

Company Registration No. 05857467 (England and Wales)

SPARK ENERGY SUPPLY LTD
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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SPARK ENERGY SUPPLY LTD

COMPANY INFORMATION

Directors Chris Gauld (Chief Executive)
Hamish Osborn (Chief Financial Officer)

Secretary Mrs D M Harding

Company number 05857467

Registered office Regent House
316 Beulah Hill
Upper Norwood
London
SE19 3HF

Auditor Ernst and Young LLP
5 George Street
G1 Building
Glasgow
G2 1DY

SPARK ENERGY SUPPLY LTD

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SPARK ENERGY SUPPLY LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report for the year ended 30 June 2017.

Fair review of the business

The principal activity of the company is the purchase of electricity and gas and onward sale to customers.

In August 2016 the executive directors carried out a management buy out of the company's immediate parent Spark Energy Limited and its subsidiaries. This transaction resulted in Spark Energy Limited being acquired into a group structure and as a result it is now a wholly owned subsidiary, and the only group in which the results of the company are consolidated is that of 111 Group Holdings Limited, its ultimate parent company.

These financial statements reflect the results and the financial position of the Company covering the 12 month period to 30 June 2017. A more detailed review of the Group performance can be found in the accounts of the Company's immediate parent undertaking Spark Energy Limited.

Company turnover increased by 26% to £158.6m (2016: £126.3m) and gross margin increased from £16.2m to £17.4m. The full utilisation of prior period tax losses in 2016 meant that while Profit before taxation at £4.3m was higher than the prior year, overall profit for the year after tax of £3.5m represented a decrease from the prior year. These results represent KPI's being achieved by the business.

The improvement in results was a direct result of continued growth in the customer base of the group. Properties supplied in the year increased from 164,325 in June 2016 to 221,878 in June 2017, resulting in an overall increase of 35%.

Future Developments

The Company's performance in the current year is expected to show further growth in revenue and earnings as a result of the continued growth of the group customer base.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Group and the sector in general are:

- Volatility in the wholesale price of gas and electricity;
- Bad debt risk;
- Rates of growth of the customer base;
- Financial and operational strains caused by growth; and
- Legislation changes.

The Group manages the supply price volatility risk by securing gas and electricity under forward contracts through its agreement with Macquarie.

Bad debt risk is principally managed through a customer on-boarding experience designed to engage customers early in their lifetime with positive choices and multiple payment options, the most popular of which is the take up of quarterly direct debit plans to spread payments and minimise hassle. 24/7 payment support is provided through the company's digital service tools which include web portal and smart phone app. The Group has partnerships with debt support charities assist customers having difficulty to pay and debt collection agencies for customers with long outstanding debts.

The Group manages risks to growth by offering a bespoke service to rental customers, housing providers and bills inclusive consumers comprising value for money, a superior customer experience and administrative support versus that of less specialised competitors.

The impact of any new government legislation is assessed and regularly monitored at a board level.

SPARK ENERGY SUPPLY LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

Principal risks and uncertainties (continued)

Operational risks are managed through constant improvement of systems, processes and controls with daily monitoring against key performance indicators including those set out below.


Financial risks are managed in a large part through the relationship with Macquarie, which provides supplies of energy and working capital facilities in relation to those purchases. A management buyout was completed in August 2016 to introduce institutional backers to the business.

For the reasons detailed in note 1.2, 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 measures that are produced and monitored at a group level on a regular basis.

By order of the board


Mrs D M Harding
Secretary
14/03/2018

SPARK ENERGY SUPPLY LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present their annual report and financial statements for the year ended 30 June 2017.

Principal activities

The principal activity of the company continues to be that of the purchase of electricity and gas and onward sale to customers.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Chris Gauld (Chief Executive)
Hamish Osborn (Chief Financial Officer)

Results and dividends

The results for the year are set out on pages 8-19.

The company has included information with regards to the future developments of the business and the principal risks and uncertainties within the strategic report set out on page 1.

A more detailed review of the Group performance can be found in the accounts of its immediate parent company Spark Energy Limited.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

Ernst & Young LLP were appointed as auditor to the company on 13 September 2017 and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to a General Meeting.

Statement of directors' responsibilities

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 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 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.

SPARK ENERGY SUPPLY LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually 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 company's auditor is aware of that information.

By order of the board

DMHarding

Mrs D M Harding

Secretary

14/03/2018

SPARK ENERGY SUPPLY LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPARK ENERGY SUPPLY LTD

Opinion

We have audited the financial statements of Spark Energy Supply Ltd for the year ended 30 June 2017 which comprise of the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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.

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

SPARK ENERGY SUPPLY LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SPARK ENERGY SUPPLY LTD

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.

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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 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 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 strategic report or 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 3, 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.

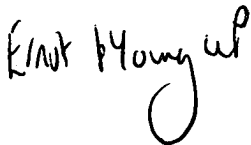
SPARK ENERGY SUPPLY LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SPARK ENERGY SUPPLY LTD

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.

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.



Annie Graham (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
Date
14/03/2018

SPARK ENERGY SUPPLY LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £'000	2016 £'000
Turnover	3	158,599	126,320
Raw materials and other consumables		(39,670)	(31,079)
Other charges		(101,538)	(79,047)
		<u>(141,208)</u>	<u>(110,126)</u>
Gross profit		<u>17,391</u>	<u>16,194</u>
Depreciation and amortisation		(522)	(270)
Other operating charges		(2,147)	(2,024)
Bad debt charge		(10,409)	(9,911)
		<u>(13,078)</u>	<u>(12,205)</u>
Operating profit	4	<u>4,313</u>	<u>3,989</u>
Profit on ordinary activities before taxation		<u>4,313</u>	<u>3,989</u>
Tax on profit on ordinary activities	5	(845)	800
Profit for the financial year		<u>3,468</u>	<u>4,789</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>3,468</u>	<u>4,789</u>

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

SPARK ENERGY SUPPLY LTD

BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £'000	2016 £'000
Assets			
Fixed assets			
Intangible assets	6	3,068	2,155
Current assets			
Debtors	7	52,415	39,556
Total assets		<u>55,483</u>	<u>41,711</u>
Liabilities			
Creditors: amounts falling due within one year	9	46,843	36,492
Provisions for liabilities	10	-	47
Total liabilities		<u>46,843</u>	<u>36,539</u>
Net assets		<u>8,640</u>	<u>5,172</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account		8,640	5,172
Total equity		<u>8,640</u>	<u>5,172</u>

Approved by the Board and authorised for issue on

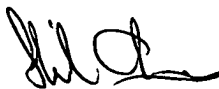


Chris Gauld (Chief Executive)

Director

14-3-2018

Company Registration No. 05857467



Hamish Osborn (Chief Financial Officer)

Director

SPARK ENERGY SUPPLY LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Profit and loss reserves £'000
Balance at 1 July 2015	383
Year ended 30 June 2016:	
Profit and total comprehensive income for the year	4,789
	<hr/>
Balance at 30 June 2016	5,172
Year ended 30 June 2017:	
Profit and total comprehensive income for the year	3,468
	<hr/>
Balance at 30 June 2017	<u>8,640</u>

SPARK ENERGY SUPPLY LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

Company information

Spark Energy Supply Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Regent House, 316 Beulah Hill, Upper Norwood, London, SE19 3HF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for FRS 102 exemptions, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of 111 Group Holdings Limited. These consolidated financial statements are available from Ettrick Riverside, Dunsdale Road, Selkirk, United Kingdom, TD7 5EB.

1.2 Going concern

The company made a profit before tax for the year £4.3 million and had net assets of £8.6 million. The company continues to receive the support of its parent company as part of the Spark Energy group.

The group to which the company belongs earned a profit before tax of £4.3 million and had net assets of £13.6 million at the balance sheet date. This progress continues to improve the group's financial position. During the year, the cash generated from profitable operations and additional funding has been applied in a number of ways, principally in upgrading our key software systems, repaying more expensive debt, and paying administrative fees for new business. Based on current projections, the directors are satisfied that the group will be able to meet its liabilities as they fall due for the foreseeable future. Accordingly, the directors are satisfied that the accounts should be prepared on a going concern basis.

SPARK ENERGY SUPPLY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.3 Turnover

Turnover comprises the sale value of electricity and gas supplied to customers during the year exclusive of VAT and includes an estimate of the value of units supplied to properties between the date of the last meter reading and the year end.

1.4 Intangible fixed assets other than goodwill

Intangible assets include development costs and computer software. Assets have been measured at cost less any accumulated amortisation and impairment losses. Development costs represent software currently in development whereas computer software represents software in use by the company. When software assets are substantially available for use, they are transferred from development costs to computer software and amortisation commences.

Computer software costs include capitalised internal labour costs for IT developers and are being amortised over their useful lives of 2-5 years. Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Company purchases of commodity qualify as own use under FRS 102.

Basic financial assets

Financial assets classified as receivable within one year are not amortised.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for estimated irrecoverable amounts, net of non-refundable over-recoveries. The provision against trade receivables is specific and is based on the ageing of the receivables and the historical payment profile by tariff.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

SPARK ENERGY SUPPLY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

1.8 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.

1.9 Operating profit

Operating profit is stated after charging depreciation and amortisation but before finance costs.

SPARK ENERGY SUPPLY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

1 Accounting policies

(Continued)

1.10 Renewables obligations

The company recognises a liability in respect of Renewable Obligations payable to Ofgem in respect of energy supplied to customers at the ROC buy-out price or the price at which the obligation can be settled at the year end.

1.11 Deferred commissions

Amounts paid to switching engine websites in respect of new customers are deferred over the minimum expected period the customer will remain with Spark. Deferred commissions are included within prepayments.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Revenue recognition

Given the nature of the industry, there is a degree of estimation involved in the recognition of revenue. Energy sales are based on regular meter readings. Revenue recognised for the supply of electricity and gas represents the value of actual units billed to customers from the group's billing system, and an estimate of the value of units unbilled. The calculation of these estimates required judgements to be made with regards to the energy used by customers between the last meter reading and year end. These units were reconciled to those charged by the industry.

Customer debtor provisioning

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Trade receivables are stated at their net realisable value. The net realisable value includes a provision for bad debts where a loss is probable. Calculations of this bad debt provision requires judgements to be made around the recoverability of debts based upon their ageing profile, and the historic payment profile of the tariff.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£'000	£'000
Turnover		
Electricity and gas supply	158,599	126,320

SPARK ENERGY SUPPLY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

3 Turnover and other revenue	(Continued)	
Turnover analysed by geographical market		
	2017	2016
	£'000	£'000
United Kingdom	158,599	126,320
	<u> </u>	<u> </u>
4 Operating profit		
	2017	2016
	£'000	£'000
Operating profit for the year is stated after charging:		
Amortisation of intangible assets	522	270
	<u> </u>	<u> </u>
<p>Auditor's remuneration was borne by Spark Energy Limited.</p> <p>Director's remuneration was borne by Spark Energy Limited. The directors do not receive remuneration for services to this company.</p>		
5 Taxation		
	2017	2016
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	127	-
Adjustments in respect of prior periods	-	(80)
	<u> </u>	<u> </u>
Total current tax	127	(80)
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	665	47
Adjustments in relation to tax rate change	39	-
Previously unrecognised tax losses brought forward	14	(767)
	<u> </u>	<u> </u>
Total deferred tax	718	(720)
	<u> </u>	<u> </u>
Total tax charge/(credit)	845	(800)
	<u> </u>	<u> </u>

SPARK ENERGY SUPPLY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2017

5 Taxation

(Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £'000	2016 £'000
Profit before taxation	4,313	3,989
Expected tax charge based on the standard rate of corporation tax in the UK of 19.75% (2016: 20.00%)	852	798
Unutilised tax losses carried forward	-	(1,598)
Adjustments in respect of prior years	14	(80)
Adjust closing deferred tax to average rate of 20%	-	80
Adjust opening deferred tax to average rate of 19.75%	(69)	-
Fixed asset differences	48	-
Tax charge/(credit) for the year	845	(800)

6 Intangible fixed assets

	Computer software £'000	Development costs £'000	Total £'000
Cost			
At 1 July 2016	1,510	1,395	2,905
Additions - separately acquired	347	1,087	1,434
Transfers	1,920	(1,920)	-
At 30 June 2017	3,777	562	4,339
Amortisation and impairment			
At 1 July 2016	750	-	750
Amortisation charged for the year	522	-	522
At 30 June 2017	1,272	-	1,272
Carrying amount			
At 30 June 2017	2,505	562	3,067
At 30 June 2016	760	1,395	2,155

SPARK ENERGY SUPPLY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

7 Debtors	2017	2016
Amounts falling due within one year:	£'000	£'000
Trade debtors	41,922	31,816
Corporation tax recoverable	800	80
Amounts due from group undertakings	-	1,087
Other debtors	4,096	2,745
Prepayments and accrued income	5,595	3,061
	<u>52,413</u>	<u>38,789</u>
Deferred tax asset (note 11)	2	767
	<u>52,415</u>	<u>39,556</u>
	<u><u>52,415</u></u>	<u><u>39,556</u></u>
8 Financial instruments	2017	2016
	£'000	£'000
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	41,922	31,816
Other debtors	4,096	2,722
Amounts due from fellow group undertakings	-	1,087
	<u>46,018</u>	<u>35,625</u>
Debt instruments measured at amortised cost	46,018	35,625
	<u><u>46,018</u></u>	<u><u>35,625</u></u>
Financial liabilities measured at amortised cost		
Other trade creditors	1,838	1,501
Other creditors	15,917	13,650
Accruals	17,125	10,996
Amounts due to fellow group undertakings	10,730	10,207
	<u>45,750</u>	<u>36,354</u>
Measured at amortised cost	45,750	36,354
	<u><u>45,750</u></u>	<u><u>36,354</u></u>

Derivative financial instruments and hedging

The group uses commodity purchase contracts to hedge its exposure to fluctuations in commodity prices. When commodity purchase contracts have been entered into as part of normal business activity, they are classified as an 'own use' contract and outside the scope of FRS 102 (per FRS 102 para 12.5). This is achieved when physical delivery takes place in accordance with the group's expected usage requirements.

Commodity contracts not qualifying as 'own use' which also meet the definition of a derivative are within the scope of FRS 102 as derivative financial instruments.

Material derivatives not qualifying as 'own use' are measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivatives and other financial instruments are recognised in the income statements as they arise. The fair value of the derivatives held by the Company is nil.

SPARK ENERGY SUPPLY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

9 Creditors: amounts falling due within one year

	Notes	2017 £'000	2016 £'000
Trade creditors		1,838	1,501
Amounts due to group undertakings		10,730	10,207
Corporation tax		847	-
Other taxation and social security		210	-
Deferred income	12	176	138
Other creditors		15,917	13,650
Accruals		17,125	10,996
		<u>46,843</u>	<u>36,492</u>

10 Provisions for liabilities

	Notes	2017 £'000	2016 £'000
Deferred tax liabilities	11	-	47
		<u>-</u>	<u>47</u>

11 Deferred taxation

	Liabilities 2017 £'000	Liabilities 2016 £'000	Assets 2017 £'000	Assets 2016 £'000
Balances:				
Accelerated capital allowances	-	47	2	-
Tax losses	-	-	-	767
	<u>-</u>	<u>47</u>	<u>2</u>	<u>767</u>

The deferred tax asset relates to the tax losses which have been fully utilised in the year.

The deferred tax liability relates to fixed asset timing differences.

SPARK ENERGY SUPPLY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2017

12 Deferred income

	2017 £'000	2016 £'000
Government grants brought forward as at 1 July 2016	138	104
Released to the profit and loss in the year	(102)	(21)
Increase in government grant in the year	140	55
	<u>176</u>	<u>138</u>

13 Share capital

	2017 £	2016 £
Authorised		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

14 Controlling party

The ultimate parent company is 111 Group Holdings Limited (10281064), a company registered in England and Wales. The intermediate parent company during the year was Spark Energy Limited.

Spark Energy Supply Ltd immediate controlling party is Spark Energy Limited, with ultimate controlling party being 111 Group Holdings Limited.

15 Related party transactions

The company has taken advantage of the exemption available in accordance with section 33.1A of FRS 102 'Related party disclosures' not to disclose transactions entered into between two or more members of the group, as the company is a wholly owned subsidiary undertaking of the group which is party to the transactions.