

Octopus Energy Limited

Annual report and financial statements

For the year ended 30 April 2017

Registered number: 09263424

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COMPANY INFORMATION

Directors
G Jackson
S Jackson
J Eddison
S Handfield-Jones (resigned 13 April 2017)
C Hulatt
S Rogerson

Company Secretary
S Ludlow (appointed 04 November 2016)
T Spevack (resigned 04 November 2016)

Company Registration Number 09263424

Registered Office
6th Floor
33 Holborn
London
EC1N 2HT

Auditor
Deloitte LLP
London

Bankers
HSBC plc
31 Holborn
London
EC1N 2HR

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DIRECTORS' REPORT

For the year ended 30 April 2017

The directors present the annual report on the audited financial statements of Octopus Energy Limited ("the Company"), together with the financial statements and auditor's report, for the year ended 30 April 2017.

Future developments

Details of future developments can be found in the Strategic Report on p6.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 18 to the financial statements.

Dividends

The directors did not recommend interim nor final dividend to be paid during the period (2016: £nil).

Directors

The directors who served throughout the year and as of the date of this report were as follows, except as noted:

G Jackson
S Jackson
J Eddison
S Handfield-Jones (resigned 13 April 2017)
C Hulatt
S Rogerson

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has indicated its willingness to be reappointed for another term and a resolution to reappoint them will be proposed at the next Annual General Meeting.

DIRECTORS' REPORT (continued)

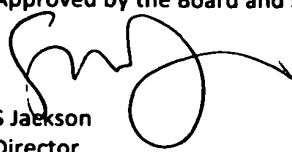
For the year ended 30 April 2017

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The notable area of disclosure which will be affected is related party disclosures: these will be disclosed in the annual accounts of the Company's ultimate parent undertaking, Octopus Capital Limited, but not the Company or other subsidiary companies who will adopt the exemption to disclose in its own accounts.

The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Approved by the Board and signed on its behalf by:



S Jackson
Director

26 October 2017

Registered office:

6th Floor,
33 Holborn,
London, EC1N 2HT

STRATEGIC REPORT

For the year ended 30 April 2017

Principal activities

The principal activity of the Company during the year was that of supply of gas and electricity to domestic and commercial customers in Great Britain. Octopus Energy commits to do this in a way which provides low, transparent, sustainable pricing for customers with a high proportion of renewable and low-carbon energy.

Business review and key performance indicators

KPIs

	For the Year ended 30 Apr 17	For the period from 1 Nov 15 to 30 Apr 16
Trust Pilot score	9.7	10
Customer Numbers	77,937	1,500

Business review

The Directors are satisfied that the Company's performance during this first full year of open market trading was better than plan on most measures. The Directors monitor financial, operating and risk performance closely.

Moreover, the Directors are delighted that since exit from the Controlled Market Entry process in April 2016, the Company has net acquired [76.4k] customers at the same time as generating a 9.7 Trust Pilot rating for customer service. The Company has been able to deliver this through on-going management focus on and investment in efficient, scalable, proprietary systems and processes that can support high volume growth and deliver superior customer service.

During its first year, the Company has publicly exposed some of the many untoward practices in the industry and set out a clear position as a straight-forward and thoroughly modern business.

During the period, the company generated £35m of revenue (2016: £0.05m). Administrative expenses were £5.7m (2016: £0.7m) during the period and the average number of staff was 33 (2016:8).

The Company has received substantial funding commitment from Octopus Capital Ltd via its immediate parent company Octopus Energy Holding Limited, of which £15m had been provided by April 2017 (2016: £1.5m). The Company is operating well inside the funding line agreed between Octopus Energy Holdings Ltd and Octopus Capital Ltd. Octopus Energy Holdings Ltd is able to draw-down as required to fund the growth forecast over the medium term and has arrangements in place to provide resilience against market exposure.

There were no other significant events requiring disclosure in the financial statements after the balance sheet date.

Principal risks and uncertainties

The Management Committee identifies, assesses and manages risks associated with the Company's business objectives and strategy in the following categories:

Wholesale Market Risks

The Company follows a strict and sophisticated hedging policy, and does not speculate on market movements, nor does it assume, rely upon, nor benefit from, market movement in either direction. The Company makes forward commitments for power and gas delivery for each customer that is acquired or renewed onto a fixed price contract, for the duration of the term offered to the customer and allows for some expected attrition (the company does not "lock

STRATEGIC REPORT (continued)

For the year ended 30 April 2017

in" customers with exit fees, and instead models attrition and allows for this). Daily adjustments are made to correct the wholesale position for variances in demand and renewable generation vs forecast. This largely locks in margin for customers across the life of their contracts. For customers on variable price contracts, the Company recognises that practically, variable retail prices can only be changed over a period of time and executes a rolling hedge against this quasi-fixed period accordingly.

Cashflow and Liquidity Risk

The Company manages cash responsibly and operates financial models on two levels: 1. Detailed daily cashflow model that provides sight to the next three months. This is formally reviewed on a weekly basis to ensure that short-term liquidity is optimised and maintained; 2. Long-range forecast model that provides sight to monthly peak cash (and potential variances to) over the next three years. Through this, the Group can plan capital allocation accordingly. During this period the Company has accepted mark-to-market margin-call risk arising from forward fuel contracts rather than the encumbrance associated with a trading credit facility. However, it tests its position weekly against a high volume of seasonally dependent stress scenarios.

Commercial Risk

The Company generates two types of commercial risk:

- (1) that generated by the competitive environment, against which the Company is relatively well placed as a result of its highly efficient operations and
- (2) bad debt risk, which the Company manages through:
 - (a) very high penetration of direct debit collections
 - (b) the application of credit risk data
 - (c) close monitoring of customer account performance and strict processes for non-payment.

Operational Risk

Operational risk arises from a weakness or failure in a business's systems and controls. The Company relies on efficient and well-controlled processes. The potential impact and likelihood of processes failing and operational risk materialising is assessed on a regular basis. Where these likelihoods are felt to be outside of the Directors' appetite for risk, management actions and/or control improvements are identified in order to bring each potential risk back to within acceptable levels. Octopus also has a disaster recovery plan in place covering current business requirements.

Future developments

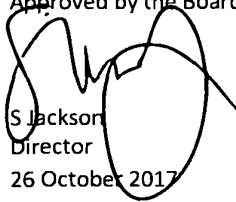
The Directors expect the business to continue growing fast during the forthcoming year as a result of further significant investments in the Octopus Energy brand and building new routes to market.

Companies like Octopus Energy prove that efficient energy suppliers can beat The Big 6 on pricing by hundreds of pounds, but until pricing regulation delivers robust transparency that generates competition on Standard Variable Tariffs, the majority of consumers will not benefit from this. As such, the Directors await with anticipation the outcome of OFGEM's response to the Secretary of State's request to address unfair practices and argue strongly in favour of a relative price cap as the most effective way to fundamentally improve the structure of the retail market.

STRATEGIC REPORT (continued)

For the year ended 30 April 2017

Approved by the Board and signed on its behalf by:



S Jackson
Director

26 October 2017

Registered office:

6th Floor,

33 Holborn,

London, EC1N 2HT

DIRECTORS' RESPONSIBILITIES STATEMENT

For the year ended 30 April 2017

The directors are responsible for preparing the Annual 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 profit or loss of the Company for that year.

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 applicable UK Accounting Standards have been followed including FRS 102, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS ENERGY LIMITED

We have audited the financial statements of Octopus Energy Limited for the year ended 30 April 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and 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 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 annual report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2017 and of its 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.

Opinion on other matter 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report and the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS ENERGY LIMITED (continued)

Matters on which we are required to report by exception

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

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



Stuart McLaren (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, UK
26 October 2017

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2017

	Notes	For the Year ended 30 Apr 17 £'000s	For the period from 1 Nov 15 to 30 Apr 16 £'000s
TURNOVER	3	35,242	50
Cost of sales		(36,394)	(160)
GROSS LOSS		(1,152)	(110)
Administrative expenses		(5,486)	(738)
OPERATING LOSS		(6,638)	(848)
Interest payable to group entities		(589)	(91)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(7,227)	(939)
Tax credit on loss on ordinary activities	7	1,362	176
LOSS FOR THE FINANCIAL YEAR		(5,865)	(763)

All amounts relate to continuing operations.

There is no other comprehensive income or loss and as such no separate statement of other comprehensive income or loss have been prepared.

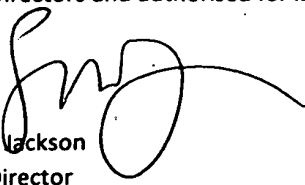
The notes on pages 15 to 24 form part of these financial statements.

BALANCE SHEET

At 30 April 2017

	Notes	As at 30 Apr 2017 £'000s	As at 30 Apr 2016 £'000s
FIXED ASSETS			
Tangible fixed assets	9	50	15
Intangible fixed assets	10	3,956	439
		<u>4,006</u>	<u>454</u>
CURRENT ASSETS			
Debtors – due within one year	8	13,985	626
Cash at bank and in hand		7,526	35
		<u>21,511</u>	<u>661</u>
CREDITORS: amounts falling due within one year	11	<u>(15,424)</u>	<u>(243)</u>
NET CURRENT ASSETS		<u>6,087</u>	<u>418</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,093</u>	<u>872</u>
CREDITORS: amounts falling due after more than one year	11	<u>(16,758)</u>	<u>(1,670)</u>
Deferred Tax	12	(46)	(48)
NET LIABILITIES		<u>(6,711)</u>	<u>(846)</u>
CAPITAL AND RESERVES			
Called-up share capital	13	-	-
Profit and loss account		(6,711)	(846)
SHAREHOLDERS' DEFICIT		<u>(6,711)</u>	<u>(846)</u>

The financial statements of Octopus Energy Limited (registered number: 09263424) were approved by the Board of Directors and authorised for issue on 26 October. They were signed on its behalf by:


S Jackson
Director

Registered office:
6th Floor,
33 Holborn,
London, EC1N 2HT

The notes on pages 15 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2017

	Called-up share capital	Profit and loss account	Total
	£'000s	£'000s	£'000s
At 30 October 2015	-	(83)	(83)
Total comprehensive loss for the period	-	(763)	(763)
At 30 April 2016	-	(846)	(846)
Total comprehensive loss for the period	-	(5,865)	(5,865)
At 30 April 2017	-	(6,711)	(6,711)

The notes on pages 15 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2017

1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting and preparation of financial statements

Octopus Energy Limited ('the Company') is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the strategic report on page 6.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its ultimate parent, Octopus Capital Limited, which may be obtained from the registered office Company Secretary, Octopus Capital Limited, 6th Floor, 33 Holborn, London, EC1N 2HT. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, the presentation of a cash flow statement, related party transactions with other group entities and remuneration of key management personnel.

Going concern

The Company's business activities are set out in the Business Review which forms part of the Strategic Report. The Strategic Report also describes the funding line available to the Company's immediate parent company, Octopus Energy Holdings Limited. The Company is currently in a net liability position, but the Company has the support of its immediate parent company, Octopus Energy Holdings Limited. Based on this support, and the projections of the business over the foreseeable future, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains or losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time that the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

1. Accounting Policies (continued)

Tangible Fixed assets

Tangible fixed assets are stated at cost, net of any depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the costs or valuation, less estimated residual value, of each assets on a straight line basis over its useful economic value as follows:

Equipment: 3-5 years.

Residual value is calculated on prices prevailing at the date of acquisition.

Intangible Fixed Asset

Intangible assets consist of internally developed software and are included at cost and amortised in equal instalments over their estimated useful economic life. It also includes the capitalisation of acquisition costs. Development costs of internally developed software are included at cost to the extent that they can be recovered by future revenues and include both external purchases as well as employment cost of the development team. Development costs have been capitalised in accordance with FRS 102 Section 18 "Intangible Assets other than Goodwill" and are therefore not treated, for dividend purposes, as a realised loss. Any expenditure incurred that does not relate to development of the final asset in use is expensed as incurred. There was no such expense in the current period. The amortisation is treated as an admin expense.

The asset will start to be amortised at the point it becomes available for use, over a period of 5 years in a straight-line basis. There is no impairment in the current accounting period.

Acquisition Cost is included at cost where it can be directly attributed to a customer. The assets are amortised over a period of 3 years in a straight-line basis. "Other intangibles" do not have a period for amortisation and instead an impairment review is carried out every year.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Energy supply revenue is recognised on the basis of electricity and gas supplied during the period and is attributable to the supply of electricity and gas. This includes an estimate of the sales value of units and therms supplied to customers between the date of the last meter reading and the year end. Any unbilled revenue is included in prepayments and accrued income to the extent that it is considered recoverable, based on historical data.

Cost of Sale

Costs are recognised in line with revenue. Where actual invoices have not been received, the latest industry data is used to ensure accuracy.

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 Company after deducting all of its liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

1. Accounting Policies (continued)

Interest Payable

The company makes use of a loan facility from Octopus Energy Holdings Limited. The interest rate payable on the loans is 12% and the loans are payable when the company makes profits in excess of £25 million.

Derivatives and Hedging

The company mitigates its exposure to fluctuation in commodity prices by hedging. When these contracts are initiated as to fulfil the supply requirement for customers, the Company classifies them as 'own use' and outside the scope of FRS 102 section 11 and 12. The volume of energy delivered to the Company is in line with customer usage and no contracts are entered into on a speculative basis.

Related party transactions

The Company has taken advantage of the exemption in paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned Group companies wherein any subsidiary undertaking which is a party to the transactions is wholly-owned by a member of the Group.

Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the life of the lease.

Pensions

The Company operates a defined contribution pension scheme for employees and the pension charge represents the amounts payable by the Company to the scheme in respect of the year. These costs are included as part of staff costs (see note 15). Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Restricted cash

At 30 April 2017, total cash and cash equivalents included cash amounting to £4,973k (2016:nil) held as collateral by creditors in relation to service supplied but not invoiced and are therefore not available for immediate use.

2. Critical accounting judgements and Key Sources of Estimation uncertainty

In the application of the Company's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key source of estimation uncertainty — revenue recognition

Revenue includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the period end. This is calculated by reference to data received through third party settlement systems, together with estimates of consumption not yet processed through settlements and selling price estimates. These

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

2. Critical accounting judgements and Key Sources of Estimation uncertainty (continued)

Estimates are sensitive to the assumptions used in determining the portion of sales not billed and based on meter readings at the reporting date

Key source of estimation uncertainty — amortisation of acquisition costs

The current amortization period for acquisition customer costs in Intangibles is 3 years however there is no reliable historical information to determine that this is appropriate. Management will continue evaluation the appropriateness of the estimate used as historical information becomes available.

3. Turnover

Turnover is all generated by one segment, that of Energy Supply and in the UK, hence no segmental or geographical analysis is required. An analysis of the Company's turnover is set out below:

	For the year ended 30 Apr 17 £'000s	For the period from 1 Nov 15 to 30 Apr 16 £'000s
Domestic	34,017	50
Commercial	1,225	0
Total	35,242	50

4. Loss on Ordinary Activities before Taxation

Loss on ordinary activities before taxation is stated after charging:

	For the year ended 30 Apr 17 £'000s	For the period from 1 Nov 15 to 30 Apr 16 £'000s
Depreciation of tangible fixed assets (note 9)	13	1
Amortisation of intangibles (note 10)	374	-
Operating lease rentals:		
- land and buildings	137	38
	524	39

The analysis of auditor's remuneration is as follows:

	For the year ended 30 Apr 17 £'000s	For the period from 1 Nov 15 to 30 Apr 16 £'000s
Fees payable to the Company's auditor for the audit of the annual accounts	43	16
Total fees payable to the Company's auditor	43	16

The Company's auditor did not provide any non-audit services to the Company (2016: nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

5. Staff Costs

The average monthly number of employees, including executive directors, during the year was:

	For the year ended 30 Apr 17	For the period from 1 Nov 15 to 30 Apr 16
	Number	Number
Administration	33	8
	33	8

Their aggregate remuneration comprised:

	For the year ended 30 Apr 17	For the period from 1 Nov 15 to 30 Apr 16
	£'000s	£'000s
Wages and salaries	1,048	141
Social security costs	126	28
Other pension costs (see note 15)	19	3
	1,193	172

'Other pension costs' includes those items included within administrative expenses.

The Company has capitalised £576k (2016: £32k) of salary and £85k (2016: £4k) of Social security costs as part of their intangible assets. The average headcount for the period of trading is 33 (2016: 8).

6. Directors' Remuneration and Transactions

Directors' remuneration

	For the year ended 30 Apr 17	For the period from 1 Nov 15 to 30 Apr 16
	£'000s	£'000s
Emoluments	451	209
Company contributions to defined contribution pension schemes	13	1
	464	210

Directors' remuneration in relation to the Group share scheme is disclosed in the financial statements of the Company's ultimate parent company, Octopus Capital Limited.

Remuneration of the highest paid director:

	For the year ended 30 Apr 17	For the period from 1 Nov 15 to 30 Apr 16
	£'000s	£'000s
Emoluments	150	75
Company contributions to defined contribution pension schemes	5	-
	155	75

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

6. Directors' Remuneration and Transactions (continued)

At the balance sheet date retirement benefits were accruing to 3 directors (2016 - 3) in respect of defined contribution pension schemes.

7. Tax on profit on ordinary activities

The tax charge/(credit) comprises:

	For the year ended 30 Apr 17 £'000s	For the period from 1 Nov 15 to 30 Apr 16 £'000s
Current Tax (see note below)		
UK corporation tax	1,360	128
Total current tax credit	1,360	128
Deferred tax		
Origination and reversal of timing differences	2	51
R&D Expenditure credit	-	(3)
Total deferred tax in the year (see note 12)	2	48
Total tax recognised in Statement of Comprehensive Income	1,362	176

Factors affecting tax credit for the year

The differences between the total current tax shown above and the amount calculated by applying the rate of UK corporation tax of 19.9% (2016: 20%) to the loss before tax are as follows:

	For the year ended 30 Apr 17 £'000s	For the period from 1 Nov 15 to 30 Apr 16 £'000s
Loss on ordinary activities before tax	7,227	939
(Credit) on loss on ordinary activities at blended UK corporation tax rate of 19.9% (2016: 20%)	1,438	188
Effects of:		
Expenses not deductible for tax purposes	(76)	(15)
Movement in short term timing differences	-	3
Current tax credit for the year	1,362	176

The standard rate of tax applied to the reported profit on ordinary activities is 19.9% (2016: 20%). The applicable tax rate has changed following the substantive enactment of the Finance (No. 2) Act 2015.

The Company has tax losses of £ nil available for offset against future taxable profits (2016: nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

8. Debtors

	2017	2016
	£'000s	£'000s
Amounts falling due within one year:		
Trade debtors	2,920	3
Amounts owed by group undertakings	1,466	230
Corporation tax	-	25
Other debtors	1,955	259
Prepayments and accrued income	7,644	109
	<u>13,985</u>	<u>626</u>

Amounts owed by group undertakings arise from the tax losses being passed through to Octopus Capital Limited.

9. Tangible Fixed Assets

	Equipment	Total
	£'000s	£'000s
Cost		
At 30 April 2016	16	16
Additions	48	48
At 30 April 2017	<u>64</u>	<u>64</u>
Depreciation		
At 30 April 2016	(1)	(1)
Charge for the year	(13)	(13)
At 30 April 2017	<u>(14)</u>	<u>(14)</u>
Net book value		
At 30 April 2016	15	15
At 30 April 2017	<u>50</u>	<u>50</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

10. Intangible Fixed Assets

	Software £'000s	Acquisition £'000s	Other £'000s	Total £'000s
Cost				
At 30 April 2016	439	-	-	439
Additions	720	3,055	116	3,891
At 30 April 2017	1,159	3,055	116	4,330
Amortisation				
At 30 April 2016	-	-	-	-
Charge for the year	-	(374)	-	(374)
At 30 April 2017	-	(374)	-	(374)
Net book value				
At 30 April 2016	439	-	-	439
At 30 April 2017	1,159	2,681	116	3,956

11. Creditors

i) Amounts falling due within one year:

	2017 £'000s	2016 £'000s
Trade creditors	6,978	107
Taxation and social security	71	-
Other creditors	2,790	7
Accruals and deferred income	5,585	129
	<u>15,424</u>	<u>243</u>

ii) Amounts falling due after more than one year

	2017 £'000s	2016 £'000s
Amounts owed to group undertakings	16,758	1,670

Amounts owed to group undertakings are loans due to Octopus Energy Holdings Limited. The loan is split into 3 separate components. The initial loan agreement is for £10.2m and it is repayable when the company makes profits in excess of £25 million. The interest rate payable on the loans is 12%. There has subsequently been two new loan notes with the same interest rate but with a fixed repayment dates:

£3m issued in February 17 with a repayment date of 31 July 2017, which has been repaid

£2m issued in March 17 with a repayment date of 30 September 2017, which has been repaid

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

12. Deferred Taxation

	2017 £'000s	2016 £'000s
At beginning of year	48	-
Recognised during year	(2)	48
At end of year	46	48

The deferred taxation balance is made up as follows:

	2017 £'000s	2016 £'000s
Accelerated capital allowances	46	48
At end of year	46	48

13. Called-Up Share Capital

	2017 £'000s	2016 £'000s
Allotted, called-up and fully-paid		
1 Ordinary shares of £1 each	-	-

The Company did not issue any Ordinary shares during the year (2016: nil).

14. Financial Commitments

At 30 April 2017, total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £'000s	2016 £'000s
Expiry date:		
Within 1 year	25	30
Between 2 and 5 years	-	-
After 5 years	-	-
	25	30

The Company has entered into a lease for the Broadwick Street office which expires on 01 August 2017 and then continues on a rolling basis with a 3 month notice period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 April 2017

15. Retirement benefit schemes

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company under the control of trustees. Contributions accrue to the scheme for qualifying employees during the dates of their contracts of employment.

Contributions are usually made as a percentage of an individual employee's gross annual salary. The total costs charged to the Statement of Comprehensive Income of £19k (2016: £3k) represents contributions payable to the scheme by the Company.

As at 30 April 2017 contributions of £5k (2016: £3k) due in respect of the current reporting year had not been paid over to the scheme.

16. Related Party Transactions

During the year, the Company incurred £124k of pass through costs from Octopus Capital (2016: £853k). Amounts outstanding as at 30 April 2017 totalled £0k (2016: £10k).

17. Ultimate Parent Undertaking and Controlling Party

The immediate parent Company is Octopus Energy Holdings Ltd, a Company incorporated in the United Kingdom and registered in England and Wales. Copies of these financial statements can be obtained from the registered office Company Secretary, Octopus Energy Holdings Limited, 6th Floor, 33 Holborn, London, EC1N 2HT.

The ultimate parent Company is Octopus Capital Limited, a Company incorporated in the United Kingdom and registered in England and Wales. The smallest and largest group of undertakings of which the company is a member that draws up group financial statements is that of Octopus Capital Limited. Octopus Capital Limited prepares consolidated financial statements, and copies of these financial statements can be obtained from the registered office Company Secretary, Octopus Capital Limited, 6th Floor, 33 Holborn, London, EC1N 2HT.

18. Subsequent events

Since 30 April 2017, other than those already listed, the directors are not aware of any matters or circumstances that have significantly affected or may significantly affect the Company.