

London Power Co. Limited  
Annual Report and Financial Statements

1 April 2020 to 31 March 2021

AUDITED



Company number: 12113294

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## **Company Information**

<b>Directors</b>	David Bellamy Shirley Rodrigues Philip Graham
<b>Company Secretary</b>	Howard Carter
<b>Company Registration Number</b>	12113294 (England and Wales)
<b>Registered Office</b>	5 Endeavour Square London, UK E20 1JN
<b>Auditors</b>	Ernst & Young LLP (Statutory Auditor) 1 More London Place London SE1 2AF

# Directors' Report

## Introduction

The directors present their report on the affairs of London Power Co. Limited (the "Company"), (registration number 12113294), together with the audited financial statements for the accounting period of 01 April 2020 to 31 March 2021 ("accounting period").

The Company has prepared the financial statements in accordance with international accounting standards ('IFRS') in conformity with the requirements of the Companies Act 2006.

## Principal activities

In August 2019, London Power Co. Limited entered into a contract with Octopus Energy Limited for the provision of London Power services. Under this contract, Octopus Energy supplies gas and electricity to Londoners under the London Power brand. All energy trading and customer interaction is handled by Octopus Energy. The purpose of London Power Co. Limited is to manage the contract with Octopus Energy and handle the spending of any surplus revenue.

The specific activities of the company are as follows:

- 1) To manage the contract with Octopus Energy, ensuring all Service Level Agreements are met, tariff pricing is kept within the agreed parameters and new products or services (such as new tariffs) are developed and delivered in line with the contract
- 2) To increase Londoners' awareness of London Power and assist in driving customer acquisition through a combination of marketing activities and engagement with key stakeholders
- 3) To engage with London boroughs and social housing providers to promote the London Power voids service and to enable referral of vulnerable customers to local support services
- 4) To manage the receipt of commission and expenditure of any surplus
- 5) To develop added value to the GLA through the analysis and interpretation of data generated by London Power.

## Trading results

The Company's loss after tax was £0.21m. It is not proposed to declare a dividend for the period 01 April 2020 to 31 March 2021.

## COVID-19 and Going Concern

The ongoing Covid-19 pandemic will test the supply chains and the robustness of the business continuity plans of the energy industry. The Directors expect Octopus Energy Limited through the London Power Co. Limited brand to continue delivering good customer service and consider how best to respond to Londoners, particularly vulnerable people, in a timely manner while following the government advice. The initial impact of the Covid-19 lockdown was to reduce overall demand for energy nationwide, which has had an impact on wholesale energy markets. Whilst the closure of offices and industry lowered overall energy demand, residential energy demand has increased for many households, and the peak times of energy use throughout the day have changed. More

recently, demand levels have risen to levels close to pre-lockdown levels, although the distribution of power consumption between sectors (domestic and non-domestic) remains distinct from pre-lockdown patterns. These changes in demand over the last year have led to volatile shifts in wholesale energy prices, with both multi-year low and high prices recorded. London Power Co. Limited will continue to monitor the ongoing changes in energy demand throughout the recovery period.

Having considered the possible impact of the COVID-19 pandemic, the Directors have taken into account the nature of the Company's activities which are detailed above. The Directors have determined that based on recent trading and business performance, the pandemic is not expected to have a significant impact on the Company's business. The Directors do not believe there to be a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

In determining the appropriate basis of preparation of the financial statements for the year ended 31 March 2021, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. After making enquiries and taking account of the impact of COVID-19 on the business, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The parent company has confirmed it will provide support to the Company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the Directors therefore have adopted the going concern basis in preparing these financial statements.

### **Share capital**

The Company had 1,056,387 shares in issue at 31 March 2021.

### **Articles of Association**

The Articles of Association set out the basic management and administrative structure of the Company. They regulate the internal affairs of the Company and cover such matters as the issue and transfer of shares, Board and shareholder meetings, powers and duties of Directors and borrowing powers. The Articles may only be amended by special resolution at a general meeting of shareholders. Copies are available by writing to the Company Secretary and are also available from Companies House.

### **Directors**

The directors who served during the accounting period were:

David Bellamy

Shirley Rodrigues

Aram Wood (resigned 31/12/2020)

Philip Graham

One director (Aram Wood) resigned during the reporting period.

None of the directors had any beneficial interest in the shares of the Company.

There were no contracts of significance during the financial period in which a Director is or was materially interested.

### **Directors' indemnities**

The Greater London Authority indemnifies the Directors to the maximum extent permitted by law in respect of all costs, charges, expenses, losses and liabilities, which they may incur in or about the execution of their duties to the Company or any entity which is an associated company (as defined in Section 256 of the Companies Act 2006), or as a result of the duties performed by the Directors on behalf of the Company or any such associated company.

### **Shareholders**

100% of the share capital in the Company is held by Greater London Authority Holdings Ltd (GLAH).

### **Sustainability**

The Company complies with the sustainability policies of the Greater London Authority.

### **Essential contracts**

The Company has a contract with Octopus Energy Limited for the provision of London Power Services. Under this contract, Octopus Energy provide electricity and gas supply to domestic customers under the London Power brand. This arrangement is essential to the business of the Company.

### **Payment of creditors**

It is the Company's policy to abide by the agreed payment terms where a supplier has provided the goods and services in accordance with the relevant terms and conditions of contract. In addition, it is the company's policy to pay small and medium sized entities within 10 working days.

### **Risk management**

The Company has a risk management process and arrangements that enable it systematically to identify, assess, manage and monitor business risks.

### **Employees**

The Company has no directly employed staff. Staff employed by the Greater London Authority perform duties on behalf of London Power Co. Limited and their time and related overheads are recharged to the Company at cost.

### **Charitable and political donations**

No charitable or political donations were made during the accounting period.

### **Small company exemptions**

The Directors have taken advantage of the small companies' exemption provided by Section 414B of the Companies Act 2006 not to provide a Strategic Report. In preparing this report, the

Directors have also taken advantage of the small companies' exemption provided by Section 415A of the Companies Act.

**Independent auditors and disclosure of information to the auditors**

Pursuant to a Directors' resolution, the Company appointed Ernst & Young as external auditors. Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has taken all the steps that 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.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.



Philip Graham  
Director

21 December 2021

## Statement of Directors' Responsibilities

In respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom 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 these financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 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 estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# **Independent Auditor's Report to the Members of London Power Co. Limited**

## **Opinion**

We have audited the financial statements of London Power Co. Limited for the year ended 31 March 2021 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 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the

financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are:
  - Companies Act 2006 (as amended)
  - The Companies Act 2006 (Strategic report and Director's report) Regulations 2013

- International Financial Reporting Standards
  - UK tax legislation
  - Greater London Authority Act 1999 and 2007
  - Localism Act 2011
- We understood how London Power Co. Limited is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the entity's Board minutes, through enquiry of employees to confirm the entity's policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved focussing on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance (through inappropriate recognition of revenue) and management override of controls to be our fraud risks.
- To address our fraud risk of inappropriate revenue recognition we challenged the assumptions and corroborated the income to appropriate evidence.
- To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We also performed a review for any significant, unusual business transactions and challenged significant estimates for reasonableness.

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

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

*Ernst & Young LLP*

Andrew Brittain (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Reading  
21 December 2021

## Statement of Comprehensive Income

for the year ended		31 March 2021 £'000	31 March 2020* £'000
	Note		
Revenue	3	(116)	(29)
Selling and distribution expenses		-	704
Administrative expenses		339	405
<b>Operating loss/(profit)</b>		<b>223</b>	<b>1,080</b>
Finance income		-	-
Finance costs		38	-
<b>Net finance costs</b>		<b>38</b>	<b>-</b>
<b>Loss/(Profit) before tax</b>		<b>261</b>	<b>1,080</b>
Group tax relief	5	(50)	(203)
<b>Loss/Profit for the period</b>		<b>211</b>	<b>877</b>

\*2019/20 is for the period 19 July 2019 to 31 March 2020

All activities in the period ended 31 March 2021 are derived from continuing operations.

The Company has no recognised gains and losses other than the losses detailed above and as such a separate statement of other comprehensive income has not been presented.

The notes on pages 16-22 are an integral part of these financial statements.

## Statement of Financial Position

as at		31 March 2021 £'000	31 March 2020 £'000
	Note		
<b>Assets</b>			
Trade and other receivables	6, 9	121	233
Cash and cash equivalents		775	-
<b>Current assets</b>		<b>896</b>	<b>233</b>
<b>Total assets</b>		<b>896</b>	<b>233</b>
<b>Liabilities</b>			
Loans and borrowings	9, 13	(552)	(1,099)
<b>Non-current liabilities</b>		<b>(552)</b>	<b>(1,099)</b>
Trade and other payables	7	(376)	(11)
Current tax liabilities		-	-
<b>Current liabilities</b>		<b>(376)</b>	<b>(11)</b>
<b>Total liabilities</b>		<b>(928)</b>	<b>(1,110)</b>
<b>Net liabilities</b>		<b>(32)</b>	<b>(877)</b>
<b>Equity</b>			
Share capital		(1,056)	-
Retained earnings		1,088	877
<b>Total equity</b>		<b>32</b>	<b>877</b>

The Company has authorised and issued 1,056,387 £1 shares, which are held by Greater London Authority Holdings Limited.

The financial statements were approved by the Board on 6 July 2021 and have been authorised for issue by a director, on behalf of the board, on completion of the audit.

The notes on pages 16-22 are an integral part of these financial statements.



Philip Graham  
Director  
21 December 2021

## Statement of Changes in Equity

for the period 01 April 2020 to 31 March 2021

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
At 01 April 2020		-	877	877
Loss for the period		-	211	211
Issue of share capital		(1,056)		(1,056)
At 31 March 2021		(1,056)	1,088	32

The Company has authorised and issued 1,056,387 £1 shares, which are held by Greater London Authority Holdings Limited.

## Statement of Changes in Equity

for the period 19 July 2019 to 31 March 2020

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
At incorporation 19 July 2019		-	-	-
Total Comprehensive Loss for the period		-	877	877
At 31 March 2020		-	877	877

The Company has authorised & issued one £1 share, which is held by Greater London Authority Holdings Limited.

Share capital represents the aggregate nominal value of issued ordinary shares.

Retained earnings consists of the accumulated losses of the Company at the period end.

The notes on pages 16-22 are an integral part of these financial statements.

## Statement of Cash Flows

For the period ended 31 March		2021 £'000	2020* £'000
	Note		
(Profit)/Loss for the period		211	877
Adjustments to profit or loss for non-cash movements	11	(477)	222
<b>Net cash flows from Operating Activities</b>		<b>(266)</b>	<b>1,099</b>
Financing Activities	11	(509)	(1,099)
<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>(775)</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period		-	-
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>(775)</b>	<b>-</b>

\*2019/20 is for the period 19 July 2019 to 31 March 2020

The notes on pages 16-22 are an integral part of these financial statements.

# Notes to the Financial Statements

For the period ended 31 March 2021

## 1. Reporting entity

London Power Co. Limited (the "Company") is incorporated and domiciled in the United Kingdom. The Company's registered number is 12113294 and its registered office is 5 Endeavour Square, London, E20 1JN. The principal activity of the Company is managing the contract for the provision of electricity, gas and related services to domestic consumers in London.

## 2. Statement of accounting policies

This section explains the Company's main accounting policies.

### a) Statement of compliance

#### Basis of preparation

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements were authorised for issue by the Company's board of directors on 6 July 2021.

#### Basis of measurement

The accounts are made up to 31 March 2021 and have been prepared under the accruals concept and in accordance with the historical cost accounting convention, modified by the revaluation of certain categories of non-current assets and financial instruments.

### b) Use of judgements and estimates

In preparing these financial statements, the directors are required to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and judgements are based on evidence at the time and other factors that are considered applicable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the year in which the estimate is revised. The directors are not aware of any significant sources of estimation uncertainty in the preparation of the financial statements.

### c) Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to trade for the foreseeable future of at least 12 months from the date of signing these financial statements. The basis of this assumption relies on the support of the Greater London Authority (GLA). The GLA has indicated that it will continue to provide such funds as are necessary for the Company to trade for a period of 12 months after the date of signing the financial statements.

The directors consider that this will enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking, the Directors do not believe there to be a material uncertainty which may cast

significant doubt on the Company's ability to continue as a going concern. Accordingly, the Directors therefore have adopted the going concern basis in preparing these financial statements.

#### **d) Revenue**

##### **Commission**

Revenue is generated from managing the contract with Octopus Energy Limited for the provision of electricity and gas to London consumers. The commission from this contract is recognised at a point in time based on the number of end-consumer supply contracts included in the monthly statement.

In determining the transaction price, there is a fixed commission in the contract for each end-consumer supply contract acquired and retained on a primary tariff.

#### **e) Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date.

#### **f) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the Statement of Cash Flows presentation purposes, cash and cash equivalents include bank overdrafts, which are shown within borrowings in current liabilities in the Statement of Financial Position.

#### **g) Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

##### **Trade receivables**

Trade receivables are initially recognised at fair value and subsequently at amortised cost, using the effective interest method, less any allowance for expected credit losses.

##### **Trade and other payables**

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

##### **Borrowings**

Loans and borrowings are initially recognised at the fair value of the cash received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Financing expense comprises interest payable on loans from the GLA and is recognised in the Income Statement using the effective interest method.

### 3. Revenue

	31 March 2021 £'000	31 March 2020 £'000
Commission	116	29
	<u>116</u>	<u>29</u>

### 4. Audit Fees

	31 March 2021 £'000	31 March 2020 £'000
Audit of financial statements	14	10
	<u>14</u>	<u>10</u>

### 5. Current Taxation

	31 March 2021 £'000	31 March 2020 £'000
<b>Tax charge per accounts</b>		
Current tax		
<b>Analysis of tax charge/(credit) for the period</b>		
UK Corporation tax at 19%		
Group relief payable/(receivable)	(50)	(203)
<b>Total current tax charge/(credit)</b>	<u>(50)</u>	<u>(203)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences		-
<b>Tax on profit on ordinary activities</b>	<u>(50)</u>	<u>(203)</u>
<b>Reconciliation of tax charge</b>		
Loss on ordinary activities before tax	262	1,080
Tax on loss on ordinary activities at 19%	(50)	(205)
Effects of:		
Expenses not deductible for tax purposes	-	2
Group relief (surrendered)/claimed	<u>(50)</u>	<u>(203)</u>
(Payment)/receipt for group relief	50	203
<b>Tax charge/(credit) for the period</b>	<u>(50)</u>	<u>(203)</u>

## Factors affecting future tax changes

The Corporation Tax main rate is to remain at 19% for the financial year beginning 1 April 2021.

### 6. Trade and Other Receivables

	31 March 2021 £'000	31 March 2020 £'000
Trade and accrued income	28	30
Other receivables	93	203
	<u>121</u>	<u>233</u>

### 7. Trade and Other Payables

	31 March 2021 £'000	31 March 2020 £'000
Trade and other payables	(293)	(10)
Accrued expenses	(83)	-
VAT	-	(1)
	<u>(376)</u>	<u>(11)</u>

### 8. Share Capital

The Company issued 1,056,387 shares of £1 and these are held by the parent, Greater London Authority Holdings Limited.

	31 March 2021 £'000	31 March 2020 £'000
Ordinary share capital of £1 each	(1,056)	-
	<u>(1,056)</u>	<u>-</u>

## 9. Financial Instruments

The following categories of financial instruments are carried in the Statement of Financial Position.

	Carrying Value 31 March 2021 £'000	Carrying Value 31 March 2020 £'000
<b>Financial assets at amortised cost</b>		
Trade receivables - current	28	30
	<u>28</u>	<u>30</u>
<b>Financial liabilities at amortised cost</b>		
Borrowings - non-current	(552)	(1,099)
Trade payables - current	(376)	(10)
	<u>(928)</u>	<u>(1,109)</u>

## 10. Risk Management

The Company's activities expose it to a variety of financial risks including:

### Commodity risk

Commodity risk refers to the uncertainties of the size of future income affected by the customer acquisition and retention levels. The key commodity risk faced by the Company is the growth of the end consumer base as a new energy brand in partnership with Octopus Energy Limited in London.

The Company's ability to attract and retain those consumers willing to switch energy suppliers will enable long-term sustained growth.

### Credit risk

Credit risk refers to the possibility that other parties might fail to pay amounts due. Octopus Energy Limited might fail to pay commission when due. Octopus Energy are financially backed by their parent Octopus Capital. London Power Co. Limited has an Escrow Agreement in place with Octopus Energy, from which London Power Co. Limited can draw if Octopus Energy were unable to make the required payments. The Company therefore considers the credit risk arising from loss of commission payments to be low.

It is the Company's policy to place all surplus funds on callable deposits with its ultimate parent, the Greater London Authority (GLA). The GLA has maintained a high credit rating (AA with negative outlook) and benefits from high levels of central government support. The Company therefore considers the credit risk arising from cash and short-term deposits to be adequately maintained.

#### Liquidity risk

Liquidity risk is the possibility that the Company may not be able to meet its financial obligations as they fall due. The ultimate parent manages this risk by using short and long-term cash flow forecasts supplemented by sensitivity analysis to assess the funding adequacy for at least a 12-month period.

The cash resources of the Company are managed in a manner to ensure it has sufficient funds to meet obligations as they fall due.

### 11. Cash Flow

	31 March 2021 £'000	31 March 2020 £'000
<b>Adjustments to profit and loss for non-cash movements</b>		
Increase/(Decrease) in trade and other receivables	(112)	233
(Increase)/Decrease in trade and other payables	(365)	(11)
	<u>(477)</u>	<u>222</u>
<b>Financing activities</b>		
Repayment of long-term borrowings	1,056	
Cash Receipt from Long-term borrowing	(509)	(1,099)
Proceeds from issue of ordinary shares	(1,056)	-
	<u>(509)</u>	<u>(1,099)</u>

### 12. Ultimate Parent Undertaking

The Company is a wholly owned subsidiary of Greater London Authority Holdings Limited, which is itself a wholly owned subsidiary of the Greater London Authority. The board members of both companies are appointed by the Mayor of London. Copies of the Greater London Authority's accounts are available from City Hall, Queen's Walk, London, SE1 2AA.

### 13. Related Parties

#### Transactions with ultimate parent

During the period, the Greater London Authority (GLA) charged the Company £239k accommodation and other overhead costs.

In year, the Company restructured its financing with a view to achieving a better debt to equity ratio. In March 2021, the Company terminated and repaid a £1,056k loan from the GLA, and replaced this financing with a share capital issue of £1,056k to the Company's parent Greater London Authority Holdings Limited.

The Company continues to hold a £906k loan facility with the GLA, from which £509k was drawn in 2020/21 resulting in cumulative borrowing from the GLA of £552k at 31 March 2021. (See note 9 for further details)

Interest payable to the GLA totalled £38k in 2020/21.

#### **Transactions with GLA Land and Property Ltd (GLAP)**

GLAP is a wholly owned subsidiary of GLAH. The Company and GLAP are therefore part of the same group for corporation tax purposes. In the current reporting period the Company surrendered tax losses to GLAP resulting in group tax relief of £50k.

### **14. COVID-19 Impact**

There is no doubt that the unknown variables of the Covid-19 pandemic will test the supply chains and the robustness of the business continuity plans of the energy industry. However, working closely with the Government and Ofgem, the industry is putting in place emergency response measures to ensure that there is no disruption to the generation and supply of energy to customers during these extraordinary circumstances. We, therefore, expect Octopus Energy Limited through the London Power Co. Limited brand to continue delivering good customer service and consider how best to respond to Londoners, particularly vulnerable people, in a timely manner while following the government advice. The initial impact of the Covid-19 lockdown was to reduce overall demand for energy nationwide, which had an impact on wholesale energy markets. Whilst the closure of offices and industry lowered overall energy demand, residential energy demand increased for many households, and the peak times of energy use throughout the day have changed. More recently, demand levels have risen to levels close to pre-lockdown levels, although the distribution of power consumption between sectors (domestic and non-domestic) remains distinct from pre-lockdown patterns. These changes in demand over the last year have led to volatile shifts in wholesale energy prices, with both multi-year low and high prices recorded. London Power Co. Limited will continue to monitor the ongoing changes in energy demand throughout the recovery period.