

Registered number: 04382246

## Opus Energy Limited

Annual report and financial statements

For the year ended 31 March 2016

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**Opus Energy Limited**

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**Company Information**

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| <b>Directors</b>           | Charles Crossley Cooke<br>Frederick Esiri<br>Timothy Boylan<br>Louise Boland<br>Stephen Foster<br>Daniel Maitland (resigned 14 April 2016)<br>Andrew Nash<br>Ian Stockbridge<br>Alexander Sena (appointed 14 April 2016) |
| <b>Registered number</b>   | 04382246   |
| <b>Registered office</b>   | Lambourne House<br>311-321 Banbury Road<br>Oxford<br>OX2 7JH   |
| <b>Independent auditor</b> | KPMG LLP<br>Arlington Business Park<br>Theale<br>Reading<br>RG7 4SD  |

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**Opus Energy Limited**

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**Contents**

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|  | Page           |
|--|----------------|
| <b>Strategic report</b>                      | <b>1 - 2</b>   |
| <b>Directors' report</b>                     | <b>3</b>       |
| <b>Directors' responsibilities statement</b> | <b>4</b>       |
| <b>Independent auditor's report</b>          | <b>5 - 6</b>   |
| <b>Statement of comprehensive income</b>     | <b>7</b>       |
| <b>Balance sheet</b>                         | <b>8</b>       |
| <b>Statement of changes in equity</b>        | <b>9</b>       |
| <b>Notes to the financial statements</b>     | <b>10 - 24</b> |

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## Opus Energy Limited

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### Strategic report For the year ended 31 March 2016

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#### Introduction

The directors present their strategic report for the Company for the year ended 31 March 2016.

#### Business review and future developments

Opus Energy Limited is licensed to supply electricity and gas to commercial customers in Great Britain. The Company is also licensed to ship gas in Great Britain. Electricity is supplied to commercial customers under the Opus brand name. Gas is shipped for the Company's sister company, Opus Gas Supply Limited. Electricity is also supplied to domestic and commercial customers under the brand names of the Company's third party partners.

The Company continued to grow during the year, with significant progress in expanding the customer base. Turnover for the year increased by 4%, from £347.0 million to £360.6 million, principally as a result of a higher number of customers and increased sales of gas and electricity to other group companies. Gross profit increased by 9% from £53.4 million to £58.0 million, and the gross margin percentage increased from 15% to 16%. Operating expenses increased by 16%, from £34.5 million to £40.0 million due to higher customer acquisition costs. Profit before tax decreased by 6% to £17.6 million. The net assets of the Company have increased by £0.8 million to £31.5 million.

The Directors expect the Company to experience further revenue growth in the current year as the Company continues to increase the number of customers supplied. Gross profit and profit before tax are anticipated to increase due to the revenue growth across the business and no material change in the mix of the customers.

#### Principal risks and uncertainties

The primary risks and uncertainties facing the Company are: competition; volatility in the Company's costs of supply; the effect of the macroeconomic environment on the ability of customers to pay their energy bills on a timely basis and the impact of regulatory changes on margins and cashflow.

The business energy market is very competitive. The Company seeks to manage the risk of losing customers to competitors by strict cost controls, disciplined pricing strategies, innovation in billing systems and maintaining high standards of customer service.

The Company devotes considerable management resources and develops systems and models designed to hedge price risk and match as closely as possible the quantities of electricity which it buys at a fixed price with its commitments to supply to customers at a fixed price. However, in volatile wholesale electricity commodity markets, it is not always possible to match these prices and volumes; variables include the weather and end-customer demand. In addition to the rigorous modelling of the demand of its portfolio of customers, which is continually updated, the Company seeks to protect itself through its contractual terms with its customers and through maintenance of a pricing policy which ensures sufficient margin for such inevitable forecasting errors.

Bad debts associated with failure of customers to pay their energy bills represent one of the largest administrative expenses of the business. Late payment of customer bills also imposes increased working capital requirements of the Company. The Company actively monitors the credit of its customers, varies its pricing to accommodate customer credit risk profile, manages its customer portfolio to mitigate credit concentration and devotes significant resources to managing its debtor book, including the development and continuous improvement of IT systems to minimise the billing inaccuracies which can lead to late payments.

The energy sector is subject to considerable political and regulatory scrutiny. The Company maintains a regular dialogue with the regulator to ensure that it is fully informed of changes in market structure which could have a commercial impact on the business.

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## Opus Energy Limited

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### Strategic report (continued)

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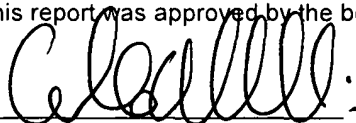
The Competition and Markets Authority ("CMA") is due on 25th June 2016 to finalise its investigation into the UK energy market and to propose remedies to increase effective competition and engagement. The directors continue to be optimistic that any outcome that lessens the market share of the large vertically integrated companies will provide significant opportunity for continued growth.

#### Key performance indicators

The directors monitor the following key performance indicators (KPIs) of the Company on a regular basis:

|                             | 2016  | 2015  |
|-----------------------------|-------|-------|
|                             | %     | %     |
| Gross profit percentage     | 16.1% | 15.4% |
| Operating profit percentage | 5.0%  | 5.4%  |
| Profit after tax            | 4.0%  | 4.4%  |

This report was approved by the board on 8 June 2016 and signed on its behalf.

  
C Crossley Cooke  
Director

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**Opus Energy Limited**

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**Directors' report  
For the year ended 31 March 2016**

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

**Results and dividends**

The profit for the year, after taxation, amounted to £14,410k (2015: £15,164k).

A dividend of £13,600k was paid in the year (2015: £11,000k).

**Directors**

The directors who served during the year were:

Charles Crossley Cooke  
Frederick Esiri  
Timothy Boylan  
Louise Boland  
Stephen Foster  
Daniel Maitland (resigned 14 April 2016)  
Andrew Nash  
Ian Stockbridge

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

**Post balance sheet events**

Post balance sheet events are detailed in note 21 of the financial statements.

**Auditor**

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 June 2016 and signed on its behalf.



**C Crossley Cooke**  
Director

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**Opus Energy Limited**

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**Directors' responsibilities statement  
For the year ended 31 March 2016**

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The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless 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 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.

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## **Independent auditor's report to the members of Opus Energy Limited**

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We have audited the financial statements of Opus Energy Limited for the year ended 31 March 2016 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

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](http://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 UK 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.

### **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

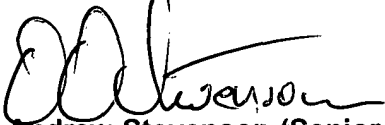


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**Independent auditor's report to the members of Opus Energy Limited**

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- 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.



**Andrew Stevenson (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Arlington Business Park  
Theale  
Berkshire  
RG7 4SD

13 June 2016

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Opus Energy Limited

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Statement of comprehensive income  
For the year ended 31 March 2016

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|  | Note | 2016<br>£000  | 2015<br>£000  |
|--|------|---------------|---------------|
| Turnover                               | 3    | 360,631       | 347,041       |
| Cost of sales                          |      | (302,603)     | (293,629)     |
| <b>Gross profit</b>                    |      | <b>58,028</b> | <b>53,412</b> |
| Administrative expenses                |      | (39,992)      | (34,526)      |
| <b>Operating profit</b>                | 4    | <b>18,036</b> | <b>18,886</b> |
| Interest receivable and similar income |      | 88            | 89            |
| Interest payable and expenses          | 8    | (511)         | (316)         |
| <b>Profit before tax</b>               |      | <b>17,613</b> | <b>18,659</b> |
| Tax on profit                          | 10   | (3,203)       | (3,495)       |
| <b>Profit for the year</b>             |      | <b>14,410</b> | <b>15,164</b> |

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

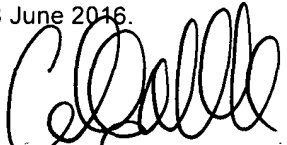
The notes on pages 10 to 24 form part of these financial statements.

**Opus Energy Limited**  
Registered number:04382246

**Balance sheet**  
**As at 31 March 2016**

|  | Note | 2016<br>£000         | 2015<br>£000         |
|--|------|----------------------|----------------------|
| <b>Fixed assets</b>                            |      |                      |                      |
| Tangible assets                                | 11   | 4,802                | 2,499                |
| <b>Current assets</b>                          |      |                      |                      |
| Debtors: amounts falling due within one year   | 12   | 85,947               | 74,829               |
| Cash at bank                                   |      | 10,908               | 12,116               |
|  |      | <u>96,855</u>        | <u>86,945</u>        |
| Creditors: amounts falling due within one year | 13   | (70,168)             | (58,789)             |
| <b>Net current assets</b>                      |      | <u>26,687</u>        | <u>28,156</u>        |
| <b>Total assets less current liabilities</b>   |      | <u>31,489</u>        | <u>30,655</u>        |
| <b>Provisions for liabilities</b>              |      |                      |                      |
| Deferred tax                                   | 14   | (7)                  | -                    |
|  |      | <u>(7)</u>           | <u>-</u>             |
| <b>Net assets</b>                              |      | <u><u>31,482</u></u> | <u><u>30,655</u></u> |
| <b>Capital and reserves</b>                    |      |                      |                      |
| Called up share capital                        | 16   | 4,000                | 4,000                |
| Other reserves                                 | 15   | 396                  | 379                  |
| Profit and loss account                        | 15   | 27,086               | 26,276               |
|  |      | <u><u>31,482</u></u> | <u><u>30,655</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 June 2016.

  
C Crossley Cooke  
Director

The notes on pages 10 to 24 form part of these financial statements.

**Opus Energy Limited**

**Statement of changes in equity  
As at 31 March 2016**

|                                  | Share<br>capital<br>£000 | Other<br>reserves<br>£000 | Retained<br>earnings<br>£000 | Total equity<br>£000 |
|----------------------------------|--------------------------|---------------------------|------------------------------|----------------------|
| At 1 April 2015                  | 4,000                    | 379                       | 26,276                       | 30,655               |
| Profit for the year              | -                        | -                         | 14,410                       | 14,410               |
| Share based payment transactions | -                        | 17                        | -                            | 17                   |
| Dividends: Equity capital        | -                        | -                         | (13,600)                     | (13,600)             |
| <b>At 31 March 2016</b>          | <b>4,000</b>             | <b>396</b>                | <b>27,086</b>                | <b>31,482</b>        |

**Statement of changes in equity  
As at 31 March 2015**

|                                  | Share<br>capital<br>£000 | Other<br>reserves<br>£000 | Retained<br>earnings<br>£000 | Total equity<br>£000 |
|----------------------------------|--------------------------|---------------------------|------------------------------|----------------------|
| At 1 April 2014                  | 4,000                    | 331                       | 22,112                       | 26,443               |
| Profit for the year              | -                        | -                         | 15,164                       | 15,164               |
| Share based payment transactions | -                        | (1)                       | -                            | (1)                  |
| Dividends: Equity capital        | -                        | -                         | (11,000)                     | (11,000)             |
| Transfer between other reserves  | -                        | 49                        | -                            | 49                   |
| <b>At 31 March 2015</b>          | <b>4,000</b>             | <b>379</b>                | <b>26,276</b>                | <b>30,655</b>        |

The notes on pages 10 to 24 form part of these financial statements.

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## Opus Energy Limited

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### Notes to the financial statements For the year ended 31 March 2016

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#### 1. Accounting policies

##### 1.1 Company information

Opus Energy Limited is a limited liability company incorporated and domiciled in the United Kingdom. The Registered Office is Lambourne House, 311-321 Banbury Road, Oxford, OX2 7JH.

##### 1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 23.

The financial statements are presented in Sterling (£) and rounded to the nearest £'000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The directors have reviewed the financial position of the Company and cash flow forecasts for at least 12 months from the date of approval of these accounts and are satisfied that the going concern assumption remains appropriate.

The following principal accounting policies have been applied:

##### 1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Opus Energy Group Limited as at 31 March 2016 and these financial statements may be obtained from the Company's Registered Office.

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## Opus Energy Limited

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### Notes to the financial statements For the year ended 31 March 2016

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#### 1. Accounting policies (continued)

##### 1.4 Turnover

Turnover represents the fair value of the consideration received or receivable from the sale of actual and estimated electricity and gas supplied during the year, net of discounts and value added taxes, and to a lesser extent, turnover from services provided to other companies associated with the supply of electricity and gas.

Turnover includes the directors' best estimate of differences between estimated sales and billed sales. All actual metered consumption data related to customers' electricity consumption received by the end of the year has been reflected in turnover. Actual metered consumption data relating to the year but received after the year end is not reflected in turnover. The estimated consumption data is revised over a fourteen month settlement period.

Turnover is recognised when the associated risks and rewards of ownership have been transferred, to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and where the turnover can be measured reliably. For electricity supplied and gas shipped, turnover is recognised on consumption.

##### 1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

|                          |   |          |
|--------------------------|---|----------|
| Improvements to property | - | 10 years |
| Fixtures and fittings    | - | 4 years  |
| Office equipment         | - | 4 years  |
| Computer equipment       | - | 3 years  |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

##### 1.6 Operating leases: Lessee

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period of the lease.

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## Opus Energy Limited

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### Notes to the financial statements For the year ended 31 March 2016

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#### 1. Accounting policies (continued)

##### 1.7 Financial instruments

Trade and other debtors / creditors that have no stated interest rate, do not constitute a financing transaction, and are due to be settled within one year are initially and subsequently measured at the undiscounted amount of consideration expected to be received, net of impairment.

Where trade and other debtors / creditors constitute a financing transaction, the Company measures the financial instrument initially and subsequently at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. In instances where the financing transactions are repayable on demand, the present value of the future payments will equal the undiscounted amount expected to be received.

Trade and other debtors / creditors that have a stated interest rate are initially measured at the transaction price. Subsequently, such instruments are measured at amortised cost using the effective rate of interest method.

##### 1.8 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by shareholder resolution.

##### 1.9 Pensions

###### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### 1.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

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## Opus Energy Limited

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### Notes to the financial statements For the year ended 31 March 2016

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#### 1. Accounting policies (continued)

##### 1.11 Contract costs

Commissions payable to third parties in respect of obtaining customer contracts are amortised over the life of the contract.

#### 2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for sales and expenses during the year. The most critical of these accounting judgments and estimates are detailed below.

##### 2.1 Turnover and cost of sales

Turnover derived from the supply of energy includes an estimate of the value of electricity supplied to customers between the date of the last meter reading and the end of the reporting period. Estimates of the number of units consumed but not yet processed through the settlement process are based on industry data until final reconciliation data is received.

Similarly purchase volumes are also subject to the same degree of estimation, with associated settlement costs dependant on the receipt of final reconciliation data.

##### 2.2 Financial instruments

The Company has long term commercial agreements for the supply of electricity and gas. On the grounds that these contracts are held for the purpose of the delivery of a non-financial item in accordance with the Company's expected purchase and sale requirements, net settlement of the contracts through the exchange of cash or another financial instrument is not permitted, and the Company has no prior history of settling similar contracts in this way, the own use exemption has been applied. As a result, the agreements do not fall within the scope of Section 12 of FRS 102 and are not accounted for as derivatives.

##### 2.3 Impairment of trade debtors

Trade debtors are stated net of the allowance for the impairment of bad and doubtful debts. The allowance is calculated by applying historical collection rates to balances outstanding as at the year-end date, with the amount of any loss recognised in the statement of comprehensive income under administrative expenses.

##### 2.4 ROC recycle

Renewable Obligation Certificates (ROCs) are green certificates used by suppliers to demonstrate that they have met their obligation to source a certain proportion of the electricity they supply from renewable sources. The value of a ROC is determined by the buy out price, set by Ofgem, and a re-cycle element of the final ROC value determined once all energy suppliers have demonstrated either compliance or non-compliance. The Company estimates a re-cycle value based on industry data relating to the total output of renewable energy in the UK, generation capacity and demand, until a final value is determined.



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**Opus Energy Limited**

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**Notes to the financial statements  
For the year ended 31 March 2016**

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**3. Analysis of turnover**

All turnover arose within the United Kingdom.

**4. Operating profit**

The operating profit is stated after charging:

|   | <b>2016</b>  | <b>2015</b>  |
|---|--------------|--------------|
|   | <b>£000</b>  | <b>£000</b>  |
| Depreciation of tangible fixed assets   | 907          | 725          |
| Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts | 20           | 20           |
| Operating lease payments  | <u>2,332</u> | <u>1,988</u> |

Amounts payable to the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is disclosed on a group basis in the consolidated financial statements of Opus Energy Group Limited.

**5. Employees**

Staff costs, including directors' remuneration, were as follows:

|                                     | <b>2016</b>   | <b>2015</b>   |
|-------------------------------------|---------------|---------------|
|                                     | <b>£000</b>   | <b>£000</b>   |
| Wages and salaries                  | 23,023        | 18,390        |
| Social security costs               | 2,200         | 1,771         |
| Cost of defined contribution scheme | 525           | 466           |
|                                     | <u>25,748</u> | <u>20,627</u> |

Included in wages and salaries is a total expense of share-based payments of £18k (2015: -£1k).

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

|                      | <b>2016</b> | <b>2015</b> |
|----------------------|-------------|-------------|
|                      | <b>No.</b>  | <b>No.</b>  |
| Administrative staff | 643         | 530         |
| Sales staff          | 50          | 41          |
|                      | <u>693</u>  | <u>571</u>  |

**Opus Energy Limited**

**Notes to the financial statements  
For the year ended 31 March 2016**

**6. Directors' remuneration**

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| Directors' emoluments   | 2,017        | 1,930        |
| Company contributions to defined contribution pension schemes | 15           | 55           |
|   | <u>2,032</u> | <u>1,985</u> |

During the year retirement benefits were accruing to 6 directors (2015: 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £592k (2015: £571k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to nil (2015: £40k).

At 31 March 2016 the following directors held options in shares of the parent company: F Esiri: 15,625 (2015: 15,625); S Foster: nil (2015: 4,000); A Nash: nil (2015: 8,000) and L Boland: nil (2015: 10,000).

**7. Employee loans**

In October 2009, the Company made loans with a term of 32 years available to senior management employees which the employees used to purchase shares of the Company pursuant to the exercise of share options. The employees are required to apply a proportion of any dividend receipts or share sale proceeds to the early repayment of the loans. The loans incurred interest at 3.0% during the year ended 31 March 2016 (2015: 3.5%).

In March 2016, the Company made additional loans with a term of 32 years available to senior management employees which the employees used to purchase shares of the Company pursuant to the exercise of share options. The employees are required to apply a proportion of any dividend receipts or share sale proceeds to the early repayment of the loans. The loans incurred interest at rates ranging between 1.5% and 3.0% during the year ended 31 March 2016. The Company provided loans to three directors as follows:

|                         | A Nash<br>£000 | I Stockbridge<br>£000 | L Boland<br>£000 |
|-------------------------|----------------|-----------------------|------------------|
| Balance at 1 April 2015 | 7              | 7                     | -                |
| Principal               | 220            | -                     | 550              |
| Net repayments          | (5)            | (7)                   | -                |
| Interest                | -              | -                     | 1                |
| <b>At 31 March 2016</b> | <u>222</u>     | <u>-</u>              | <u>551</u>       |

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**Opus Energy Limited**

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**Notes to the financial statements  
For the year ended 31 March 2016**

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**8. Interest payable and similar charges**

|                       | <b>2016</b>       | <b>2015</b>       |
|-----------------------|-------------------|-------------------|
|                       | <b>£000</b>       | <b>£000</b>       |
| Bank interest payable | <b>511</b>        | <b>316</b>        |
|                       | <u><b>511</b></u> | <u><b>316</b></u> |

**9. Dividends**

|                | <b>2016</b>          | <b>2015</b>          |
|----------------|----------------------|----------------------|
|                | <b>£000</b>          | <b>£000</b>          |
| Dividends Paid | <b>13,600</b>        | <b>11,000</b>        |
|                | <u><b>13,600</b></u> | <u><b>11,000</b></u> |

Opus Energy Limited

**Notes to the financial statements  
For the year ended 31 March 2016**

**10. Taxation**

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| <b>Corporation tax</b>                           |              |              |
| Current tax on profits for the year              | 3,179        | 3,449        |
| Adjustments in respect of previous periods       | 13           | -            |
| <b>Total current tax</b>                         | <u>3,192</u> | <u>3,449</u> |
| <b>Deferred tax</b>                              |              |              |
| Origination and reversal of timing differences   | <u>11</u>    | <u>46</u>    |
| <b>Taxation on profit on ordinary activities</b> | <u>3,203</u> | <u>3,495</u> |

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015: *lower than*) the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

|   | 2016<br>£000  | 2015<br>£000  |
|---|---------------|---------------|
| Profit on ordinary activities before tax  | <u>17,613</u> | <u>18,659</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%) | 3,523         | 3,918         |
| <b>Effects of:</b>  |               |               |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                 | 49            | 14            |
| Capital allowances for year in excess of depreciation   | 4             | (20)          |
| Adjustments to tax charge in respect of prior periods   | 13            | -             |
| Short term timing difference leading to an increase (decrease) in taxation                                | 14            | 11            |
| Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge     | (17)          | (14)          |
| Tax deduction arising from exercise of employee options   | (383)         | (423)         |
| Income charge on employee loans   | -             | (19)          |
| Other differences leading to an increase (decrease) in the tax charge                                     | -             | 28            |
| <b>Total tax charge for the year</b>  | <u>3,203</u>  | <u>3,495</u>  |

**Opus Energy Limited**

**Notes to the financial statements  
For the year ended 31 March 2016**

**10. Taxation (continued)**

**Factors that may affect future tax charges**

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016.

**11. Tangible fixed assets**

|                             | Freehold<br>Land<br>£000 | Improvements<br>to property<br>£000 | Fixtures<br>and<br>fittings<br>£000 | Office<br>equipment<br>£000 | Computer<br>equipment<br>£000 | Total<br>£000 |
|-----------------------------|--------------------------|-------------------------------------|-------------------------------------|-----------------------------|-------------------------------|---------------|
| <b>Cost or valuation</b>    |                          |                                     |                                     |                             |                               |               |
| At 1 April 2015             | 800                      | 962                                 | 390                                 | 334                         | 3,275                         | 5,761         |
| Additions                   | 2,167                    | 119                                 | -                                   | 19                          | 905                           | 3,210         |
| <b>At 31 March 2016</b>     | <b>2,967</b>             | <b>1,081</b>                        | <b>390</b>                          | <b>353</b>                  | <b>4,180</b>                  | <b>8,971</b>  |
| <b>Depreciation</b>         |                          |                                     |                                     |                             |                               |               |
| At 1 April 2015             | -                        | 446                                 | 357                                 | 247                         | 2,212                         | 3,262         |
| Charge owned for the period | -                        | 194                                 | 28                                  | 43                          | 642                           | 907           |
| <b>At 31 March 2016</b>     | <b>-</b>                 | <b>640</b>                          | <b>385</b>                          | <b>290</b>                  | <b>2,854</b>                  | <b>4,169</b>  |
| <b>At 31 March 2016</b>     | <b>2,967</b>             | <b>441</b>                          | <b>5</b>                            | <b>63</b>                   | <b>1,326</b>                  | <b>4,802</b>  |
| <i>At 31 March 2015</i>     | <i>800</i>               | <i>516</i>                          | <i>33</i>                           | <i>87</i>                   | <i>1,063</i>                  | <i>2,499</i>  |

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**Opus Energy Limited**

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**Notes to the financial statements  
For the year ended 31 March 2016**

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**12. Debtors**

|                                    | 2016<br>£000  | 2015<br>£000  |
|------------------------------------|---------------|---------------|
| Trade debtors                      | 25,358        | 24,194        |
| Amounts owed by group undertakings | 15,258        | 11,835        |
| Other debtors                      | 3,624         | 3,916         |
| Prepayments                        | 27,126        | 21,825        |
| Accrued income                     | 14,581        | 13,055        |
| Deferred taxation                  | -             | 4             |
|                                    | <u>85,947</u> | <u>74,829</u> |

Loans aggregating £1,001k at 31 March 2016, extended to employees by the Company to finance the exercise of share options in the parent company, are included under other debtors (2015: £123k). These loans are repayable by the employees in 2041 (6% of the loans) or 2048 (94% of the loans) if they have not been repaid sooner. £10k of the deferred tax liability will be realised as and when the employee loans are repaid (2015: £31k of the deferred tax asset).

**13. Creditors: Amounts falling due within one year**

|                                    | 2016<br>£000  | 2015<br>£000  |
|------------------------------------|---------------|---------------|
| Trade creditors                    | 4,347         | 8,910         |
| Amounts owed to group undertakings | 14,079        | 15,152        |
| Corporation tax                    | 1,661         | 1,711         |
| Taxation and social security       | 3,557         | 4,745         |
| Other creditors                    | 9,067         | 1,552         |
| Accruals                           | 36,905        | 26,137        |
| Deferred income                    | 552           | 582           |
|                                    | <u>70,168</u> | <u>58,789</u> |

The Company has a £35m revolving credit facility which expires in June 2019. At 31 March 2016 the Company has nil drawn down from the facility (2015: nil). Interest on borrowings under this facility is payable at a fixed margin over Libor. The facility is secured by a fixed and floating charge granted to Barclays Bank PLC as agent.

A fixed and floating charge has been granted in favour of IPM Energy Trading Limited.

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Opus Energy Limited

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Notes to the financial statements  
For the year ended 31 March 2016

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14. Deferred taxation

|                               | Deferred tax<br>£000 |
|-------------------------------|----------------------|
| At 1 April 2015               | 4                    |
| Charged to the profit or loss | (11)                 |
|                               | <hr/>                |
| At 31 March 2016              | (7)                  |
|                               | <hr/>                |

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

The deferred tax liability as at 31 March 2016 has been calculated based on the rate of 20%.

The deferred taxation balance is made up as follows:

|                                | 2016<br>£000 | 2015<br>£000 |
|--------------------------------|--------------|--------------|
| Accelerated capital allowances | (50)         | (44)         |
| Other timing differences       | 43           | 48           |
|                                | <hr/>        | <hr/>        |
|                                | (7)          | 4            |
|                                | <hr/>        | <hr/>        |

15. Reserves

Other reserves

This reserve is used to record capital contributions received from the Parent company to reflect the increase in equity of the Company through the granting of share options.

Profit and loss account

Includes all current and prior period retained profits.

16. Share capital

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| Authorised                                  |              |              |
| 4,050,000 Ordinary shares shares of £1 each | 4,050        | 4,050        |
|   | <hr/>        | <hr/>        |
| Allotted, called up and fully paid          |              |              |
| 4,000,000 Ordinary shares shares of £1 each | 4,000        | 4,000        |
|   | <hr/>        | <hr/>        |

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Opus Energy Limited

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Notes to the financial statements  
For the year ended 31 March 2016

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**17. Pension commitments**

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £525k during the year ended 31 March 2016 (2015: £466k).

Contributions which amounted to £110k at 31 March 2016 (2015: £91k) were payable to the scheme and are included in creditors.

**18. Commitments under operating leases**

At 31 March 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

|  | 2016<br>£000  | 2015<br>£000 |
|--|---------------|--------------|
| <b>Land and buildings</b>                    |               |              |
| Not later than 1 year                        | 709           | 598          |
| Later than 1 year and not later than 5 years | 819           | 1,311        |
| <b>Total</b>                                 | <b>1,528</b>  | <b>1,909</b> |
|  |               |              |
|  | 2016<br>£000  | 2015<br>£000 |
| <b>Other</b>                                 |               |              |
| Not later than 1 year                        | 1,874         | 1,296        |
| Later than 1 year and not later than 5 years | 6,700         | 4,836        |
| Later than 5 years                           | 3,388         | 2,796        |
| <b>Total</b>                                 | <b>11,962</b> | <b>8,928</b> |

**19. Other financial commitments**

At 31 March 2016, the Company had committed to purchase the following:

|                               | 2016<br>£000   | 2015<br>£000   |
|-------------------------------|----------------|----------------|
| Wholesale gas and electricity | 202,038        | 187,139        |
| Other financial commitments   | 12,282         | 10,100         |
|                               | <b>214,320</b> | <b>197,239</b> |

The commitment to purchase wholesale gas and electricity extends to March 2019.

For material commitments entered into post balance sheet date, see note 21.



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## Opus Energy Limited

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### Notes to the financial statements For the year ended 31 March 2016

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#### 20. Related party transactions

As the Company is a wholly owned subsidiary of Opus Energy Group Limited the Company has taken advantage of the exemption contained in Section 33 of FRS 102 and has therefore not disclosed transactions with other wholly owned entities which form part of the group.

In October 2009, the Company made loans available to senior management employees which the employees used to purchase shares of the parent company pursuant to the exercise of share options. The Company provided loans to 5 directors pursuant to loan agreements under this facility. At 31 March 2016, 1 director owed the Company £2k (2015: £14k owed by 2 directors). See note 7.

In March 2016, the Company made additional loans with a term of 32 years available to senior management employees which were used to purchase shares of the Company pursuant to the exercise of share options. The Company provided loans to 2 directors pursuant to loan agreements under this facility. At 31 March 2016, 2 directors owed the Company £771k (2015: £nil).

Subsidiaries of International Power Limited ("IPM") own 30% of the parent company and supply wholesale power and gas to the Company. The Company incurred £192,582k in cost of sales to a subsidiary of IPM in the year ended 31 March 2016 (2015: 208,928k). All debts had been settled by the reporting date (2015: £4,490k payable to IPM was included in the Group's trade creditors at the year end).

International Power Limited is wholly owned by Engie SA (formerly "GDF Suez").

#### 21. Post balance sheet events

Since the balance sheet date, the Company has paid a dividend of £3.25 per share.

The Company also signed an agreement to purchase land and a building for £9.35 million.

#### 22. Controlling party

The Company was controlled throughout the year by Opus Energy Group Limited which owns 100% of the ordinary share capital.

C Crossley Cooke and F Esiri were directors of Opus Energy Limited during the year and were also directors of Opus Energy Group Limited during the year and controlled the Company by virtue of their voting control over the majority of the shares of the parent company.

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Opus Energy Limited

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Notes to the financial statements  
For the year ended 31 March 2016

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23. First time adoption of FRS 102

|  |      | As<br>previously<br>stated<br>1 April<br>2014<br>£000 | Effect of<br>transition<br>1 April<br>2014<br>£000 | FRS 102<br>(as restated)<br>1 April<br>2014<br>£000 | As<br>previously<br>stated<br>31 March<br>2015<br>£000 | Effect of<br>transition<br>31 March<br>2015<br>£000 | FRS 102<br>(as restated)<br>31 March<br>2015<br>£000 |
|--|------|---|--|---|--|---|--|
|  | Note |   |  |   |  |   |  |
| Fixed assets                                   |      | 2,160   | -  | 2,160   | 2,499  | -   | 2,499  |
| Current assets                                 |      | 62,958  | -  | 62,958  | 86,945   | -   | 86,945   |
| Creditors: amounts falling due within one year | 1    | 38,467  | 157  | 38,624  | 58,630   | 159   | 58,789   |
| <b>Net current assets</b>                      |      | <b>24,491</b>   | <b>(157)</b>                                       | <b>24,334</b>                                       | <b>28,315</b>  | <b>(159)</b>  | <b>28,156</b>  |
| <b>Total assets less current liabilities</b>   |      | <b>26,651</b>   | <b>(157)</b>                                       | <b>26,494</b>                                       | <b>30,814</b>  | <b>(159)</b>  | <b>30,655</b>  |
| <b>Net assets</b>                              |      | <b>26,651</b>   | <b>(157)</b>                                       | <b>26,494</b>                                       | <b>30,814</b>  | <b>(159)</b>  | <b>30,655</b>  |
| Capital and reserves                           | 1    | 26,651  | (157)  | 26,494  | 30,814   | (159)   | 30,655   |

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**Opus Energy Limited**

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**Notes to the financial statements  
For the year ended 31 March 2016**

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**23. First time adoption of FRS 102 (continued)**

|  | <i>As<br/>previously<br/>stated<br/>31 March<br/>2015<br/>£000</i> | <i>Effect of<br/>transition<br/>31 March<br/>2015<br/>£000</i> | <b>FRS 102<br/>(as restated)<br/>31 March<br/>2015<br/>£000</b> |
|--|--|--|---|
| Turnover   | 347,041  | -  | 347,041   |
| Cost of sales  | (293,629)  | -  | (293,629)   |
|  | <hr/>  | <hr/>  | <hr/>   |
|  | 53,412   | -  | 53,412  |
| Administrative expenses  | (34,526)   | -  | (34,526)  |
|  | <hr/>  | <hr/>  | <hr/>   |
| <b>Operating profit</b>  | 18,886   | -  | 18,886  |
| Interest receivable and similar income   | 89   | -  | 89  |
| Interest payable and similar charges   | (316)  | -  | (316)   |
| Taxation   | (3,495)  | -  | (3,495)   |
|  | <hr/>  | <hr/>  | <hr/>   |
| <b>Profit on ordinary activities after taxation and for<br/>the financial year</b> | 15,164   | -  | 15,164  |
|  | <hr/> <hr/>  | <hr/> <hr/>  | <hr/> <hr/>   |

Explanation of changes to previously reported profit and equity:

**1 Annual Leave Accrual**

FRS 102 requires short term employee benefits to be charged to the Statement of Income and Retained Earnings as the employee service is received. This has resulted in the Company recognising a liability on transition to FRS 102 in relation to employees who have earned but not taken the entitlement to annual leave at the reporting date. The accrual has been measured at £159k, being the undiscounted amount of short-term employee benefit expected to be paid in exchange for the service provided. Under previous UK GAAP, annual leave accruals were not recognised and were charged to the Statement of Income and Retained Earnings as they were paid. In the year to 31 March 2016, a credit of £10k was recognised in the Statement of Income and Retained Earnings and the liability at the year-end was £148k.