Company Registration No. SC301188 (Scotland)

SPARK ENERGY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

SPARK ENERGY LIMITED

DIRECTORS AND ADVISERS

Directors	Sir Timothy Noble (Chairman) Peter Darling Christopher Fletcher Chris Gauld Nicholas Leeming James Paget
Secretary	MBM Secretarial Services Limited
Registered office	5th Floor 125 Princes Street Edinburgh EH2 4AD
Registered auditors	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE

SPARK ENERGY LIMITED

CONTENTS

The directors present their report and financial statements for the year ended 30 June 2012. These accounts were approved at a meeting of the board on 24 April 2013.

Principal activities and review of the business
The principal activity of the group is that of energy supply through its two licensed subsidiaries.

Group turnover increased by 67% to £18.00 million (2011: £10.78 million) and gross margin increased from £3.94 million to £5.04 million. Losses for the year were reduced to £3.27 million (2011: £3.62 million).

£2.88m of equity funding was raised during the year, which meant that at the year end, the group's net liabilities were £3.98 million (2011: £3.57 million net liabilities), of which £3.43m was owed to certain shareholders.

Revenue growth continued to be driven by new contracts with some of the UK's largest letting agencies. This has seen the group double its customer base of properties supplied to 31,000 during the year ended 30 June 2012.

To support this high level of growth and to provide the foundation for the future forecast customer growth, the directors have continued investment in the group's operational and IT infrastructure, resulting in high indirect costs for the year.

This investment has helped the directors to identify and reduce the impact of bad debts. During the year significant improvements were made in this area with the bad debt expense falling from 27% to 19% of turnover and there has been further improvement in the current year.

Improvement to the customer experience remains one of the directors' key focuses, and, in addition to the above investment, the financial year has seen the rollout of a new company website, enabling customer self-billing, and continued investment and improvement in the customer call centre.

The rollout of smart meters to every property remains a long term aim for the group. There has been little progress during the year as installation continues to be delayed by the lack of availability of mainstream financing to fund such a rollout. This delay is due to the uncertainty over the exact specification of the smart meter itself, a matter which is currently the subject of government consultation, the results of which have taken much longer than the government originally suggested in 2010.

The lack of any significant movement in smart meter installation is another reason for the directors' decision to invest in the group infrastructure and operating methods, to ensure the group can operate effectively in the absence, for the time being, or any smart solution.

Future developments
The group's financial performance in the current year continues broadly in line with expectations and since the year end, customer numbers have continued their incremental growth, supported by the addition of new business lines aimed at new acquisition channels such as pre-pay customers.

The completion of the various infrastructure works will allow the directors to continue this customer growth with low additional indirect cost, and continuing efforts with rental customers and the new business lines are expected to reduce the impact of growth on working capital requirements. Meanwhile the improved systems and operating methods will allow the directors to continue to bring down the high bad debt levels.

Principal Risks and uncertainties
The principal risks and uncertainties affecting the group are:

- Volatility in the wholesale price of gas and electricity;
- bad debt risk;
- operational risks; and
- the availability of finance (going concern).

The group aims to manage the supply price volatility risk by securing gas and electricity, where possible, under forward contracts. Bad debt risk is principally managed through a sales acquisition strategy designed to encourage rental customers to take up direct debit plans. Operational risks are managed through improving systems and controls and monitoring operations against key performance indicators including those set out below.

At present, the group has no way of securing traditional forms of short term lending such as bank finance to manage intra month cashflows. The group's ability to continue as a going concern is dependent upon its ability to ensure that receipts from customers exceed the cost of purchases, in line with its cashflow projections.

Subsequent to the year end the company raised £1.9 million of shareholder equity which has met the minimum capital requirements of the group. There are uncertainties inherent in the future cashflow projections, the most significant of which are detailed in note 1.1.

For the reasons detailed in note 1.1, the directors are satisfied that it remains appropriate to prepare the accounts on a going concern basis.

Key performance indicators
The directors have a number of key performance indicators that are produced and monitored on a regular basis. The key metrics include details of customer acquisition numbers, the percentage of customers paying by direct debit or prepayment, the level of bad debt expense as a percentage of turnover, the percentage of meter reads obtained, and the number and percentage of customer complaints.

All of these indicators have seen improvement since the last financial year end.

Results and dividends
The consolidated profit and loss account for the year is set out on page 7.

Directors
The following directors have held office since 1 July 2011:

Sir Timothy Noble (Chairman)	
Peter Darling	
Christopher Fletcher	
Chris Gauld	
Nicholas Leeming	
James Paget	
Christopher Trigg	(Resigned 24 July 2012)

Directors' interests
The directors' interests in the shares of the company were as stated below:

	Ordinary 'A' Shares of 0.01p each	
	30 June 2012	1 July 2011
Sir Timothy Noble (Chairman)	670,000	160,000
Christopher Fletcher	317,670	174,812
Chris Gauld	17,866	17,866
Nicholas Leeming	138,662	110,091
James Paget	300,000	107,143

	Ordinary 'B' Shares of 0.005p each	
	30 June 2012	1 July 2011
Peter Darling	678,847	678,847

	Ordinary 'C' Shares of 0.005p each	
	30 June 2012	1 July 2011
Peter Darling	678,847	678,847

In addition, a number of directors hold share options as detailed in note 14.

Statement of directors' responsibilities
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 company and of the group and of the profit or loss of the group 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 UK Accounting Standards 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SPARK ENERGY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

Statement of disclosure to auditors

The directors confirm that;

(a) so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and

(b) the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

By order of the board

For and on behalf of
MBM Secretarial Services Limited

Director and duly authorised attorney

MBM Secretarial Services Limited

Secretary

6 May 2013

SPARK ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SPARK ENERGY LIMITED

We have audited the financial statements of Spark Energy Limited for the year ended 30 June 2012 set out on pages 7 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accoutning 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 auditors' 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 auditors
As explained more fully in the Directors' Responsibilities Statement, included in the Directors' Report set out on pages 1 - 4, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and 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 Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2012 and of the group's loss 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.

Emphasis of matter - Going Concern
In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1.1 to the financial statements concerning the group's ability to continue as a going concern. The group incurred a net loss of £3,265,800 during the year ended 30 June 2012 and, at that date, the group's liabilities exceeded its assets by £3,983,369. These conditions, along with other matters explained in note 1.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF SPARK ENERGY LIMITED

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.

Johnston Carmichael LLP

David Holmes (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

6 May 2013

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

SPARK ENERGY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 £	2011 £
Turnover	2	18,003,072	10,781,039
Other operating income		23,642	24,660
		18,026,714	10,805,699
Purchases and other consumables		(7,789,961)	(4,162,698)
Other external charges		(5,194,647)	(2,705,148)
		(12,984,608)	(6,867,846)
Gross profit		5,042,106	3,937,853
Staff costs		(2,393,789)	(1,837,022)
Depreciation and amortisation		(116,941)	(107,834)
Other operating charges		(1,893,262)	(2,283,975)
Bad debt charge	3	(3,347,732)	(2,885,371)
		(7,751,724)	(7,114,202)
Operating loss	3	(2,709,618)	(3,176,349)
Loss on ordinary activities before interest		(2,709,618)	(3,176,349)
Interest receivable and similar income		-	64
Interest payable and similar charges	4	(556,182)	(445,803)
Loss on ordinary activities before taxation		(3,265,800)	(3,622,088)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation		(3,265,800)	(3,622,088)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

SPARK ENERGY LIMITED

BALANCE SHEETS

AS AT 30 JUNE 2012

	Notes	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Assets					
Fixed assets					
Intangible assets	7	33,333	83,333	33,333	83,333
Tangible assets	8	120,200	144,283	69,200	67,783
Investments	9	-	-	5,000	5,000
		153,533	227,616	107,533	156,116
Current assets					
Debtors	10	4,500,794	3,257,553	8,822,079	4,374,708
Investments	11	239,422	829,126	-	-
Cash at bank and in hand		499,896	105,000	498,828	103,931
		5,240,112	4,191,679	9,320,907	4,478,639
Total assets		5,393,645	4,419,295	9,428,440	4,634,755
Liabilities					
Creditors: amounts falling due within one year	12	9,150,362	6,830,491	12,769,039	5,987,523
Creditors: amounts falling due after more than one year	13	226,652	1,155,363	226,652	1,155,363
Total liabilities		9,377,014	7,985,854	12,995,691	7,142,886
Capital and reserves					
Called up share capital	14	933	523	933	523
Share premium account	15	9,660,517	6,811,937	9,660,517	6,811,937
Profit and loss account	15	(13,644,819)	(10,379,019)	(13,228,701)	(9,320,591)
Shareholders' funds	16	(3,983,369)	(3,566,559)	(3,567,251)	(2,508,131)
Total Equity & Liabilities		5,393,645	4,419,295	9,428,440	4,634,755

Approved by the Board and authorised for issue on 6 May 2013

Sir Timothy Noble (Chairman)
Director

Company Registration No. SC301188

SPARK ENERGY LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

		2012		2011
	£	£	£	£
Net cash outflow from operating activities		(2,406,611)		(1,509,397)
Returns on investments and servicing of finance				
Interest received	-		64	
Interest paid	(156,734)		(145,803)	
Net cash outflow for returns on investments and servicing of finance		(156,734)		(145,739)
Capital expenditure				
Payments to acquire tangible assets	(29,799)		(29,283)	
Net cash outflow for capital expenditure		(29,799)		(29,283)
Net cash outflow before management of liquid resources and financing		(2,593,144)		(1,684,419)
Management of liquid resources				
Current asset investments	589,704		(932,287)	
		589,704		(932,287)
Financing				
Issue of ordinary share capital	2,875,110		938,239	
Cost of share issue	(26,120)		(57,283)	
Other loans and debt issued in year	40,000		2,005,159	
Other loans and debt repaid in year	(490,654)		(160,000)	
Net cash inflow from financing		2,398,336		2,726,115
Increase in cash in the year		394,896		109,409

SPARK ENERGY LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

1	Reconciliation of operating loss to net cash outflow from operating activities	2012	2011
		£	£
	Operating loss	(2,709,618)	(3,176,349)
	Depreciation of tangible assets	66,941	57,834
	Amortisation of intangible assets	50,000	50,000
	(Increase)/decrease in debtors	(1,243,241)	77,986
	Increase in creditors in the year	1,429,307	1,377,971
	Impairment of current asset investment	-	103,161
	Net cash outflow from operating activities	(2,406,611)	(1,509,397)

2	Analysis of net debt	1 July 2011	Cash flow	Other non-cash changes	30 June 2012
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	105,000	394,896	-	499,896
	Liquid resources:				
	Current asset investments	829,126	(589,704)	-	239,422
		829,126	(589,704)	-	239,422
	Finance leases	-	4,096	(13,059)	(8,963)
	Loans falling due within one year	(2,407,744)	446,558	(1,332,479)	(3,293,665)
	Loans falling due after one year	(1,155,363)	-	933,031	(222,332)
		(3,563,107)	450,654	(412,507)	(3,524,960)
	Net debt	(2,628,981)	255,846	(412,507)	(2,785,642)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2012

3	Reconciliation of net cash flow to movement in net debt	2012	2011
		£	£
	Increase in cash in the year	394,896	109,409
	Cash (inflow)/outflow from (decrease)/increase in liquid resources	(589,704)	932,287
	Cash outflow/(inflow) from (decrease)/increase in debt	450,654	(1,844,694)
	Other non cash movement	(412,507)	(403,161)
	Conversion of debt to equity	-	1,291,408
	Movement in net debt in the year	(156,661)	85,249
	Opening net debt	(2,628,981)	(2,714,230)
	Closing net debt	(2,785,642)	(2,628,981)

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

Going Concern

The Directors' Report details significant changes in the structure of the group's operations over the period of these accounts.

The group incurred a loss of £3.27 million for the year ended 30 June 2012 and had net liabilities of £3.98 million at that date, including £3.43m owed to certain shareholders.

The availability of traditional forms of short term lending, such as bank finance, to manage intra month cash flows has not been available. Since 30 June 2012 further equity funding has been raised amounting to £1.9 million which has been used to fund working capital and past losses.

Based on currently anticipated funding, the group's ability to continue as a going concern is dependent upon its ability to meet its cash flow projections. Whilst actual results and cash flows for the year to date are broadly in line with projections, there are uncertainties with regard to the assumptions used to prepare future projections, the most significant of which are as follows:

- Customer numbers. The group projects there will be a net increase in customer numbers over the next 12 months in line with previous trends.

- The cost of energy and margins. The cost of energy supplies, and thus margins, is volatile and not wholly within the control of the group. The group has directly contracted with small energy generators to forward purchase its base electricity requirements. The projections assume that contracts will be achievable to cover winter 2013/2014 base load, that weather patterns will not be abnormal, that there will be no significant adverse spikes in energy prices from time to time, and that it will be possible to raise prices to cover longer term increases in energy costs.

- Cash collection. The projections assume significant reductions in the proportion of customers paying by cash or cheque and increases in customers paying by direct debit, smart meter or prepayment meter in line with existing trends.

- Shareholder lending. The projections assume that a significant proportion of the shareholder lending will be rolled over until summer 2014. Whilst written commitments to this effect do not cover all such borrowings, the directors believe it is a realistic assumption based on previous experience and ongoing discussions with the lenders.

The directors are satisfied that on the basis of the above assumptions the group will have sufficient resources to enable the group to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. The directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

1 Accounting policies **(continued)**

1.2 Critical estimates and judgements

In the process of applying the group's accounting policies, management has to make judgements and estimates that have a significant effect on the amounts recognised in these financial statements. These estimates and judgements are re-evaluated periodically and are based on historical experience and information available up to the date of signing the accounts. The key estimates and judgements made by the directors are in respect of revenue recognition and trade debtor provisioning.

Revenue Recognition

Revenue recognised for the supply of electricity and gas is based on industry estimates of the quantity of units used based on historical usage on a property by property basis. Revenue from these units as estimated is then evaluated by tariff to give a gross revenue figure. This revenue estimate is then adjusted, property by property on a rolling basis, following actual reads being reported to the company and to the industry by the data collectors. These reads result in corrections to the industry supply estimates in the 'settlement process'. A further reduction is made to revenue to represent the sales value of consumption imputed by the industry but estimated by the company to have been in respect of properties which were void, but which the industry had yet to recognise as such. This process results in deriving turnover as set out in note 1.5.

Trade debtor provisioning

Provisions against trade receivables are recognised where a loss is probable. This is assessed largely on the basis of post year-end cash receipts but also includes supportable estimates in respect of future cash collections. Adjustments to profit which result from not collecting revenue (bad debts) together with certain adjustments as calculated above resulting from the industry settlements process are recorded in total in the "bad debt" figures shown in the financial statements.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.4 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2012. Intra-group sales and profits are eliminated fully on consolidation.

1.5 Turnover

Turnover comprises the sale value of energy supplied to customers during the year exclusive of VAT. Turnover from the sale of energy is the value of units supplied during the year based on external data supplied by the electricity and gas market settlement processes, and includes an estimate of the value of units supplied to properties between the date of the last meter reading and the year end.

1.6 Accreditation costs

The costs of obtaining accreditation from the Office of Gas and Electricity Markets ("Ofgem") have been capitalised. Accreditation costs are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost of accreditation in equal instalments over its estimated useful life of 5 years.

1 Accounting policies **(continued)**

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment & related software	Over 2 and 4 years
Fixtures, fittings & equipment	Over 5 years

1.8 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.
Current asset investments relate to purchased Renewable Obligation Certifcates (ROCs) and are stated at the lower of cost and net realisable value.

1.10 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.11 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.12 Financial instruments

The company uses derivative financial instruments to hedge its exposure to changes in market prices arising from energy purchases.

Forward contracts to purchase energy are accounted for on an accruals basis at cost, with gains and losses recorded in the profit and loss account in the period in which the supply of power occurs.

1.13 Bonds and convertible loan notes

Bonds and convertible loan notes are presented as liabilities on the balance sheet, measured initially at their issue cost.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss

	2012	2011
	£	£
Operating loss is stated after charging:		
Amortisation of intangible assets	50,000	50,000
Depreciation of tangible assets	66,941	57,834
Operating lease rentals		
- Other assets	98,108	84,960
Amounts written off ROCs	-	103,161
Audit of the financial statements (Company £7,500; 2011: £6,500)	36,000	34,000
Other fees to auditors	9,900	20,500
and after crediting:		
Government grants	23,642	24,660

The group has increased its provision against bad debt (including adjustments to revenue estimates), estimated supplies to property and unbilled energy by £3,347,732 (2011 - £2,885,371) at 30 June 2012 in respect of outstanding customer debtor balances at the year end.

4 Interest payable

	2012	2011
	£	£
On bank loans and overdrafts	31,025	8,797
Other interest	525,157	437,006
	556,182	445,803

5 Taxation	2012	2011
	£	£
Total current tax	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(3,265,800)	(3,622,088)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 20.00%)	(653,160)	(724,418)
Effects of:		
Non deductible expenses	-	782
Capital allowances	3,516	2,919
Unrelieved tax losses	649,644	720,717
	653,160	724,418
Current tax charge for the year	-	-

The group has not recognised a potential deferred tax asset of £2,221,524 (2011: £1,437,732) arising on surplus losses within the group, in accordance with the accounting policy set out in Note 1.10.

6 Loss for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows:

	2012	2011
	£	£
Holding company's loss for the financial year	(3,908,110)	(3,020,969)

7 Intangible fixed assets

Group and company	Accreditation costs £
Cost	
At 1 July 2011 & at 30 June 2012	237,500
Amortisation	
At 1 July 2011	154,167
Charge for the year	50,000
At 30 June 2012	204,167
Net book value	
At 30 June 2012	33,333
At 30 June 2011	83,333

The group and company have capitalised costs incurred in gaining accreditation with the Office of Gas and Electricity Markets and is amortised over a period of 5 years.

8 Tangible fixed assets

Group

	Computer equipment & related software	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 July 2011	228,600	47,065	275,665
Additions	33,958	8,900	42,858
At 30 June 2012	262,558	55,965	318,523
Depreciation			
At 1 July 2011	111,355	20,027	131,382
Charge for the year	57,565	9,376	66,941
At 30 June 2012	168,920	29,403	198,323
Net book value			
At 30 June 2012	93,638	26,562	120,200
At 30 June 2011	117,245	27,038	144,283

Included above are assets held under finance leases or hire purchase contracts as follows:

	Computer equipment & related software	Fixtures, fittings & equipment	Total
	£	£	£
Net book values			
At 30 June 2012	7,425	-	7,425
Depreciation charge for the year			
30 June 2012	5,634	-	5,634

Tangible fixed assets

Company

	Computer equipment & related software	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 July 2011	101,100	47,065	148,165
Additions	33,958	8,900	42,858
At 30 June 2012	135,058	55,965	191,023
Depreciation			
At 1 July 2011	60,355	20,027	80,382
Charge for the year	32,065	9,376	41,441
At 30 June 2012	92,420	29,403	121,823
Net book value			
At 30 June 2012	42,638	26,562	69,200
At 30 June 2011	40,745	27,038	67,783

Included above are assets held under finance leases or hire purchase contracts as follows:

	Computer equipment & related software	Fixtures, fittings & equipment	Total
	£	£	£
Net book values			
At 30 June 2012	7,425	-	7,425
Depreciation charge for the year			
30 June 2012	5,634	-	5,634

9 Fixed asset investments

Company

	Shares in group undertakings
	£
Cost	
At 1 July 2011 & at 30 June 2012	5,000
Net book value	
At 30 June 2012	5,000
At 30 June 2011	5,000

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%
The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Spark Energy Supply Limited	England	Ordinary	100
Spark Gas Shipping Limited	England	Ordinary	100
Spark Generation	England	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Spark Energy Supply Limited	Energy supply
Spark Gas Shipping Limited	Distribution of gaseous fuels
Spark Generation	Dormant

10 Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	3,737,984	2,671,025	-	-
Amounts owed by group undertakings	-	-	8,741,603	4,285,817
Other debtors	613,709	485,996	8,603	54,541
Prepayments and accrued income	149,101	100,532	71,873	34,350
	4,500,794	3,257,553	8,822,079	4,374,708

Trade debtors are shown net of provisions (see note 3).

11 Current asset investments

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Renewable Obligation Certificates	239,422	932,287	-	-
Amounts written off	-	(103,161)		
	239,422	829,126	-	-

Renewable Obligation Certificates are purchased from renewable generation sites. There is a delay between the date of acquisition and the earliest date on which such certificates may be sold, during which the market value of certificates may change. The amounts written off in the prior year represent the difference between cost and net realisable value of the Renewable Obligation Certificates at the balance sheet date.

12 Creditors : amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	88,571	99,361	88,571	99,361
Net obligations under finance lease and hire purchase contracts	4,643	-	4,643	-
Trade creditors	2,394,016	1,955,424	535,425	438,929
Amounts owed to group undertakings	-	-	7,285,713	2,774,701
Taxes and social security costs	69,355	107,203	1,375,070	107,203
Other loans	3,205,094	2,308,383	3,205,094	2,308,383
Other creditors	715,050	1,095,461	-	-
Accruals and deferred income	2,673,633	1,264,659	274,523	258,946
	9,150,362	6,830,491	12,769,039	5,987,523

A floating charge is in place over the company's assets in respect of security held in relation to the group's bank and other loans, amounting to £843,571. Included in other loans are directors' loans amounting to £1,457,028 (2011: £932,159) which are further analysed at note 22.

13 Creditors : amounts falling due after more than one year

	Group		Company	
	2012	**2011**	**2012**	**2011**
	£	**£**	**£**	**£**
Other loans	222,332	1,155,363	222,332	1,155,363
Net obligations under finance leases and hire purchase agreements	4,320	-	4,320	-
	226,652	1,155,363	226,652	1,155,363
Analysis of loans				
Wholly repayable within five years	3,515,997	3,563,107	3,515,997	3,563,107
Included in current liabilities	(3,293,665)	(2,407,744)	(3,293,665)	(2,407,744)
	222,332	1,155,363	222,332	1,155,363
Loan maturity analysis				
In more than one year but not more than five years	222,332	1,155,363	222,332	1,155,363

Included in other loans are directors' loans amounting to £nil (2011: £546,011) which are further analysed in note 22.

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	4,643	-	4,643	-
Repayable between one and five years	4,320	-	4,320	-
	8,963	-	8,963	-
Included in liabilities falling due within one year	(4,643)	-	(4,643)	-
	4,320	-	4,320	-

13 Creditors : amounts falling due after more than one year (continued)

Loan terms

The current amounts outstanding on loans are repayable as follows:

SFLGS Loan - balance of £41,667 (2011: £91,667) outstanding at the year end, repayable in 46 equal monthly installments from 2009 to 2013 at the bank base rate +3.2%.

SEBSED Loan - balance of £11,841 (2011: £23,951) outstanding at the year end, repayable in 50 equal monthly installments from 2009 to 2013 at the bank base rate +6.75%.

EFGS Loan - balance of £35,063 (2011: £73,313) outstanding at the year end, repayable in 47 equal monthly installements from 2009 to 2013 at the bank base rate +4.5%.

The loans are secured in all cases by a floating charge over the assets of the group.

During the year, no conversions of debt took place. Convertible loan stock with a balance of £579,376 is either redeemable in cash or convertible to Ordinary share capital of the company, at a date 1-2 years from issue. Interest on this loan stock is in the range of 5-20% per annum

During the year the company issued 5, two-year, Corporate Energy Bonds of £5,000 each to investors at par value. At the year end a total of 68 bonds were in issue. The conditions attached to these bonds are as follows:

- 6 percent fixed rate of interest over the life of the bond
- Interest paid quarterly in arrears
- Free power and gas for a 2 year period (up to a limit of £1,000 per bond)
- Option to convert certain of the bonds into shares at a 10 percent discount.

14 Share capital	2012 £	2011 £
Allotted, called up and fully paid		
8,651,892 Ordinary 'A' shares of £0.0001 each	865	455
678,847 Ordinary 'B' shares of £0.00005 each	34	34
678,847 Ordinary 'C' shares of £0.00005 each	34	34
	933	523

The company issued during the period March 2012 to June 2012, 1,306,725 Ordinary 'A' shares of £0.0001 each to investors at a premium of £0.70 per share, calculated at the date of issue. The total cash consideration for these shares was £906,319 (net of issue costs of £8,344).

The company converted £48,000 of short term loans and debt to 68,571 Ordinary 'A' shares of £0.0001 at a premium of £0.70 per share, calculated at the date of issue.

The company issued 2,732,005 Ordinary 'A' shares of £0.0001 through a rights issue with the first closing in October 2011 and the final closing in February 2012 at a premium of £0.70 per share, calculated at the date of issue. Total consideration received for the shares was £1,918,243 (net of issue costs of £17,731).

Following shareholder approval, the company has granted options in respect of Ordinary 'A' shares of £0.0001 each at various prices as detailed below:

Option price (£)	Excerisable between	Opening	Granted	Exercised	Forfeited	Closing
0.01	30/09/09 - 30/09/19	20,000	-	-	-	20,000
0.70	26/04/12 - 31/10/18	-	4,482	-	-	4,482
1.05	10/11/08 - 28/07/18	128,407	-	-	-	128,407
1.33	26/04/12 - 24/11/17	-	1,104	-	-	1,104
1.40	31/01/11 - 30/11/17	91,500	1,422	-	-	92,922
1.60	01/01/11 - 24/02/16	36,000	33,000	-	-	69,000
1.75	10/02/10 - 10/02/20	49,614	-	-	-	49,614
2.00	01/10/09 - 22/03/17	90,650	-	-	-	90,650
		416,171	40,008	-	-	456,179

Director share options:

Director	Exercise price range	Opening	Granted	Exercised	Assigned	Closing
Sir Timothy Noble	1.60	8,000	-	-	-	8,000
Christopher Fletcher	1.40 - 2.00	66,500	-	-	-	66,500
Chris Gauld	1.05	34,014	-	-	-	34,014
Nicholas Leeming	1.60 - 2.00	11,000	-	-	-	11,000
		119,514	-	-	-	119,514

14 Share capital **(continued)**

No share options have lapsed, been exercised or cancelled during the period.

Options granted to external investors, directors and key employees have the following conditions attached:

Condition 1 - options issued to executive directors and key employees are conditional on the recipient continuing to be an eligible employee of the company or upon ceasing to be an employee, immediately exercising the options.

Condition 2 - options issued to directors and key employees whereby 25% of the total option shall vest on each anniversary starting from 1 January 2010 (16,000 options) or 1 January 2011 (53,000 options) with an exercise price hurdle of £5.40 per share. Also requires Condition 1 to be met.

Condition 3 - options granted to directors and third party investors as part of receipt of loan funds which will only vest in the event of failure by the company to repay these loans per the respective loan agreements.

Condition 4 - no vesting conditions.

Option split per vesting condition:

	Option price (£)	Opening	Granted	Exercised	Forfeited	Closing
Condition 1	1.05	119,048	-	-	-	119,048
		119,048	-	-	-	119,048
Condition 2	1.60	36,000	33,000	-	-	69,000
		36,000	33,000	-	-	69,000
Condition 3	1.40	91,500	-	-	-	91,500
		91,500	-	-	-	91,500
Condition 4	0.01	20,000	-	-	-	20,000
	0.70	-	4,482	-	-	4,482
	1.05	9,359	-	-	-	9,359
	1.33	-	1,104	-	-	1,104
	1.40	-	1,422	-	-	1,422
	1.75	49,614	-	-	-	49,614
	2.00	90,650	-	-	-	90,650
		169,623	7,008	-	-	176,631
		416,171	**40,008**	**-**	**-**	**456,179**

14 Share capital (continued)

Under Financial Reporting Standard 20: Share Based Payments ("FRS20"), companies are required to estimate the fair value of share options granted and to recognise this fair value annually as a cost in the profit and loss account, over the life of the options.

Accordingly, the fair value of the company's share options has been estimated using an option pricing model. Based on the assumptions used the expense to be recognised in the profit and loss account at the period end is immaterial.

Adoption of accounting standards is not mandatory where the transaction balances to which they relate are not material. On this basis, the directors have decided not to adopt FRS 20 for these accounts.

15 Statement of movements on reserves

Group

	Share premium account £	Profit and loss account £
Balance at 1 July 2011	6,811,937	(10,379,019)
Loss for the year	-	(3,265,800)
Premium on shares issued during the year	2,848,580	-
Balance at 30 June 2012	9,660,517	(13,644,819)

Company

	Share premium account £	Profit and loss account £
Balance at 1 July 2011	6,811,937	(9,320,591)
Loss for the year	-	(3,908,110)
Premium on shares issued during the year	2,848,580	-
Balance at 30 June 2012	9,660,517	(13,228,701)

16 Reconciliation of movements in shareholders' funds

Group	**2012** £	**2011** £
Loss for the financial year	(3,265,800)	(3,622,088)
Proceeds from issue of shares	2,875,110	2,229,613
Cost of share issue written off to share premium account	(26,120)	(57,283)
Net depletion in shareholders' funds	(416,810)	(1,449,758)
Opening shareholders' funds	(3,566,559)	(2,116,801)
Closing shareholders' funds	(3,983,369)	(3,566,559)

Company	**2012** £	**2011** £
Loss for the financial year	(3,908,110)	(3,020,969)
Proceeds from issue of shares	2,875,110	2,229,613
Cost of share issue written off to share premium account	(26,120)	(57,283)
Net depletion in shareholders' funds	(1,059,120)	(848,639)
Opening shareholders' funds	(2,508,131)	(1,659,492)
Closing shareholders' funds	(3,567,251)	(2,508,131)

17 Financial commitments

At 30 June 2012 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2012	2011
	£	£
Expiry date:		
Within one year	3,591	37,161
Between two and five years	-	793
	3,591	37,954

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2012	2011
	£	£
Expiry date:		
Within one year	3,591	37,161
Between two and five years	-	793
	3,591	37,954

18 Other commitments

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Energy contracts	647,795	1,503,319	-	-

19 Directors' remuneration

	2012	2011
	£	£
Remuneration for qualifying services	344,894	319,895

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2012	2011
Remuneration for qualifying services	101,500	87,388

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2012 Number	2011 Number
Finance and management	18	13
Sales and marketing	5	6
Operations	76	55
	99	74

Employment costs	2012 £	2011 £
Wages and salaries	2,186,707	1,677,196
Social security costs	207,082	159,826
	2,393,789	1,837,022

21 Derivatives not included at fair value

The group uses derivatives to hedge its exposure to changes in market prices arising from energy purchases. The fair values are based on market values at the balance sheet date and at 30 June 2012 the company had a derivative liability of £73,893 (2011 - asset of £54,811).

22 Related party relationships and transactions

During the year the company paid £nil (2011 - £66,667) for director services provided by PJ Darling to Banjo & Co, an entity controlled by PJ Darling. There were no amounts outstanding as at 30 June 2012.

During the year the company paid £16,666 for director services provided by PJ Darling to Peak Performance Professional Contracts Ltd trading as 3PCL. The amount due at 30 June 2012 was £8,334.

During the year the company paid £6,500 (2011 - £26,300) for director services provided by Sir Timothy Noble to Noble House, an entity controlled by Sir Timothy Noble. The amount due at 30 June 2012 was £34,419 (2011 - £13,405).

During the year the company paid £20,117 (2011 - £36,000) for director services provided by Nicholas Leeming to LCS, an entity controlled by Nicholas Leeming. The amount due at 30 June 2012 was £29,828 (2011 - £16,065).

Loans due to directors at 30 June 2012 including accrued interest amounted to: Sir Timothy Noble £803,147 (2011 - £822,599), Chris Fletcher £624,129 (2011 - £631,216) and Nick Leeming £29,762 (2011 - £24,355).