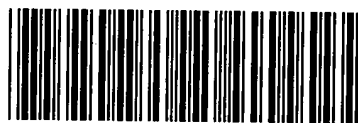


COMPANY REGISTRATION NUMBER: 04849181

Utilita Energy Limited
Financial Statements
For the year ended
31 March 2016

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Utilita Energy Limited

Financial Statements

Year ended 31 March 2016

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Utilita Energy Limited

Officers and Professional Advisers

The board of directors

W.N. Bullen
M.D.E. Smith

Company secretary

M.D.E. Smith

Registered office

Secure House
Moorside Road
Winchester
Hampshire
SO23 7RX

Auditor

James Cowper Kreston
Chartered accountants & statutory auditor
Mill House
Overbridge Square
Hambridge Lane
Newbury
RG14 5UX

Utilita Energy Limited

Strategic Report

Year ended 31 March 2016

Principal activity

The principal activity of the company during the year was supply of electricity and gas. We specialise in supplying gas and electricity to pre-pay residential customers in GB.

Business review

The directors are pleased to report that the turnover of the company has increased by 76% to £254m (2015 90% increase to £144m). The number of supply points that energy is supplied to has also increased by 73% (2015 101%). A further significant increase is predicted for the year 2016-17.

The substantial growth in the energy retailing business continues to lead to extra demands being placed on the resources of the group. Independent banking facilities, new office accommodation and a wholesale energy purchasing agreement have been put in place to enable this growth to be maintained.

The company has made a profit before tax in the current year of £24.4m (2015 £10.5m).

The company has steadily followed its growth path with the net addition of 134k (2015 93k) customers, and 261k (2015 179k) energy supply points, during the year bringing the total customer base to 320k (2015 186k) and 617k (2015 356k) energy supply points.

The passing of the milestone 250k customers at December 2014 has meant that under Ofgem rules Utilita Energy Limited qualifies as a Large Supplier. This brought with it additional costs; warm home discount, energy company obligation etc, that we had not previously had to incur. The company passed 350k customers in June 2016.

The group has continued to install Secure Meters smart prepayment meters at its customers' homes, nearly 90% of our customers now have such a meter. We also continue to drive the efficiencies in the business operations and cash collection processes.

Principal risks and uncertainties

Market risk:

The GB retail energy market remains dominated by the Big Six suppliers, although independent suppliers now make up approximately 15% of the total GB market. Utilita has based its strategy on being a niche supplier to the prepayment segment of the market. This segment is poorly served by the Big Six mainly due to a high cost to serve. The company aims to be cheaper than the Big Six for dual-fuel supplies to this target customer group.

Technical risk:

As the company operates in an industry using sophisticated technology, there is a risk of technical issues related to utility meters used in the field, and from the regulator, which the group has to face. New demands from the regulator placed on the company continue to need to be incorporated into systems and procedures.

Currency risk:

The company is not exposed to foreign currencies. All transactions are incurred in the functional currency, Sterling. However, GB energy prices have a significant link to the world price of oil, which is denominated in US Dollars.

Industry risk:

The company is exposed to many industry related risks that are outside its control. The GB retail energy market is dominated by the Big Six suppliers and many industry practices are weighted in their favour. It is very difficult for a small independent supplier to influence practices and procedures that work to the detriment of small and new entrant suppliers. In particular, there remains in the gas market a risk of allocation of volumes of energy required to be purchased in excess of the volume sold. This volume risk is made up of two parts; the general inefficiency of the balancing market to take into account actual customers usage; and the use of a single usage profile across the whole of GB which is inappropriate to the prepayment market. A usage profile for prepayment customers was introduced last year but this does not mirror the usage pattern of prepayment customers. In the electricity market there is the risk that customer payments through legacy prepayment meters are retained by a historic supplier and not paid onto the current energy supplier.

Utilita Energy Limited

Strategic Report *(continued)*

Year ended 31 March 2016

Wholesale energy market risk:

The company operates in the GB energy retail market and purchases its energy in the GB wholesale markets. The company fixes the prices to its customers until notifying a change and sources the energy from the wholesale market at the prevalent prices. Due to the volatility in the market, there remains a price risk in the energy retailing market. However, the group forward purchases wholesale energy, in accordance with a board level agreed hedging policy, to reduce the price risk.

Liquidity risk:

As the company is in a continued growth phase, its market share and its addressable market are expanding, the company faces a liquidity risk. However, cash flows are strong and this risk is being efficiently managed. Industry regulations require us to have substantial levels of credit cover in place to cover future purchases but daily fluctuations in liabilities can still result in significant cash calls having to be paid out or cash deposits having to be placed. The implementation of the wholesale energy purchasing agreement has reduced the company's exposure to liquidity risk by removing the requirement to place collateral for energy purchases.

Political risk:

Energy remains an important political issue and this does expose the business to higher regulatory risk than would be the normal for other retail markets. The recent Competition and Markets Authority investigation into the retail energy sector has placed further demands on the business with the introduction of a price cap for prepayment customers from April 2017.

Key performance indicators

Turnover:

Turnover as compared to last year has increased by 76%.

Customer acquisition:

The number of energy supply points at 31 March 2016 as compared to last year has increased by 73%.

This report was approved by the board of directors on 14 June 2016 and signed on behalf of the board by:



M.D.E. Smith
Company Secretary

Registered office:
Secure House
Moorside Road
Winchester
Hampshire
SO23 7RX

Utilita Energy Limited

Directors' Report

Year ended 31 March 2016

The directors present their report and the financial statements of the company for the year ended 31 March 2016.

Directors

The directors who served the company during the year were as follows:

W.N. Bullen
M.D.E. Smith

Dividends

The directors do not recommend the payment of a dividend.

Employment of disabled persons

Utilita Energy Limited is committed to providing equal opportunities for all employees and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit.

Striving to ensure that the work environment is free of harassment and bullying and that everyone is treated with dignity and respect is an important aspect of ensuring equal opportunities in employment.

Employee involvement

Utilita Energy Limited is committed to involving and consulting employees in all aspects of the company's business. This includes the use of company wide emails, an intranet, open access to HR staff and senior management.

Disclosure of information in the strategic report

Certain information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the strategic report.

Directors' 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 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 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 judgments 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 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.

Utilita Energy Limited

Directors' Report *(continued)*

Year ended 31 March 2016

Auditor

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

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

This report was approved by the board of directors on 14 June 2016 and signed on behalf of the board by:



M.D.E. Smith
Company Secretary

Registered office:
Secure House
Moorside Road
Winchester
Hampshire
SO23 7RX

Utilita Energy Limited

Independent Auditor's Report to the Shareholder of Utilita Energy Limited

Year ended 31 March 2016

We have audited the financial statements of Utilita Energy Limited for the year ended 31 March 2016 which comprise the income statement, statement of financial position, statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Utilita Energy Limited

Independent Auditor's Report to the Shareholder of Utilita Energy Limited (continued)

Year ended 31 March 2016

Matters on which we are required to report by exception

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

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



Adrian Rann BSc FCA (Senior Statutory Auditor)

For and on behalf of
James Cowper Kreston
Chartered accountants & statutory auditor

17 June 2016

Mill House
Overbridge Square
Hambridge Lane
Newbury
RG14 5UX

Utilita Energy Limited

Income Statement

Year ended 31 March 2016

| | Note | 2016 £000 | 2015 £000 |
|--|------|----------------------|---------------------|
| Turnover | 3 | 253,582 | 144,048 |
| Cost of sales | | 204,835 | 115,321 |
| Gross profit | | <u>48,747</u> | <u>28,727</u> |
| Administrative expenses | | 24,515 | 17,981 |
| Other operating income | 4 | 7 | 30 |
| Operating profit | 5 | <u>24,239</u> | <u>10,776</u> |
| Other interest receivable and similar income | | 51 | - |
| Interest payable and similar charges | 7 | (72) | 232 |
| Profit on ordinary activities before taxation | | <u>24,362</u> | <u>10,544</u> |
| Tax on profit on ordinary activities | 8 | 4,960 | 1,195 |
| Profit for the financial year | | <u><u>19,402</u></u> | <u><u>9,349</u></u> |

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 11 to 21 form part of these financial statements.


Utilita Energy Limited

Statement of Financial Position

31 March 2016

| | Note | 2016 £000 | 2015 £000 |
|--|------|---------------|---------------|
| Fixed assets | | | |
| Intangible assets | 9 | | 6,472 |
| Tangible assets | 10 | 13,155 | 3,006 |
| | | <u>1,850</u> | <u>9,478</u> |
| | | 15,005 | |
| Current assets | | | |
| Debtors | 11 | 45,006 | 22,432 |
| Investments | 12 | 6,455 | — |
| Cash at bank and in hand | | 3,668 | 3,567 |
| | | <u>55,129</u> | <u>25,999</u> |
| Creditors: amounts falling due within one year | 13 | 40,735 | 24,387 |
| Net current assets | | 14,394 | 1,612 |
| Total assets less current liabilities | | 29,399 | 11,090 |
| Creditors: amounts falling due after more than one year | 14 | — | 1,093 |
| Net assets | | <u>29,399</u> | <u>9,997</u> |
| Capital and reserves | | | |
| Called up share capital | 17 | 4,000 | 4,000 |
| Profit and loss account | 18 | 25,399 | 5,997 |
| Shareholder funds | | <u>29,399</u> | <u>9,997</u> |

These financial statements were approved by the board of directors and authorised for issue on 14 June 2016, and are signed on behalf of the board by:



W.N. Bullen
Director

Company registration number: 04849181

The notes on pages 11 to 21 form part of these financial statements.

Utilita Energy Limited

Statement of Changes in Equity

Year ended 31 March 2016

| | Called up share capital £000 | Profit and loss account £000 | Total £000 |
|--|------------------------------------|------------------------------------|---------------|
| At 1 April 2014 | 4,000 | (3,352) | 648 |
| Profit for the year | | 9,349 | 9,349 |
| Total comprehensive income for the year | — | 9,349 | 9,349 |
| At 31 March 2015 | 4,000 | 5,997 | 9,997 |
| Profit for the year | | 19,402 | 19,402 |
| Total comprehensive income for the year | — | 19,402 | 19,402 |
| At 31 March 2016 | <u>4,000</u> | <u>25,399</u> | <u>29,399</u> |

The notes on pages 11 to 21 form part of these financial statements.

Utilita Energy Limited

Notes to the Financial Statements

Year ended 31 March 2016

1. Statement of compliance

Utilita Energy Limited is a limited liability company incorporated in England and Wales. The registered office is Secure House, Moorside Road, Winchester, Hampshire SO23 7RX.

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 23.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Utilita Group Limited which can be obtained from the registered office. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company;
- (b) Disclosures in respect of financial instruments have not been presented; and
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- (a) Revenue recognition - An estimate is made of the value of energy supplied to customers based on company specific industry settlement data and estimates of customer usage since last meter read data. The industry settlement data is the estimated quantity the industry system operator deems the individual suppliers, including the company, to have supplied;

Utilita Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

2. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

(b) Forward purchases of energy - The company has entered into contracts for the purchase of energy for periods up to 24 months in the future. The directors have determined that the classification of such contracts represents commodity purchases for use within the business accounted for at cost at date of delivery and not as derivative instruments accounted for at fair value;

(c) Deferred tax assets - these 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. The directors have assessed the future trading performance of the company and believe it is probable that the company will generate profits and therefore a deferred tax asset has been recognised; and

(d) Operating lease commitments - The company has entered into meter rental transactions and obtains use of plant and equipment as lessee. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Taxation - The company establishes provisions based on reasonable estimates. The amount of such provisions is based on various factors, such as experience and the interpretation of tax regulations. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies;

(b) Depreciation and amortisation - The company has determined the estimated useful lives of its tangible and intangible assets. The life of an individual asset is based on various, technological, practical and legislative information; and

(c) 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 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.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for sales of energy and the value of services and facilities provided during the year, net of discounts and value added tax.

Revenue includes an estimate of the value of energy supplied to customers based on company specific industry settlement data and estimates of customer usage since last meter read data. The industry settlement data is the estimated quantity the industry system operator deems the individual suppliers, including the company, to have supplied.

Utilita Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

2. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

Intangible assets

Acquisition costs are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Cost is determined as costs incurred on acquiring and establishing a customer.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Acquisition costs - 5 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Utilita Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

2. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

| | | |
|---|---|-------------------|
| Land and buildings - Leasehold property | - | life of the lease |
| Plant and machinery | - | 5 - 7 years |
| Equipment | - | 2 - 4 years |

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Forward energy purchases

Forward purchases of energy are classified as commodity purchases for use within the company's business and as such are accounted for at cost on date of delivery.

3. Turnover

Turnover arises from:

| | 2016 £000 | 2015 £000 |
|------------------|----------------|----------------|
| Supply of energy | <u>253,582</u> | <u>144,048</u> |

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4. Other operating income

| | 2016 £000 | 2015 £000 |
|-------------------------------|--------------|--------------|
| Rental income | 7 | - |
| Management charges receivable | - | 30 |
| | <u>7</u> | <u>30</u> |

Utilita Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

5. Operating profit

Operating profit or loss is stated after charging:

| | 2016 £000 | 2015 £000 |
|---------------------------------------|--------------|--------------|
| Amortisation of intangible assets | 2,491 | 1,106 |
| Depreciation of tangible assets | 1,586 | 836 |
| Loss on disposal of tangible assets | 513 | 829 |
| Loss on disposal of intangible assets | 1,557 | 540 |
| Foreign exchange differences | <u>(115)</u> | <u>—</u> |

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

| | 2016 No. | 2015 No. |
|----------------------|-------------|-------------|
| Administrative staff | <u>251</u> | <u>168</u> |

The aggregate payroll costs incurred during the year, relating to the above, were:

| | 2016 £000 | 2015 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 4,846 | 3,325 |
| Social security costs | 380 | 205 |
| | <u>5,226</u> | <u>3,530</u> |

7. Interest payable and similar charges

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Interest on banks loans and overdrafts | 4 | 21 |
| Interest on obligations under finance leases and hire purchase contracts | (78) | 70 |
| Interest due to group undertakings | 2 | 141 |
| | <u>(72)</u> | <u>232</u> |

8. Tax on profit on ordinary activities

Major components of tax expense

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Current tax: | | |
| UK current tax expense | 5,105 | 1,223 |
| Adjustments in respect of prior periods | (2) | — |
| Total current tax | <u>5,103</u> | <u>1,223</u> |

Utilita Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

8. Tax on profit on ordinary activities *(continued)*

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Deferred tax: | | |
| Origination and reversal of timing differences | (143) | (28) |
| Tax on profit on ordinary activities | <u>4,960</u> | <u>1,195</u> |

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 21%).

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Profit on ordinary activities before taxation | 24,362 | 10,544 |
| Profit on ordinary activities by rate of tax | 4,872 | 2,214 |
| Adjustment to tax charge in respect of prior periods | (2) | – |
| Effect of expenses not deductible for tax purposes | 28 | 120 |
| Effect of capital allowances and depreciation | 3 | 45 |
| Utilisation of tax losses | – | (1,021) |
| Rounding on tax charge | 65 | 1 |
| Group relief | (15) | (164) |
| Effect of different tax rates | 9 | – |
| Tax on profit on ordinary activities | <u>4,960</u> | <u>1,195</u> |

9. Intangible assets

| | Acquisition costs £000 |
|-------------------------|------------------------------|
| Cost | |
| At 1 April 2015 | 8,629 |
| Additions | 10,730 |
| Disposals | (1,970) |
| At 31 March 2016 | <u>17,389</u> |
| Amortisation | |
| At 1 April 2015 | 2,157 |
| Charge for the year | 2,491 |
| Disposals | (414) |
| At 31 March 2016 | <u>4,234</u> |
| Carrying amount | |
| At 31 March 2016 | <u>13,155</u> |
| At 31 March 2015 | <u>6,472</u> |

Utilita Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

10. Tangible assets

| | Land and buildings £000 | Plant and machinery £000 | Equipment £000 | Total £000 |
|-------------------------|-------------------------------|--------------------------------|-------------------|---------------|
| Cost | | | | |
| At 1 April 2015 | 73 | 4,006 | 914 | 4,993 |
| Additions | 45 | – | 898 | 943 |
| Disposals | – | (1,140) | (229) | (1,369) |
| At 31 March 2016 | <u>118</u> | <u>2,866</u> | <u>1,583</u> | <u>4,567</u> |
| Depreciation | | | | |
| At 1 April 2015 | 24 | 1,573 | 390 | 1,987 |
| Charge for the year | 37 | 1,108 | 441 | 1,586 |
| Disposals | – | (650) | (206) | (856) |
| At 31 March 2016 | <u>61</u> | <u>2,031</u> | <u>625</u> | <u>2,717</u> |
| Carrying amount | | | | |
| At 31 March 2016 | <u>57</u> | <u>835</u> | <u>958</u> | <u>1,850</u> |
| At 31 March 2015 | <u>49</u> | <u>2,433</u> | <u>524</u> | <u>3,006</u> |

Capital commitments

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Contracted for but not provided for in the financial statements | <u>416</u> | <u>–</u> |

11. Debtors

| | 2016 £000 | 2015 £000 |
|------------------------------------|---------------|---------------|
| Trade debtors | 8,461 | 5,472 |
| Amounts owed by group undertakings | 29,265 | 12,944 |
| Deferred tax asset | 171 | 28 |
| Prepayments and accrued income | 1,002 | 758 |
| Other debtors | 6,107 | 3,230 |
| | <u>45,006</u> | <u>22,432</u> |

The debtors above include the following amounts falling due after more than one year:

| | 2016 £000 | 2015 £000 |
|--------------------------------|--------------|--------------|
| Deferred tax asset | 171 | 28 |
| Prepayments and accrued income | 126 | – |
| | <u>297</u> | <u>28</u> |

The company has placed cash collateral of £6,107k (2015 £3,219k) in respect of forward contracts for the purchase of energy and other services.

Utilita Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

12. Investments

| | 2016 £000 | 2015 £000 |
|-------------------|--------------|--------------|
| Other investments | 6,455 | — |

Other investments represent renewables obligation certificates.

13. Creditors: amounts falling due within one year

| | 2016 £000 | 2015 £000 |
|--|---------------|---------------|
| Trade creditors | 12,605 | 8,254 |
| Amounts owed to group undertakings | 1,959 | 3,304 |
| Accruals and deferred income | 23,408 | 11,473 |
| Corporation tax | 2,505 | 1,163 |
| Social security and other taxes | 155 | 77 |
| Obligations under finance leases and hire purchase contracts | — | 13 |
| Other creditors | 103 | 103 |
| | <u>40,735</u> | <u>24,387</u> |

14. Creditors: amounts falling due after more than one year

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Amounts owed to group undertakings | — | 967 |
| Obligations under finance leases and hire purchase contracts | — | 126 |
| | <u>—</u> | <u>1,093</u> |

15. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Not later than 1 year | — | 35 |
| Later than 1 year and not later than 5 years | — | 140 |
| Later than 5 years | — | 38 |
| | <u>—</u> | <u>213</u> |
| Less: future finance charges | — | (75) |
| Present value of minimum lease payments | <u>—</u> | <u>138</u> |

Utilita Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

16. Deferred tax

The deferred tax included in the statement of financial position is as follows:

| | 2016 £000 | 2015 £000 |
|-------------------------------|--------------|--------------|
| Included in debtors (note 11) | <u>171</u> | <u>28</u> |

The deferred tax account consists of the tax effect of timing differences in respect of:

| | 2016 £000 | 2015 £000 |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | <u>171</u> | <u>28</u> |

17. Called up share capital

Issued, called up and fully paid

| | 2016 | | 2015 | |
|----------------------------|------------------|--------------|------------------|--------------|
| | No. | £000 | No. | £000 |
| Ordinary shares of £1 each | <u>4,000,000</u> | <u>4,000</u> | <u>4,000,000</u> | <u>4,000</u> |

18. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

19. Operating leases

As lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Not later than 1 year | 664 | 125 |
| Later than 1 year and not later than 5 years | 3,619 | 284 |
| Later than 5 years | 4,567 | - |
| | <u>8,850</u> | <u>409</u> |

The company has a commitment to pay utility meter owners rentals for utility meters used by our customers. These arrangements are on a pence per day basis and are only payable while Utilita Energy Limited supplies energy to that customer. The amount paid in respect of this commitment was £19,429k (2015 £11,409k), a proportion of these rentals was paid to Winchester Meter Operations Ltd, a fellow subsidiary.

Utilita Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

19. Operating leases *(continued)*

As lessor

The total future minimum lease payments receivable under non-cancellable operating leases are as follows:

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Not later than 1 year | 39 | – |
| Later than 1 year and not later than 5 years | 214 | – |
| | <u>253</u> | <u>–</u> |

20. Contingencies

The company's hedging strategy aims to provide the company with protection against sudden and significant increases in energy prices while ensuring that the company is not competitively disadvantaged in a serious way in the event of a substantial fall in the price of energy. The strategy operates within limits set by the Board. The company's policy is not to trade in derivatives but to use these instruments to hedge anticipated expenses.

At 31 March 2016 the company has entered into a portfolio of forward contracts for the purchase of power. These contracts are capable of being bought and sold in an arm's length transaction. At 31 March 2016 the price to which the company is committed exceeds the market price for such contracts by £8.59m (2015 £1.66m). Most of these contracts are for a period of up to two years.

Utilita Energy Limited has guaranteed the banking facilities of Utilita Group Limited, Utilita Services Limited, Winchester Gas Distribution Ltd, and Winchester Meter Operations Ltd. At 31 March 2016 the balance outstanding under these guarantees was £nil (2015 £nil).

Utilita Energy Limited has entered in to a Wholesale Energy Purchasing Agreement for the purchase of gas and power, Utilita Energy Limited has the primary contract with the counterparty and acts as agent and guarantor for the purchase of gas by Winchester Gas Distribution Ltd, a licenced gas shipper, the outstanding liability for the purchase of energy by the group to BP Gas Marketing Limited at 31 March 2016 was £219,648 (2015 £nil).

21. Related party transactions

During the year the company entered into the following transactions with related parties:

| | Transaction value | | Balance owed by/(owed to) | |
|------------------------------------|-------------------|--------------|---------------------------|--------------|
| | 2016 £000 | 2015 £000 | 2016 £000 | 2015 £000 |
| Loans - Utilita Group | – | – | 29,265 | 12,944 |
| Goods and services - Secure Group | 3,526 | 62 | (435) | – |
| Interest paid - Secure Group | 2 | – | – | (2,417) |
| Goods and services - Utilita Group | 10,892 | 11,703 | (1,524) | (1,854) |
| Energy - Utilita Group | 59,278 | 36,461 | – | – |
| Interest paid - Utilita Group | – | 141 | – | – |
| | <u>–</u> | <u>141</u> | <u>–</u> | <u>–</u> |

Utilita Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

21. Related party transactions *(continued)*

Utilita Energy Limited had the following balances with other group undertakings.

| | 2016 £000 | 2015 £000 |
|--|---------------|---------------|
| Amounts owed by group undertakings: | | |
| Utilita Group Limited | <u>29,265</u> | <u>12,944</u> |
| Amounts owed to group undertakings: | | |
| Winchester Meter Operations Ltd | 1,524 | 1,854 |
| Secure Meters (UK) Limited | <u>435</u> | <u>2,417</u> |
| | <u>1,959</u> | <u>4,271</u> |

22. Controlling party

Throughout both years the company has been controlled by Utilita Group Limited, the immediate parent company. The ultimate controlling party is Secure Meters Limited through their indirect shareholding in Utilita Group Limited.

The ultimate parent company of Utilita Energy Limited at the balance sheet date was Secure Meters Limited, a company incorporated in India.

The parent of the smallest group for which group accounts including Utilita Energy Limited are drawn up is Utilita Group Limited. Copies of these accounts may be obtained from the registered office.

The parent of the largest group for which group accounts including Utilita Energy Limited are drawn up is Secure Meters Limited.

23. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 April 2014.

No transitional adjustments were required in equity or profit or loss for the year.