

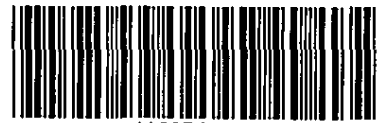
Ovo Energy Limited

**Director's report and financial
statements**

For the year ended 31 December 2013

Registered number 06890795

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Contents

Director's report	1
Strategic report	3
Independent Auditors' Report to the members of Ovo Energy Limited	4
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes	10

Director's report

The Director presents his report and the audited financial statements for the year ended 31 December 2013

Principal activities

The principal activity of Ovo Energy Limited is the sale of electricity and gas to mainly domestic customers around the United Kingdom

Ovo Energy Limited (the "Company") is a company incorporated and domiciled in the United Kingdom

The Company's registered office and principal place of business is The Core, 40 St Thomas Street, Bristol, BS1 6JX

Future Developments

The Company's financial performance continues in line with expectations and since the year end customer numbers have grown to excess of 171,000 by the beginning of March 2014. The Company has secured longer term debt financing of £8 million on 12 February 2014 via a senior facility agreement. This is expected to facilitate the growth ambitions that the Group has

The Director believes that Company remains well positioned in the market place with a differentiated offer. For further information, visit our website www.ovoenergy.com

Research and development

The Company continues to develop its IT infrastructure, investing £1.3m in software development and licences for the year to 31 December 2013 (31 December 2012: £808k). The Company did not engage in research during the year (31 December 2012: £nil)

Proposed dividend

The Director does not recommend the payment of a final dividend (31 December 2012: £nil). No interim dividend was paid during the year or in the prior year.

Director

The Director who held office during the year was as follows:

Stephen Fitzpatrick

Employee Involvement

The Company is actively encouraging employee involvement throughout the organisation. The company holds regular companywide briefings where the latest information is shared. Employee performance and development is reviewed on a quarterly basis and ensured it is in line with the overall company's objectives. The Company's employee forum and social committee is chaired by its employees for its employees.

Equal opportunities

One of the Company's core values is treating people fairly therefore giving equal opportunities to all employees including applicants. The Company ensures all employees get the same chances for training, development and career progression depending on their performance including any disabled employees.

Political and charitable contributions

The Company made charitable donations of £7,161 (31 December 2012: £310) during the year. The Company does not make political donations nor incur political expenditure. In addition to this, as part of our commitment to our environment, the company contributed £572,488 (31 December 2012: £463,394) to Cool Earth, a charity involved in rainforest protection.

Disclosure of information to auditors

The Director who held office at the date of approval of this Director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Director's report (continued)

Financial risk management

The company's financial risk management is referred to in note 19 in the accounts

Director's responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 company will continue in business

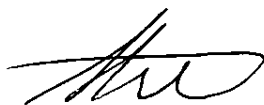
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

By order of the board on 3 April 2014



Stephen Fitzpatrick
Director

The Corc, 40 St Thomas Street, Bristol, BS1 6JX

Strategic report

For the year ended 31 December 2013

Business review

The results for the year and the financial position of the Company are shown in the following financial statements

The Group commenced trading in September 2009 and it has experienced strong customer growth up to December 2012 and has had a year of consolidation ending with around 137,000 customers as at 31 December 2013 (31 December 2012 131,000)

Revenue for the year was £171.7m (31 December 2012 £102.9m) Cost of sales includes £0.4m unrealised gains (31 December 2012 £0.9m unrealised gains) on gas and electricity forward contracts Administrative expenses were £18.3m (31 December 2012 £13.5m) There has been continual investment in staff and in IT so that the Company can continue in its vision to provide the best possible service to its customers, a cornerstone of the Company's mission During the year the Group relocated to a larger city to be able to attract more qualified staff and extend its opening hours which resulted in an exceptional item of £0.4m This investment has resulted in the Company making a loss for the year before tax of £0.1m (31 December 2012 £2.3m), and the Director views this as a consequence of supporting the continued growth of the business

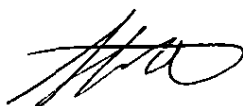
The Company is managed on an integrated basis with other companies in the Ovo group and therefore the Director does not monitor Key Performance Indicators solely in respect of the Company Key Performance Indicators for the group as a whole are discussed in the Directors' Report and Financial Statements of Ovo Group Limited

Principal risks and uncertainties

The principal risks and uncertainties impacting the Company relate to the wholesale price of gas and electricity, price pressure from competitors and bad debt risk The Company aims to manage risk by securing gas and electricity under forward contracts and by placing customers on fixed price contracts By collecting monthly Direct Debits from our customers, the Company plans to keep bad debts to a minimum, however, this is an area to which close attention is being paid with the current national economic climate likely to cause household budgets to become more stretched in the coming months Whilst the Company had no borrowing at year end 2013, the Director is careful to manage capital to ensure that the business grows in a sustainable manner As a result, the group has secured long term debt just after year end which has been used to support the Company's growth plans

By securing gas and electricity under forward contracts the Group is required to place margin calls when the mark to market value of the contracts moves adversely The Group has largely transitioned to new supply arrangements which do not incorporate margin calls but instead require a fixed deposit Margin calls with other suppliers are made out of working capital in the form of cash deposits The Group manages its cash resources to ensure it has sufficient funds to meet all expected demands as they fall due

By order of the board on 3 April 2014



Stephen Fitzpatrick
Director

The Core, 40 St Thomas Street, Bristol, BS1 6JX

Independent Auditors' Report to the members of Ovo Energy Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by Ovo Energy Limited, comprise

- the Statements of Financial Position as at 31 December 2013,
- the Statement of Comprehensive Income for the year then ended,
- the Statements of Changes in Equity for the year then ended,
- the Statement of Cash Flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") 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 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 and Strategic 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 other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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 financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

Independent Auditors' Report to the members of Ovo Energy Limited (continued)

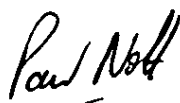
Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 ISAs (UK & Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing



Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
3 April 2014

Statement of Comprehensive Income
for the year ended 31 December 2013


	Note	Year ended 31 December 2013			Year ended 31 December 2012		
		<i>Before unrealised derivative gains/(losses)</i>	<i>Unrealised derivative gains/(losses) and exceptional items</i>	<i>Total</i>	<i>Before unrealised derivative gains/(losses)</i>	<i>Unrealised derivative gains/(losses)</i>	<i>Total</i>
		£000	£000	£000	£000	£000	£000
<i>Revenue</i>	1,2	171,678	-	171,678	102,940	-	102,940
<i>Cost of sales</i>		(153,483)	379	(153,104)	(92,382)	942	(91,440)
<i>Gross profit</i>		18,195	379	18,574	10,558	942	11,500
Administrative expenses	1,3,4,7,8	(18,262)	(408)	(18,670)	(13,527)	-	(13,527)
<i>Operating gain/(loss)</i>		(67)	(29)	(96)	(2,969)	942	(2,027)
Finance income	6	40	-	40	2	-	2
Finance expense	6	(25)	-	(25)	(263)	-	(263)
<i>Gain/(loss) before tax</i>		(52)	(29)	(81)	(3,230)	942	(2,288)
Taxation	9	(185)	6	(179)	447	(231)	216
<i>Gain/ (Loss) for the year attributable to equity shareholders</i>		(237)	(23)	(260)	(2,783)	711	(2,072)

All amounts relate to continuing operations. There is no other comprehensive income other than the loss for the year.
 The notes on pages 10 to 28 form part of these financial statements.

Statement of Financial Position
 for the year ended 31 December 2013

	Note	31 December 2013 £000	31 December 2012 £000
Non-current assets			
Property plant and equipment	10	778	466
Intangible assets	11	1,854	1,252
Investment in subsidiaries	12	-	-
Deferred taxation	9	1,553	1,732
		<u>4,185</u>	<u>3,450</u>
Current assets			
Inventories	13	-	823
Trade and other receivables	14	18,866	14,154
Cash and cash equivalents	15	8,393	2,022
Derivative financial instruments	16	-	317
		<u>27,259</u>	<u>19,048</u>
Total assets		<u><u>31,444</u></u>	<u><u>20,766</u></u>
Current liabilities			
Trade and other payables	17	(39,418)	27,785
Derivative financial instruments	16	-	696
		<u>(39,418)</u>	<u>28,481</u>
Total liabilities		<u><u>(39,418)</u></u>	<u><u>28,481</u></u>
Net liabilities		<u><u>(7,974)</u></u>	<u><u>(7,715)</u></u>
Equity attributable to shareholders			
Share capital	18	-	-
Share premium	18	50	50
Retained earnings		(8,024)	(7,765)
		<u>(7,974)</u>	<u>(7,715)</u>
Total deficit		<u><u>(7,974)</u></u>	<u><u>(7,715)</u></u>

These financial statements were approved by the director on 3 April 2014 and were signed by



Stephen Fitzpatrick
 Director

Company registered number 06890795

The notes on pages 10 to 28 form part of these financial statements

Statement of Changes in Equity
for the year ended 31 December 2013

	<i>Note</i>	Share Capital	Share premium	Retained earnings	Total equity
		£000	£000	£000	£000
Balance at 31 December 2011	<i>16</i>	-	50	(5,694)	(5,644)
Loss for the year		-	-	(2,072)	(2,072)
Share based payments		-	-	1	1
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012		-	50	(7,765)	(7,715)
Loss for the year		-	-	(260)	(260)
Share based payments		-	-	1	1
		<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2013		-	50	(8,024)	(7,974)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 10 to 28 form part of these financial statements

Statement of Cash Flows
for the year ended 31 December 2013

	<i>Note</i>	For the year ended 31 December 2013 £000	For the year ended 31 December 2012 £000
Cash flows from operating activities			
Loss for the year before taxation		(81)	(2,288)
<i>Adjustments for</i>			
Depreciation, amortisation and impairment	<i>10 11</i>	1,074	719
Financial income	<i>6</i>	(40)	(2)
Financial expense	<i>6</i>	25	263
Loss on disposal of assets		(12)	-
Share based payments		1	1
Unrealised (gain)/loss on derivative financial instruments	<i>16</i>	(379)	(942)
		<u>588</u>	<u>(2,249)</u>
(Increase)/decrease in trade and other receivables	<i>14</i>	(4,712)	(9,681)
Decrease/(increase) in inventories	<i>13</i>	823	223
Increase/(decrease) in trade and other payables	<i>6,17 22</i>	11,632	14,148
		<u>8,331</u>	<u>2,441</u>
Cash flows from investing activities			
Interest received	<i>6</i>	40	2
Acquisition of property, plant and equipment	<i>10</i>	(704)	(429)
Acquisition of other intangible assets	<i>11</i>	(1,284)	(786)
		<u>(1,948)</u>	<u>(1,213)</u>
Cash flows from financing activities			
Repayment of director's loan	<i>22</i>	-	-
Interest paid		(12)	(90)
		<u>(12)</u>	<u>(90)</u>
Net increase in cash and cash equivalents		6,371	1,138
Cash and cash equivalents at 1 January 2012		2,022	884
Cash and cash equivalents at 31 December 2013	<i>15</i>	<u>8,393</u>	<u>2,022</u>

The notes on pages 10 to 28 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

The principal accounting policies are summarised below

General information

Ovo Energy Limited (the "Company") is a company incorporated and domiciled in the United Kingdom

The nature of the Company's operations and its principal activities are set out in the Director's Report

The Company's registered office and principal place of business is The Core, 40 St Thomas Street, Bristol, BS1 6JX

Basis of preparation

The Company financial statements have been prepared and approved by the director in accordance with International Financial Reporting Standards as adopted by the European Union ('Adopted IFRSs') and IFRIC interpretations and with the Companies Act 2006 applicable to companies reporting under IFRS. The accounting policies set out below have, unless otherwise stated, been applied consistently in these financial statements

The financial statements contain information about Ovo Energy Limited as an individual company and do not contain consolidated financial information as the parent of Ovo Electricity Limited and Ovo Gas Limited. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Ovo Group Limited, a company incorporated in England and Wales

In the current year, the Company has adopted all applicable IFRS and interpretations which have been endorsed by the EU and which are relevant to its operations and effective for accounting periods beginning on 1 January 2013

The financial statements are prepared on the historical cost basis, except for derivative financial instruments that have been measured at fair value. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is the Company's functional and the Company's presentation currency

Going concern

The Company made a profit during the year. Although the Company has been loss making in prior years and has net liabilities, the financial statements have been prepared on a going concern basis. The director has reviewed the business plan of the Company as a whole and believes that the Company has adequate financial resources to meet its debts as they fall due for the foreseeable future

Derivatives and other financial instruments

The Company uses commodity purchase contracts to hedge its exposures to fluctuations in gas and electricity commodity prices. When commodity purchase contracts have been entered into as part of the Company's normal business activity, the Company classifies them as 'own use' contracts and outside the scope of IAS 39. This is achieved when

- A physical delivery takes place under all such contracts,
- The volumes purchased or sold under the contracts corresponds to the Company's operating requirements, and
- The contracts are not considered as written options as defined by the standard

Commodity purchase contracts not qualifying as 'own use' which also meet the definition of a derivative are within the scope of IAS 39 as derivative financial instruments. This includes both financial and non-financial contracts

Derivatives and other financial instruments 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 statement as they arise

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables

Notes (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment charges.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold property 3 years or period of the lease
- IT hardware equipment 3 years
- Fixtures, fittings and office equipment 2 to 3 years
- Customer premises equipment 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible assets and goodwill

Intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Notes (continued)

1 Accounting policies (continued)

Intangible assets and goodwill (continued)

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- IT software 3 years
- Other intangibles 3 years
- Trademarks indefinite life
- Industry accreditation indefinite life

Inventories

Under the provisions of the Utilities Act 2000, all electricity suppliers are required to procure a set percentage of their supplies from accredited renewable electricity generators. This obligation can be fulfilled by the purchase and surrender of Renewables Obligation Certificates (ROCs) originally issued to generators, or, by making payment to Ofgem who then recycle the payments to purchasers of ROCs. In addition to the regulatory requirements, the Group surrenders additional ROCs to demonstrate its environmental credentials transparently. The accounting policy distinguishes between the cost of the Group's obligations within the regulatory regime and the tactical disposition towards purchasing and holding ROCs. The cost obligation is recognised as it arises and is charged to the income statement for the year to which the charge relates as a reduction in gross margin. Gains or losses on disposal of ROCs are included in the income statement as and when they crystallize. The stock of ROCs carried forward is valued at the lower of cost and estimated net realisable value. Cost is based on the first-in first-out principle.

Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit').

Notes (continued)

1 Accounting policies (continued)

Impairment excluding inventories and deferred tax assets (continued)

Non-financial assets

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

The Company operates a flexible benefit scheme for qualifying employees whereby in addition to their salary, those employees are invited to select certain benefits with a value of up to 4% of their base pay. All costs related to the scheme are expensed in the income statement in the years which services are rendered by employees. One of the available benefits is payment to a defined contribution pension plan. This is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company has enrolled in the automatic pension scheme since November 2013.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Revenue

Revenue arises from the supply of gas and electricity and related services as these costs are incurred, amounts are derived from provision of goods and services that fall within the ordinary activities of the Group. Revenue is recognised net of value added tax (VAT) and climate change levy (CCL).

Revenue from the supply of gas and electricity is a function of end user consumption (according to industry settlement data) and tariff rates (specified by contract terms) net of supplies that are not billable. Revenue is recognised net of sales discounts.

Revenue from the sale of Renewables Obligation Certificates is recognised when substantially all the risks and rewards of ownership are transferred to a third party. Revenue is recognised at the invoiced value net of VAT.

Accrued revenue, representing gas and electricity supplied since the last billing date, is recognised in the balance sheet and is netted off against deferred income to the extent it can be matched against specific customer payments.

All revenue arose within the United Kingdom.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Notes (continued)

1 Accounting policies (continued)

Expenses(continued)

Finance income and expense

Financing expense comprises interest payable on loans and is recognised in profit or loss using the effective interest method. Financing income comprises interest receivable on funds invested and on loans to group undertakings.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Share-based payments

Share-based payment plans issued in the Company are accounted for in accordance with IFRS 2 Share-based Payments. The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The fair value of employee share options is measured using a Black Scholes model and the fair value of the liability is remeasured at each balance sheet date and settlement date.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

New IFRS accounting standards and interpretations adopted in 2013

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that would be expected to have a material impact on the company.

New standards and interpretations not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014, subject to endorsement by the EU.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

1 Accounting policies (continued)

The Company is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2014, subject to endorsement by the EU

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company

Critical estimates and judgements

The key estimates and judgements made by the director in the preparation of the financial statements are in respect of revenue recognition, impairment of trade receivables and recognition of deferred tax assets

Revenue recognition – supplies that cannot be billed

Revenue for the supply of electricity and gas is recognised using customer tariff rates and industry settlement data (specific to the Company) net of estimated supplies that are not billable based on historical patterns. The industry settlement data is the estimated quantity the industry system operator deems the individual suppliers, including the Group, to have supplied. In assessing the level of supplies that will not be billed and therefore not recognised in revenue, the Directors have estimated the likely losses that arise from the reconciliation of industry settlement data to the estimated quantity of gas and electricity supplied to customers according to meter reading data.

Impairment of trade receivables

Impairments against trade receivables are recognised where the loss is probable. The Directors have based their assessment of the level of impairment on collection rates experienced by the Company to date. The estimates and assumptions used to determine the level of provision will continue to be reviewed periodically and could lead to changes in the impairment provision methodology which would impact the income statement in future years.

Deferred tax assets

Deferred tax assets are only recognised when it is considered more likely than not that the Company will make future taxable profits against which the deferred tax asset can be utilised. Having assessed the level profits made by the Group since the year end and forecasts of revenue and costs for the coming years, the directors believe it is probable that the Company will generate sustainable profits and therefore a deferred tax asset has been recognised.

Notes (continued)

2 Revenue

All revenue is attributable to the Company's principal activity being the supply of electricity and gas, and related services, in the United Kingdom

3 Expenses and auditors' remuneration

Included in the loss for the year are the following

	For the year ended 31 December 2013 £000	For the year ended 31 December 2012 £000
(Gains)/losses on derivative commodity contracts	(379)	(942)
Environmental certificates used in the year	7,005	3,678
Depreciation of tangible assets	392	218
Amortisation of intangible assets	682	501
Operating lease rental costs	538	95
Impairment loss on trade receivables and prepayments	1,342	883
Audit fees in respect of these financial statements	50	38
Non audit services provided by the auditor	17	34
	<u> </u>	<u> </u>

4 Staff numbers and costs

The average number of persons employed by the Company during the year was 247 (31 December 2012 161) and totalled 286 (31 December 2012 208) at the year end. Average staff employed during the year categorised by functions is shown below

	For the year ended 31 December 2013 No	For the year ended 31 December 2012 No
Support staff	91	54
Operations staff	156	107
	<u> </u>	<u> </u>
	247	161
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows

	For the year ended 31 December 2013 £000	For the year ended 31 December 2012 £000
Wages and salaries	8,610	5,236
Social security costs	726	433
	<u> </u>	<u> </u>
	9,336	5,669
	<u> </u>	<u> </u>

There was one director during the year (31 December 2012 one). Directors' remuneration and salary cost is recognised in Ovo Group Limited, but the Company received a recharge for a portion of these costs amounting to £60,000

Notes (continued)

5 Share-based payments

The company did not grant any rights to share options to employees under the OVO Group Enterprise Management Incentive Scheme during the year. The scheme is cash settled and shares options can be exercised after three years, unless a sale or flotation takes place before this date. Unexercised share options expire 10 years from the grant date. During the year £967 (31 December 2012: £980) was recognised as an expense in the income statement. The options outstanding at the year-end have an exercise price in the range of £2 to £10 and a weighted average contractual life of 0.35 years.

6 Finance income and expenses

Recognised in profit or loss

	For the year ended 31 December 2013	For the year ended 31 December 2012
	£000	£000
Finance income		
Bank interest receivable	40	2
Total finance income	40	2
Finance expenses		
Other interest payable	25	263
Total finance expenses	25	263

7 Exceptional item

The exceptional items recognised during the year relate to the closure and relocation of one of the Company's offices, the total costs of £408,000 comprises:

	<i>For the year ended 31 December 2013</i>	<i>For the year ended 31 December 2012</i>
	£000	£000
Personnel related costs	150	-
Office cost	33	-
Onerous lease provision	225	-
Total restructuring cost	408	-

Notes (continued)

8 Onerous lease

The onerous lease provision relates to Ovo Energy Limited for one of its office locations which it has now vacated. The provision is expected to be utilised within the next year.

	<i>Provision</i> £000
At 1 January 2013	-
Charge for the year	225
	<hr/>
At 31 December 2013	225
	<hr/> <hr/>

9 Taxation

	<i>For the year</i> <i>ended 31</i> <i>December 2013</i> £000	<i>For the year</i> <i>ended 31</i> <i>December 2012</i> £000
<i>Deferred tax</i>		
Relating to the reversal and origination of timing differences	319	(216)
Adjustments in respect of prior years	(140)	-
	<hr/>	<hr/>
Total tax charge	179	(216)
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of effective tax rate

	<i>For the year</i> <i>ended 31</i> <i>December 2013</i> £000	<i>For the year</i> <i>ended 31</i> <i>December 2012</i> £000
Profit/Loss for the year	(81)	(2,288)
	<hr/>	<hr/>
UK corporation tax rate of 23.25% (31 December 2012: 24.5%)	(19)	(561)
Non-deductible expenses	47	221
Re-measurement of deferred tax – change in main rate of UK corporation tax	151	16
Adjustment in respect of prior years	(140)	-
Corporation tax losses surrendered to fellow group companies	140	108
	<hr/>	<hr/>
Total tax charge	179	(216)
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Taxation (continued)

Deferred tax

	<i>For the year ended 31 December 2013</i>	<i>For the year ended 31 December 2012</i>
	£000	£000
Deferred tax asset arising on losses	1,534	1,521
Other short term timing differences	19	211
	<u>1,553</u>	<u>1,732</u>
Deferred tax asset recognised	<u>1,553</u>	<u>1,732</u>

The deferred tax asset is expected to be largely recovered within 12 months

The gross movement on the deferred income tax accounts is as follows

	<i>For the year ended 31 December 2013</i>	<i>For the year ended 31 December 2012</i>
	£000	£000
At 1 January	(1,732)	(1,516)
Income statement charge	179	(216)
	<u>(1,553)</u>	<u>(1,732)</u>
At 31 December	<u>(1,553)</u>	<u>(1,732)</u>

Included within the charge for the year is the impact of the change in rate of UK corporation tax from 23% to 21% of £151,000 (31 December 2012 £16,000)

Deferred tax assets have been recognised as management consider it more likely than not that the group will generate sufficient profits to utilise the deferred tax assets in full

Factors affecting future tax charge

The main rate of UK corporation tax for the year to 31 March 2013 was 24%, reducing to 23% for the year to 31 March 2014

In addition to the changes in rates of Corporation tax disclosed above, further changes to the UK Corporation tax rates were announced in the March 2013 Budget. These changes which reduce the main rate of corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015 were enacted as part of Finance Act 2013 and hence the deferred tax asset at 31 December 2013 has been re-measured accordingly

Notes (continued)

10 Property, plant and equipment

	<i>Customer premises equipment</i>	<i>Leasehold property</i>	<i>IT hardware equipment</i>	<i>Fixtures, fittings & office equipment</i>	<i>Total</i>
	£000	£000	£000	£000	£000
Cost					
Balance at 31 December 2011	-	155	240	65	460
Additions	-	99	266	64	429
Disposals	-	-	-	-	-
Balance at 31 December 2012	-	254	506	129	889
Additions	49	273	189	193	704
Balance at 31 December 2013	49	527	695	322	1,593
Depreciation and impairment					
Balance at 31 December 2011	-	81	98	26	205
Depreciation charge for the year	-	60	125	33	218
Disposals	-	-	-	-	-
Balance at 31 December 2012	-	141	223	59	423
Depreciation charge for year	1	143	167	81	392
Balance at 31 December 2013	1	284	390	140	815
Net book value					
At 31 December 2011	-	74	142	39	255
At 31 December 2012	-	113	283	70	466
At 31 December 2013	48	243	305	182	778

Notes (continued)

11 Intangible assets

	<i>Other intangibles</i>	<i>IT software</i>	<i>Trademarks</i>	<i>Industry accreditation</i>	<i>Total</i>
	£000	£000	£000	£000	£000
Cost					
Balance at 31 December 2011	-	1,232	5	80	1,317
Additions	-	803	5	-	808
Balance at 31 December 2012	-	2,035	10	80	2,125
Additions	647	631	-	6	1,284
Balance at 31 December 2013	647	2,666	10	86	3,409
Amortisation and impairment					
Balance at 31 December 2011	-	372	-	-	372
Amortisation for the year	-	501	-	-	501
Balance at 31 December 2012	-	873	-	-	873
Amortisation for the year	40	642	-	-	682
Balance at 31 December 2013	40	1,515	-	-	1,555
Net book value					
At 31 December 2011	-	860	5	80	945
At 31 December 2012	-	1,162	10	80	1,252
At 31 December 2013	607	1,151	10	86	1,854

Amortisation and impairment charge

The amortisation charge of £682,000 (31 December 2012: £501,000) is recognised in administrative expenses.

There was no indication of impairment of the trademarks or industry accreditation during the year. The carrying amounts of the trademarks and industry accreditation were reviewed at the reporting date and management determined that there were no indicators of impairment. The annual test for impairment was undertaken using discounted cash flow forecasts.

Trademarks and industry accreditation are regarded by management to have an indefinite life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Company and circumstances continue to support the assessment that the useful life is indefinite. Trademarks relate to the brand of the Ovo group of companies and are expected to be valid for the life of the companies, which operate in an industry with stable market demand. Industry accreditation is required for the Company to operate in the electricity and gas supply industry.

Notes (continued)

12 Investment in subsidiaries

On 31 August 2009, the Company acquired all the ordinary shares of both Ovo Electricity Limited and Ovo Gas Limited for nil consideration. The principal activity of Ovo Electricity Limited is the procurement and sale of electricity from the wholesale markets and renewable sources. The principal activity of Ovo Gas Limited is the supply of gas and related services. Pursuant to Section 400 of the Companies Act 2006, Ovo Energy Limited is exempt from the obligation to prepare and deliver group accounts as the Company is included in the consolidated accounts of Ovo Group Limited.

The Company had the following investments in subsidiaries at 31 December 2013 and 31 December 2012

	Country of incorporation	Class of shares held	Ownership
Ovo Electricity Limited	UK	Ordinary	100%
Ovo Gas Limited	UK	Ordinary	100%

Ovo Energy Limited owns all 10,000 ordinary shares, of £0.01 each, in each subsidiary

13 Inventories

	31 December 2013	31 December 2012
	£000	£000
Renewables obligation certificates	-	823

14 Trade and other receivables

	31 December 2013	31 December 2012
	£000	£000
<i>Current</i>		
VAT recoverable	1,200	800
Trade receivables	5,242	7,920
Prepayments and other receivables	3,473	1,668
Accrued income	6,078	3,766
Amounts due from group undertakings	2,873	-
	<u>18,866</u>	<u>14,154</u>

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material. Due to their short maturities, the fair value of trade and other receivables approximates to their book value.

Notes (continued)

14 Trade and other receivables (continued)

Credit quality of financial assets and impairment losses

The aging of trade receivables (excluding transactions between companies in the Ovo group) at the balance sheet date was

	<i>Gross</i> <i>31 December</i> <i>2013</i> <i>£000</i>	<i>Impairment</i> <i>31 December</i> <i>2013</i> <i>£000</i>	<i>Gross</i> <i>31 December</i> <i>2012</i> <i>£000</i>	<i>Impairment</i> <i>31 December</i> <i>2012</i> <i>£000</i>
<i>Past due 0-30 days</i>	3,576	0	3,240	162
<i>Past due 31-60 days</i>	320	0	1,515	152
<i>Past due 61-90 days</i>	295	69	924	185
<i>More than 90 days</i>	4,003	2,883	3,851	1,111
	<u>8,194</u>	<u>2,952</u>	<u>9,530</u>	<u>1,610</u>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows

	31 December 2013 £000	31 December 2012 £000
Balance at 1 January 2013	1,610	727
Impairment loss recognised	1,342	883
Balance at 31 December	<u>2,952</u>	<u>1,610</u>

15 Cash and cash equivalents

	31 December 2013 £000	31 December 2012 £000
Cash and cash equivalents per balance sheet	8,393	2,022
Cash and cash equivalents per cash flow statement	<u>8,393</u>	<u>2,022</u>

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Notes (continued)

16 Derivative financial instruments

	31 December 2013 £000	31 December 2012 £000
<i>Derivatives at fair value through profit and loss</i>		
Commodity purchase contracts	-	(379)
	<u> </u>	<u> </u>
Split by		
Current assets	-	317
Current liabilities	-	(696)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	-	(379)
	<u> </u>	<u> </u>

Commodity purchase contracts include contracts relating to the purchase of electricity and gas. The contracts meet the definition of Level 2 fair value measurements under IFRS 7 in that the fair values are based on market prices of similar instruments.

17 Trade and other payables

	31 December 2013 £000	31 December 2012 £000
<i>Current</i>		
Amounts due to group undertakings	5,588	1,329
Trade payables	2,791	569
Social security and other taxes	14	195
Non-trade payables and accrued expenses	6,611	10,525
Deferred income	24,414	15,167
	<u> </u>	<u> </u>
	39,418	27,785
	<u> </u>	<u> </u>

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material. Due to their short maturities, the fair value of trade and other payables approximates to their book value.

Notes (continued)

18 Capital and reserves

Share capital and reserves

Share capital authorised on incorporation totalled £100 00 (10,000 ordinary shares of £0 01 each)

The allotted, called up and fully paid ordinary share capital totalled £100 00 on incorporation (10,000 ordinary shares of £0 01 each) and £125 00 at the end of the prior year and at the beginning and end of the current year (12,500 ordinary shares of £0 01 each) with £49,975 share premium reserve

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company

No dividends were paid during the year and none were proposed after the balance sheet date

19 Financial risk

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and from security deposits and prepayments to suppliers and distributors

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £33,527,812 (31 December 2012 £14,025,000) being the total of the carrying amount of financial assets, excluding equity investments, which include trade receivables and accrued income, derivative financial assets and cash. All the receivables are with parties in the UK.

The allowance account for trade receivables is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amounts considered irrecoverable are written off against the trade receivables directly. There were no transactions written off in the year. The Company provides for impairment losses based on estimated irrecoverable amounts determined by reference to specific circumstances and the experience of management of debtor default in the energy industry. The credit quality of financial assets and associated impairment losses are disclosed in note 14.

Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Ovo group management team uses short and long-term cash flow forecasts to manage liquidity risk. Forecasts are supplemented by sensitivity analysis which is used to assess funding adequacy for at least a 12 month period.

Exposure to liquidity risk

The biggest threat to the Company's liquidity is the potential for it to have to place margin calls against forward contracts for electricity and gas purchases. Such payments could be required if the wholesale market price of gas and electricity fell below the price of the forward contract. A new gas supplier arrangement requires a fixed cash deposit without the need for additional margin calls against market movements. Margin calls with other suppliers are made out of working capital in the form of cash deposits. The Group manages its cash resources to ensure it has sufficient funds to meet all expected demands as they fall due.

The other key threat to liquidity would arise from unusually cold weather or other factors causing customer volumes to be much higher than anticipated. This could place a strain on the Company's working capital as payments due to supplier invoices could become due before customer collection levels could be adjusted.

Notes (continued)

19 Financial risk (continued)

Liquidity risk (continued)

Exposure to liquidity risk (continued)

The director monitors operational working capital requirements very closely and believes that the Company has the ability to respond in a timely manner to any unexpected changes in volumes. Hence the director believes that the Company has adequate financial resources to meet its debts as they fall due.

Commodity risk

Financial risk management

Commodity risk is the exposure that the Company has to price movements in the wholesale electricity and gas markets. The risk is primarily that market prices for commodities will fluctuate between the time that tariffs are set and the time at which the corresponding procurement cost is fixed, this may result in lower than expected margins or unprofitable sales. The Company is also exposed to volumetric risk in the form of uncertain consumption profiles arising from a range of factors which include weather, economic climate and changes in energy consumption patterns.

Exposure to commodity risk

The Company's exposure to commodity risk is managed through the use of derivative financial instruments. The Company does not use derivatives and other financial instruments for speculative purposes.

Derivatives 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 statement as they arise. Unrealised net losses on open contracts at the year-end were £nil (31 December 2012: £379,000).

The Ovo group manages this risk by entering into forward contracts for a variety of periods. Energy procurement contracts are entered into and continue to be held for the purpose of the receipt of a non-financial item which is in accordance with the Company's expected purchase and sale requirements and are therefore out of scope of IAS 39. Energy contracts that are not financial instruments under IAS 39 are accounted for as executory contracts and changes in fair value do not immediately impact profit or equity, and as such, are not exposed to commodity price risk as defined by IFRS 7. So whilst the risk associated with energy procurement contracts outside the scope of IAS 39 is monitored for internal risk management purposes, only those energy contracts within the scope of IAS 39 are within the scope of the IFRS 7 disclosure requirements.

Capital risk management

Capital risk is managed to ensure the Ovo group continues as a going concern and grows in a sustainable manner. The Company and Ovo group have no borrowings from third parties, should debt be introduced into the capital structure in the future then gearing would be managed and monitored. However, as of February 2014 a long term debt facility arrangement has been entered into by the Company (note 25).

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	For the year ended 31 December 2013	For the year ended 31 December 2012
	£000	£000
<i>Not later than one year</i>	185	174
<i>Later than one year and not later than five years</i>	551	135
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
	736	309
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>

The Company leased office premises under operating leases. During the year, £538,000 (31 December 2012: £95,000) was recognised as an administrative expense in the income statement in respect of operating leases.

Notes (continued)

21 Commitments

Capital commitments

The Company had no capital commitments at the year end (31 December 2012 £nil)

22 Related parties

Identity of related parties with which the Company has transacted

During the year, loans existed between the Company and both of the subsidiary companies (Ovo Gas Limited and Ovo Electricity Limited), between the Company and its fellow subsidiaries (ONI Gas Limited, ONI Electricity Limited and ONI Energy Limited) and between the Company and Ovo Group Limited (ultimate parent company)

Transactions with key management personnel

The director of the Company directly controls 16% per cent of the voting shares of the Company. The director and his immediate relatives also own 100% of the share capital of Ovo Group Ltd, which owns the remaining 85% of the Company's shares

The compensation of key management personnel during the year is as follows

	For the year ended 31 December 2013	For the year ended 31 December 2013
	£000	£000
Compensation of key management personnel	1,159	628

Directors are compensated by Ovo Group Limited

Other related party transactions

	Sales in the year to 31 December 2013 £000	Sales in the year to 31 December 2012 £000	Purchases in the year to 31 December 2013 £000	Purchases in the year to 31 December 2012 £000
Ultimate parent of the Group	1,256	753	1,218	703
Subsidiaries	775	465	73,416	39,582
	<u>2,031</u>	<u>1,218</u>	<u>74,634</u>	<u>40,285</u>

	Receivables outstanding 31 December 2013 £000	Receivables outstanding 31 December 2012 £000	Payables outstanding 31 December 2013 £000	Payables outstanding 31 December 2012 £000
Subsidiaries	2,873	-	5,588	1,329
	<u>2,873</u>	<u>-</u>	<u>5,588</u>	<u>1,329</u>

Notes (continued)

23 Guarantees and subsequent events

Guarantees

On 29 February 2012 Ovo Energy Limited granted a fixed and floating charge in favour of HSBC Bank Plc

On 17 September 2013 Ovo Energy Limited increased the security deposit lodged with DONG Energy to £1,715,000 for gas commodity On 14 October 2013 Ovo Energy Limited also lodged £700,000 with DONG Energy Power Sales UK Limited

24 Ultimate parent company and controlling party

The Company is a subsidiary undertaking of Ovo Group Limited which is the ultimate parent company incorporated in England and Wales The largest and smallest group in which the results of the Company are consolidated is headed by Ovo Group Limited The ultimate controlling party is Stephen Fitzpatrick, director of Ovo Energy Limited and shareholder of the ultimate parent company The consolidated financial statements of this group are available to the public from the registered office shown in note 1

25 Events after Balance Sheet date

On the 12 February 2014, Ovo Energy Ltd entered into a senior debt facility agreement for £8m with GIM Credit (Luxembourg) S a r l The loan is repayable in two tranches in 2018 and 2019