATING LEASES

At 30 April 2013 the group had annual commitments under non-cancellable operating leases as set out below

Group	2013		2012	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	8,000	2,522	-	-
Within 2 to 5 years	12,000	38,716	-	13,319
After more than 5 years	67,000	2,391	51,467	-
	<u>87,000</u>	<u>43,629</u>	<u>51,467</u>	<u>13,319</u>

19 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under FRS 8 'Related Party Disclosures', not to disclose details of transactions between group companies

Other creditors falling due after one year include £560,000 (2012 - £560,000) of loan notes held by T P Jones, J R Leworthy and M J Walls

During the year the Company made purchases of £655,414 (2012 £709,285) from CNG Marketing Limited, a company in which J R Leworthy and M J Walls are a directors. The total amount outstanding at the yearend was £2,877 (2012 £2,645)

During the year the Company also made purchases of £182,500 (2012 £112,500) from TP Jones & Co LLP, a business in which T P Jones is a member. The total amount outstanding at the year end was £13,895 (2012 £nil)

20 SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
8,499 Ordinary A shares of £1 each	8,499	8,499
1,501 Ordinary B shares of £1 each	1,501	1,501
1,764 Ordinary C shares of £1 each	1,764	1,764
	<u>11,764</u>	<u>11,764</u>
Amounts presented in equity		
8,499 Ordinary A shares of £1 each	8,499	8,499
1,501 Ordinary B shares of £1 each	1,501	1,501
1,764 Ordinary C shares of £1 each	1,764	1,764
	<u>11,764</u>	<u>11,764</u>

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

20 SHARE CAPITAL

'A', 'B' and 'C' Ordinary shares rank pari passu in all respects. The 'C' ordinary shares may be redeemed at the Company's option on any date after 31 October 2012. On a winding up they rank ahead only of the ordinary shares and will be repaid at par.

21 SHARE PREMIUM

	2013	2012
	£	£
Premium on issue of 'C' Ordinary shares	<u>1,000,000</u>	<u>1,000,000</u>

22 RESERVES

Group	Profit and loss account £
Balance brought forward	2,536,430
Profit for the year	<u>1,859,975</u>
Balance carried forward	<u>4,396,405</u>
Company	Profit and loss account £
Balance brought forward	(160,114)
Loss for the year	<u>(98,440)</u>
Balance carried forward	<u>(258,554)</u>

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013	2012
	£	£
Profit for the financial year	1,859,975	2,538,171
New ordinary share capital subscribed	-	11,761
Premium on share issue	-	1,000,000
Equity dividends	-	<u>(1,741)</u>
Net addition to shareholders' funds	<u>1,859,975</u>	<u>3,548,191</u>
Opening shareholders' funds	<u>3,548,194</u>	<u>3</u>
Closing shareholders' funds	<u>5,408,169</u>	<u>3,548,194</u>

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

24 CASH FLOWS

a Reconciliation of operating profit to net cash inflow from operating activities

	2013	2012
	£	£
Operating profit	2,819,786	3,052,999
Amortisation	34,312	(968,828)
Depreciation	48,969	37,419
(Loss) / Profit on disposal	(574)	-
Increase in debtors	(7,368,332)	(4,974,100)
Increase in creditors	6,032,587	1,505,237
Net cash outflow from operating activities	<u>1,566,748</u>	<u>(1,347,273)</u>

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2013	2012
	£	£
Interest received	266	280,289
Interest paid	(164,159)	(104,666)
Interest element of hire purchase	(846)	(27,652)
Net cash (outflow) / inflow from returns on investments and servicing of finance	<u>(164,739)</u>	<u>147,971</u>

Taxation

	2013	2012
	£	£
Taxation	<u>(579,174)</u>	<u>(726,379)</u>

Capital expenditure

	2013	2012
	£	£
Payments to acquire fixed asset investments	-	(1,800,000)
Payments to acquire tangible fixed assets	(55,602)	(40,036)
Receipts from disposal of tangible fixed assets	10,350	-
Additions to Investments (Escrow account)	(300,000)	-
Net cash outflow from capital expenditure	<u>(345,252)</u>	<u>(1,840,036)</u>

Acquisitions and disposals

	2013	2012
	£	£
Cash paid to acquire subsidiaries	-	(2,767,574)
Net cash acquired with subsidiary	-	1,458,425
Net cash outflow from acquisitions and disposals	<u>-</u>	<u>(1,309,149)</u>

HG1 Gas Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 30 April 2013

Financing		2013	2012
		£	£
Issue of equity share capital		-	11,761
Premium on share premium		-	1,000,000
Increase in bank loans and similar finance		266,991	1,968,750
Capital element of hire purchase		(10,924)	(5,289)
		<u>256,067</u>	<u>2,975,222</u>
Net cash inflow from financing		<u>256,067</u>	<u>2,975,222</u>

c Analysis of net debt

	At 1 May 2012	Cash flows	Other movements	At 30 Apr 2013
	£	£	£	£
Cash in hand and at bank	506,245	733,649	-	1,239,894
	<u>506,245</u>	<u>733,649</u>	<u>-</u>	<u>1,239,894</u>
Debt due within 1 year	(3,170,130)	(266,991)	(662,500)	(4,099,621)
Debt due after 1 year	(2,066,250)	-	662,500	(1,403,750)
Hire purchase agreements	(10,924)	10,924	-	-
	<u>(5,247,304)</u>	<u>(256,067)</u>	<u>-</u>	<u>(5,503,371)</u>
	<u>(5,247,304)</u>	<u>(256,067)</u>	<u>-</u>	<u>(5,503,371)</u>
Total	(4,741,059)	477,582	-	(4,263,477)