

Opus Energy Limited

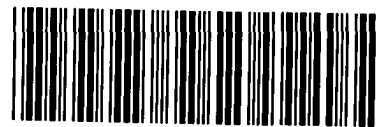
Report and Audited Financial Statements

Year Ended

31 December 2020

Company Number 04382246

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Opus Energy Limited

Company Information

Directors

Will Gardiner
Andy Skelton
Paul Sheffield

Secretary

Brett Gladden

Registered office

Drax Power Station
Drax
Selby
United Kingdom
YO8 8PH

Company number

04382246

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ



Opus Energy Limited

Report and audited financial statements for the year ended 31 December 2020

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Opus Energy Limited

Strategic Report

for the year ended 31 December 2020

Introduction

The Directors present their report for Opus Energy Limited (the "Company") for the year ended 31 December 2020.

Principal activity

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. The Company's principal activity is expected to continue for the foreseeable future.

As a subsidiary of the Drax Group, our purpose is to enable a zero carbon, lower cost energy future, and this is the basis of our strategy.

Business review

2020 witnessed the outbreak of Covid-19 with global economic impact. For the Company, the safety and wellbeing of colleagues remained paramount.

The Company experienced significant challenges associated with the impact of Covid-19. This related primarily to reduced demand, the costs associated with mark-to-market losses on pre-purchased power, as well as an increase in bad debt (principally from SME customers in higher risk industries).

The majority of this impact was taken in the first half of the year and, despite a further national lockdown during November 2020, the second half of the year out-turned broadly in line with the expectations developed during the first half.

Turnover decreased by 15%, from £506,413,000 to £429,917,000 and gross profit decreased by 36% from £47,647,000 to £30,589,000. Gross margin percentage decreased from 9% to 7% and operating expenses increased by 55%, from £38,239,000 to £59,290,000, largely due to the impairment of trade debtors. The loss after tax for the year was £24,847,000 (2019: profit of £2,495,000).

Covid-19 has increased the expectation of business failures and bad debt charges, particularly in the SME segment. This is reflected in the charge for impairment losses on trade debtors for the year of £29,723,000 (2019: £5,056,000). Throughout the year, the employees of the Company have focused on supporting these customers as well as working to deliver improvements.

The overall provision for trade debtors at the end of 2020 of £31,466,000 (2019: £19,620,000) is based on a consistent methodology with that used at end of the prior period which utilises machine learning algorithms to predict likely customer default. Developments to the sophistication of that algorithm, which have driven an increase in the risk assigned to the customers of the Company, combined with the impact of Covid-19, incorporated by utilising the experience of cash collections and potential customer business failures in the period since the first lockdown came into effect in March 2020, has resulted in an increase in the provision. In addition, the Company has credit insurance coverage to help mitigate some of the remaining exposure.

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.

Opus Energy Limited

Strategic Report for the year ended 31 December 2020 (continued)

Principal risks and uncertainties (continued)

The Company devotes considerable management resources and develops systems and models designed to mitigate 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 on 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.

Throughout 2020 the Drax Group (the "Group"), of which the Company is part of, continued to monitor and prepare for the UK's customs exit from the EU including managing for a no deal Brexit. Generally, the overall financial and non-financial risk impact to the Group and Company of Brexit to date has been minimal and this is expected to continue into 2021. The risk does still remain a focus for the Group and it updates its mitigating actions to minimise any effects on business operations if and when required.

A Risk Management committee is responsible for monitoring this risk management process, ensuring that all risks associated with specific areas of the business are identified, analysed and managed systematically and appropriately. This committee also forms part of the wider risk management process of the Drax Group plc. Further information on these risks as well as financials risk are included in the Drax Group plc 2020 Annual report and accounts.

Key performance indicators

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

	2020 %	2019 %
Gross profit percentage	7.1	9.4
Operating (loss) / profit percentage	(6.7)	1.9

Going concern and future developments

Subsequent to the balance sheet date, Covid-19 continues to cause disruption to businesses and economic activity. The Directors continue to monitor the Company's portfolio, adopting a prudent approach to customer acquisitions, with robust credit procedures to ensure the quality of the underlying customer book. Despite remaining cautious about the trajectory for Covid-19 recovery in the Company's forecast financial performance, a return to profitability in future periods is anticipated.

The Company is part of the Drax Group banking facilities. As such funding is provided by a group treasury company, Drax Corporate Limited, to enable the Company to meet its working capital requirements and to invest in the people and systems required for future growth; on this basis, the Directors consider the Company to be a going concern.

Opus Energy Limited

Strategic Report for the year ended 31 December 2020 (*continued*)

Companies Act, Section 172 Statement

The Directors have a duty to promote the success of the Company, having regard to a range of matters and stakeholders. The Board recognises that decisions taken today will shape both the longer-term performance of the business and its impact on our various stakeholders, and therefore factors in the long-term impact on stakeholders during decision making.

The Board is responsible for engagement with a range of stakeholders, and believes that considering the interests of our stakeholders in key business decisions is fundamental to the ability of the Company and the Drax Group plc group of companies (the "Group"), to deliver sustainable value creation. This consideration enables the Company and the Group to have a positive impact on the environment, our communities and wider society over the longer term.

A comprehensive list of stakeholders identified across the Group, and how we engage with them and have regard to their interests, can be found from pages 40 to 45 in the 2020 Drax Group plc Annual report and accounts. Examples of some of the Company's key stakeholders include:

Workforce

Engaging with the workforce enables employees to be better informed and able to contribute to the delivery of our purpose and strategy, whilst creating a safe and engaging culture and environment where our employees feel valued, respected and listened to. We want all employees to feel they can grow, develop and make a meaningful contribution to our strategy, purpose and communities, whilst building resilience to cope with the context in which we are operating.

We maintain regular dialogue with our workforce through our Customers employee engagement ("My Voice") forum, colleague briefings, weekly updates and Q&A from our CEO and our pulse and annual engagement surveys.

The Customers' My Voice forum is made up of members nominated by colleagues from the Customers business unit and meets formally each quarter. The chairs of each forum, across the Group, come together quarterly to discuss workforce issues across the business, and discuss topics where workforce feedback has been sought. The chairs then meet with the Chair of the Drax Group plc Board of Directors and the CEO to discuss the key issues raised, with feedback from these meetings then shared with all forum members.

Matters discussed during 2020 include diversity and inclusion, how effectively our Covid-19 response was communicated, colleague wellbeing in lockdown, and how colleagues would prefer to work in future. We listened to and acted on colleague feedback - we introduced flexible working policies including working from home policy and guidance, developed our diversity and inclusion strategy, developed and delivered plans to further support colleague wellbeing including: a dedicated intranet resource; Mental Health Awareness training for managers; building resilience e-learning for all colleagues; raising further awareness of existing wellbeing benefits available and a step challenge to encourage physical fitness and (virtual) social connection, and creating a dedicated intranet resource to clarify the latest guidance and information about Covid-19.

Our dialogue with employees also includes regular communication about the Company's, and the Group's, strategy, plans and performance. During 2020, communications included updates about progress against the Group-wide scorecard, which includes KPIs in relation to financial, strategic, safety and sustainability performance. Annual bonuses for employees are linked to the scorecard performance, ensuring that employee reward and Group performance are aligned. We actively encourage employee participation in the Group-wide all-employee Sharesave scheme, offering the maximum discount of 20% and waiving any length of service requirements. During 2020, more than half of all UK employees across the Group participated in a Drax Sharesave scheme.

Customers

Engagement with customers and brokers allows us to better understand our customer's needs and how we can deliver continuous improvement in customer service. We engage with our customers through channels such as social media, our website, by phone and through our complaints procedure.

Opus Energy Limited

Strategic Report for the year ended 31 December 2020 (*continued*)

Customers (*continued*)

We listened to how customers were being affected by Covid-19 and took several measures to support them: we retrained call centre colleagues to equip them with the skills to help customers in need, created deferred payment plans and donated monies to Debtline, a specialist debt charity.

Suppliers

Our procurement, business ethics and sustainability functions engage directly with suppliers around key issues to ensure our values and our policies are effectively incorporated into and upheld throughout our supply chain. We also seek the views of suppliers and contractors to collaborate on improvements in standards and meeting our obligations under law, and regulations which are in keeping with our values.

Regulators

Engagement with Ofgem, environmental agencies and the ICO enables us to promote best practice and ensure we remain compliant with the latest guidance.

Shareholders

Our ultimate parent company is Drax Group plc and therefore we act in the best interests of our immediate and ultimate parent companies and, in doing so, in the best interest of the investors and shareholders of the Group. This ensures that the interests of all relevant stakeholders, and the need to act fairly between members of the Company, are considered during decision-making.

Drax engages with shareholders through a wide range of channels including our website, Drax AGM, full-year and half-year results. We also have an ongoing programme of investor relations meetings. Reflecting feedback from investors, in 2020 we continued to develop our programme of ESG reporting.

Community and the environment

Tackling climate change is at the heart of our purpose and we are committed to helping the UK and the wider world to achieve its climate change targets. For more information, see pages 48 to 63 of the 2020 Drax Group Annual report and accounts.

We engage regularly with communities through supporting local initiatives and holding drop-in sessions. To read more about our positive social impact across the Drax Group, see pages 40 to 45 and 56 to 63 in the 2020 Drax Group Annual report and accounts.

Standards of business conduct

We are committed to conducting business ethically, with honesty and integrity, and in compliance with all relevant laws and regulations. We do not tolerate any form of bribery, corruption, human rights abuse, or other unethical business conduct.

Our business ethics compliance framework identifies the behaviours expected from colleagues on a broad range of topics. In 2020, we deployed new annual refresher eLearning across Drax on data protection and anti-bribery and corruption. For more details on how the business ethics programme is managed, see pages 61 to 63 of the 2020 Drax Group Annual report and accounts.

This report was approved by the Board on 16 August 2021 and signed on its behalf.



Paul Sheffield
Director

Opus Energy Limited

Directors' Report for the year ended 31 December 2020

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

The Company is a subsidiary of the Drax Group plc group of companies ("the Group").

Disclosures required by s416(4) of Companies Act 2006 which are presented in the Strategic report include going concern and future developments as the Directors consider them to be of strategic importance to the Company.

Results and dividends

The loss for the year, after taxation, amounted to £24,847,000 (2019: £2,495,000 profit).

The Directors do not recommend the payment of a dividend in respect of the year (2019: £Nil).

Directors

The Directors who served during the year and to the date of this report, unless otherwise stated, were:

Andy Skelton
Paul Sheffield
Will Gardiner
Carl Goulton

(resigned 31 March 2020)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Third party indemnity insurance

The Company has the appropriate indemnity insurance cover in place in respect of legal action against the Directors of the Company.

Streamlined energy and carbon reporting

Opus Energy Limited has taken the exemption from disclosing an SECR report as their figures are included within their ultimate parent company's financial statements. These can be seen from page 48 of the 2020 Drax Group Annual report and accounts.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

Opus Energy Limited

Directors' Report for the year ended 31 December 2020 (*continued*)

Directors' responsibilities (*continued*)

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for the maintenance and integrity of the company's website.

Events after the balance sheet date

There are no significant post balance sheet events to note.

Matters covered in the Strategic report

Engaging with our stakeholders, including our workforce and those with who we have a business relationship, is fundamental to our success. We recognise that to achieve our purpose, we need to listen to, and work with, a diverse range of interested parties. For more information on our stakeholders, how we engage with them and have regard to their interests, please refer to the Strategic report.

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 the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that 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.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Auditor

Deloitte LLP have been reappointed as auditor in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 16 August 2021 and signed on its behalf.



Paul Sheffield
Director

Opus Energy Limited

Independent Auditor's Report to the Members of Opus Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Opus Energy Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive Income;
- the statement of financial position;
- the statements of changes in equity; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Opus Energy Limited

Independent Auditor's Report to the Members of Opus Energy Limited (*continued*)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

Opus Energy Limited

Independent Auditor's Report to the Members of Opus Energy Limited (*continued*)

Extent to which the audit was considered capable of detecting irregularities, including fraud (*continued*)

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Electricity Act (1989), Gas Act (1986), Energy Act (2013), Climate Change and Sustainable Energy Act (2006), Energy Intensive Industries regulation.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Accuracy of unbilled revenue has been determined a significant risk due to it carrying the greatest potential for fraud. The calculation of unbilled revenue requires management to provide an estimate of underlying customer electricity consumption. This calculation is complex and has scope for material error or manipulation for fraudulent purposes. Our audit procedures involve reviewing the design and implementation of internal controls surrounding the unbilled revenue business process as well as substantive procedures that test the year end unbilled debtors ledger through to post year end billings and cash receipts for recoverability purposes.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Opus Energy Limited

Independent Auditor's Report to the Members of Opus Energy Limited (*continued*)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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



Anthony Matthews FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
16 August 2021

Opus Energy Limited

Statement of Comprehensive Income for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	4	429,917	506,413
Cost of sales		(399,328)	(458,766)
Gross profit		30,589	47,647
Administrative expenses		(59,290)	(38,239)
Operating (loss) / profit	5	(28,701)	9,408
Interest receivable and similar income	9	-	36
Interest payable and similar charges	10	(4,356)	(788)
(Loss) / Profit before tax		(33,057)	8,656
Tax credit / (charge) for the year	11	8,210	(6,161)
(Loss) / Profit for the financial year		(24,847)	2,495

All activities derive from continuing operations.

There are no comprehensive income or expenses other than the loss for the financial year and the profit for the preceding financial year. Accordingly, no statement of other comprehensive income is given.

The notes on pages 14 to 28 form part of these financial statements.

Opus Energy Limited

Registered number: 04382246

Statement of Financial Position as at 31 December 2020

	Note	2020 £'000	2019 (restated) £'000
Fixed assets			
Intangible assets	12	19,813	23,907
Tangible assets	13	16,603	17,130
		<u>36,416</u>	<u>41,037</u>
Current assets			
Debtors: amounts falling due within one year	14	261,386	171,800
Cash at bank and in hand		304	1,555
		<u>261,690</u>	<u>173,355</u>
Creditors: amounts falling due within one year	15	(284,015)	(175,864)
Net current liabilities		<u>(22,325)</u>	<u>(2,509)</u>
Total assets less current liabilities		<u>14,091</u>	<u>38,528</u>
Provisions for non-current liabilities			
Provisions	17	(200)	(100)
		<u>(200)</u>	<u>(100)</u>
Net assets		<u>13,891</u>	<u>38,428</u>
Capital and reserves			
Called up share capital	18	4,000	4,000
Other reserves		1,405	1,095
Profit and loss account		8,486	33,333
		<u>13,891</u>	<u>38,428</u>
Equity attributable to the owners of the parent company		<u>13,891</u>	<u>38,428</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 16 August 2021



Paul Sheffield
Director

The notes on pages 14 to 28 form part of these financial statements.

Opus Energy Limited

Statement of Changes in Equity for the year ended 31 December 2020

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2020	4,000	1,095	33,333	38,428
Comprehensive expense for the year				
Loss for the year	-	-	(24,847)	(24,847)
Total comprehensive expense for the year	-	-	(24,847)	(24,847)
Share based payment transactions	-	310	-	310
At 31 December 2020	4,000	1,405	8,486	13,891

Statement of Changes in Equity For the period ended 31 December 2019

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2019	4,000	842	30,838	35,680
Comprehensive income for the year				
Profit for the year	-	-	2,495	2,495
Total comprehensive income for the year	-	-	2,495	2,495
Share based payment transactions	-	253	-	253
At 31 December 2019	4,000	1,095	33,333	38,428

The notes on pages 14 to 28 form part of these financial statements.

Opus Energy Limited

Notes forming part of the financial statements for the year ended 31 December 2020

1 General information

Opus Energy Limited is a private Company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is shown on the Company Information page. The nature of the Company's operations and its principal activities are outlined in the Strategic Report.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

As explained more fully in notes 14 and 15 respectively, 2019 debtors and creditors have been restated. These represent reclassifications only and there has been no other impact on the Statement of Income and Retained Earnings or the Statement of Financial Position presented.

2.2 Going concern

The Company has a written letter of support from Drax Corporate Limited, another group company. The Company has a net asset position on the balance sheet and the Directors have a reasonable expectation that, with confirmation of Group support, the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further detail regarding the financial performance of the Company, including the impact of Covid-19, can be found in the Business review on page 1.

The following principal accounting policies have been applied:

2.3 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 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements Section 26 Share-based Payments paragraphs 26.18(b), 26.19 to 26.21 and 26.23 and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Drax Group plc as at 31 December 2020 and these financial statements may be obtained from Drax Power Station, Selby, North Yorkshire, YO8 8PH.

Opus Energy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

2.4 Turnover

Turnover represents the fair value of the consideration received or receivable from the sale of actual and estimated electricity supplied during the year, net of discounts and value added taxes. Estimated electricity units consumed but not yet processed through the settlement process are based on industry data until final reconciliation data is received during the year, net of discounts and value added taxes.

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 period has been 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.

Also included in turnover is other income arising from site works and other site disconnection costs which are recharged to the Company's customers.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.6 Financial instruments

Trade and other debtors / creditors have no stated interest rate, do not constitute a financing transaction, and are due to be settled within one year and as such are initially measured at transaction price and subsequently carried at amortised cost, net of impairment.

2.7 Interest receivable and similar income

Interest receivable and similar income is recognised in the Statement of Comprehensive Income on an accruals basis using the effective interest method.

2.8 Interest payable and similar charges

Interest payable and similar charges are recognised in the Statement of Comprehensive Income on an accruals basis using the effective interest method.

2.9 Contract costs

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

Opus Energy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

2.10 Operating leases

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 Statement of Comprehensive Income on a straight line basis over the lease term.

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.

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All assets are assessed for indicators of impairment at each year end and if there is objective evidence of impairment, an impairment loss is recognised.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.12 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.

Depreciation is provided on the following basis:

Long-term leasehold property	-	Lease period
Improvements to property	-	Over 30 years
Fixtures and fittings	-	Over 4 years
Office equipment	-	Over 4 years
Computer equipment	-	Over 4 years
Computer software	-	Over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed on an annual basis, 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 in the Statement of Comprehensive Income.

Opus Energy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

2.14 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.

2.15 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 payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Share based payments

The ultimate parent company issues equity settled share-based payments to certain employees which are measured at fair value (excluding the effect of non-market vesting conditions) at the date of grant and expensed on a straight-line basis over the vesting period, based on an estimate of the shares that will ultimately vest and adjusted for the effect of non-market-based vesting conditions. Given the nature of the share-based payments, these are included in equity as a capital contribution.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the statement of financial position.

Opus Energy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

2 Accounting policies (*continued*)

2.18 Current and deferred taxation

Current tax, including UK corporation tax is based on the taxable profit or loss for the year. Taxable profit or loss differs from profit / loss as reported in the statement of comprehensive income and retained earnings because it excludes items of income or expenditure that are either taxable or deductible in other years or never taxable / deductible. The Company's liability (or asset) for current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are recognised in other comprehensive income or directly in equity respectively.

2.19 Reserves

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

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.

Retained earnings

Retained earnings represents cumulative net gains and losses recognised in the Income Statement, net of dividends paid.

3 Judgements in applying accounting policies 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 for assets and liabilities as at the statement of financial position date and the amounts reported for sales and expenses during the period. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

Management have concluded that there are no critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Opus Energy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

3 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

Management have considered whether there are any key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and note the following;

3.1 Impairment of trade debtors

Trade debtors are stated net of the allowance for the impairment of bad and doubtful debts. Debtor balances are provided using system of intelligence reporting on predictive probabilities. Debtors are categorised based on customer type and account type, attributing varying risk profiles to each possibility. The system of intelligence uses data based on payments patterns in the last 12 months and combines with other features, such as Covid-19, to establish a provision probability. The impairment of trade debtors in the year is disclosed in note 5. Whilst the position adopted reflects management's current best estimate of possible outcomes, actual rates of bad debt may differ from the position adopted in these financial statements. The overall provision at the 2020 year end was £31,466,000.

3.2 Revenue recognition

Revenue 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. The impact of the Covid-19 pandemic on demand has increased the risk of a material change to estimates of unbilled revenue in the next 12 months. The net value of revenue accrued but not yet billed on the balance sheet at 31 December 2020 is £14,879,000.

4 Turnover

The whole of the turnover is attributable to the principal activity of the Company and arose solely within the United Kingdom.

5 Operating loss

	2020 £'000	2019 £'000
The operating loss is stated after charging:		
Depreciation of tangible fixed assets	1,332	2,933
Amortisation of intangible assets	5,065	286
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	128	118
Exchange differences	217	96
Operating lease rentals	394	520
Defined contribution pension cost	1,714	1,925
Impairment of trade debtors	29,723	5,056

Opus Energy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

6 Employees

	2020 £'000	2019 £'000
Staff costs, including Directors' remuneration, were as follows:		
Wages and salaries	30,473	33,044
Social security costs	3,391	3,385
Cost of defined contribution scheme	1,714	1,925
	<u>35,578</u>	<u>38,354</u>

Included in wages and salaries is a total expense of share-based payments of £310,000 (2019: £253,000).

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

	2020 Number	2019 Number
Administrative staff	225	415
Sales staff	680	574
	<u>905</u>	<u>989</u>

The Group restructured the staff hierarchies of certain employees during the year. The restructure saw employees within the Company now allocated to Central administrative functions.

7 Directors' remuneration

	2020 £'000	2019 £'000
Directors' emoluments	290	588
Company contributions to defined contribution pension schemes	26	85
	<u>316</u>	<u>673</u>

During the year retirement benefits were accruing to no Director (2019 - none) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £202,000 (2019 - £193,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £22,000 (2019 - £19,000).

Opus Energy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

8 Share based payments

The Company participates in three types of share plan operated by the ultimate parent company Drax Group plc. The Drax Group plc Savings-Related Share Option Plan ("SAYE Plan") is open to all employees, and the Drax Group plc Performance Share Plan ("PSP") and Long Term Incentive Plan 2020 ("LTIP 2020") provide long term incentives to executive Directors and senior managers. The Deferred Share Plan ("DSP") is an additional incentive scheme for Directors.

	2020 £'000	2019 £'000
SAYE Plan	263	248
PSP and LTIP 2020	11	5
DSP	36	-
	<u>310</u>	<u>253</u>

Additional information on the share-based incentive plans is included in the remuneration committee report in the Drax Group plc 2020 Annual report and accounts.

9 Interest receivable and similar income

	2020 £'000	2019 £'000
Other interest receivable	-	36
	<u>-</u>	<u>36</u>

10 Interest payable and similar charges

	2020 £'000	2019 £'000
Bank interest payable	26	3
Interest payable to group undertakings	4,324	776
Other interest	6	9
	<u>4,356</u>	<u>788</u>

Opus Energy Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)

11 Taxation

	2020 £'000	2019 £'000
Corporation tax		
Tax (credit) / charge for the year	(7,032)	1,628
Adjustments in respect of prior periods	(2,797)	4,268
	<u></u>	<u></u>
Deferred tax		
Origination and reversal of timing differences	(330)	324
Adjustments in respect of prior periods	1,949	(59)
	<u></u>	<u></u>
Total tax (credit) / charge for the year	<u>(8,210)</u>	<u>6,161</u>

Factors affecting the tax charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19.00% (2019 – 19.00%). The differences are explained below:

	2020 £'000	2019 £'000
(Loss) / Profit before tax	(33,057)	8,656
	<u></u>	<u></u>
(Loss) / Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2019 – 19.00%)	(6,281)	1,645
Effects of:		
(Non taxable income) / Expenses not deductible for tax purposes	(44)	125
Adjustments in respect of prior periods	(848)	4,209
Impact of rate change	(270)	182
Transfer pricing adjustments	(475)	-
RDEC credit	(292)	-
	<u></u>	<u></u>
Total tax (credit) / charge for the year	<u>(8,210)</u>	<u>6,161</u>

Opus Energy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

Taxation (continued)

Factors that may affect future tax charges

The Finance Act 2015 included legislation to reduce the rate of UK corporation tax from 20% to 19% from 1 April 2017, and to 18% from 1 April 2020. In addition, the Finance Act 2016 included legislation to reduce the rate of UK corporation tax to 17% from 1 April 2020. Subsequently, on 11 March 2020, the Chancellor announced that this corporate tax rate reduction to 17% will be cancelled and the main rate of corporate tax will remain at 19%.

To the extent they are recognised, the closing deferred tax balances are calculated at 19%, the rate which was substantively enacted at the balance sheet date.

A further announcement was made by the Chancellor on 3 March 2021 to increase the main rate of corporation tax to 25% from April 2023. Deferred tax balances will be remeasured reflecting this change at the point it is substantively enacted.

12 Intangible assets

	Project costs £'000
Cost	
1 January 2020	24,372
Additions	2,551
Transfers	1,543
	<hr/>
At 31 December 2020	28,466
	<hr/>
Amortisation	
At 1 January 2020	465
Charge for the year	5,065
Transfers	3,123
	<hr/>
At 31 December 2020	8,653
	<hr/>
Net book value	
At 31 December 2020	19,813
	<hr/>
At 31 December 2019	23,907
	<hr/>

Intangible assets comprise internally generated project costs relating to software developments for which the Company has adequate resources to complete and utilise the associated asset.

Opus Energy Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 *(continued)*

13 Tangible fixed assets

	Freehold Land £000	Property £000	Improvements to property £000	Fixtures and fittings £000	Office equipment £000	Computer equipment £000	Total £000
Cost or valuation							
At 1 January 2020	3,187	14,062	1,693	208	155	6,374	25,679
Additions	-	-	-	-	12	13	25
Disposals	(800)	-	-	-	-	-	(800)
Transfers	-	-	461	-	-	(1,929)	(1,468)
At 31 December 2020	2,387	14,062	2,154	208	167	4,458	23,436
Depreciation							
At 1 January 2020	-	892	1,312	189	106	6,050	8,549
Charge for the year	-	469	163	14	22	664	1,332
Transfers	-	-	-	-	-	(3,048)	(3,048)
At 31 December 2020	-	1,361	1,475	203	128	3,666	6,833
Net book value							
At 31 December 2020	2,387	12,701	679	5	39	792	16,603
At 31 December 2019	3,187	13,170	381	19	49	324	17,130

Opus Energy Limited
Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)

14 Debtors: Amounts falling due within one year

	2020	2019 (restated)
	£'000	£'000
Trade debtors	68,504	79,587
Amounts owed by group undertakings	159,124	46,290
Other debtors	640	944
Prepayments and accrued income	33,118	44,321
Deferred tax (note 16)	-	658
	<u>261,386</u>	<u>171,800</u>

The 2019 trade debtors balance has been restated (and increased) for the correct classification following the reclassification of £15,903,000 of customer deposits and payments in advance, now disclosed in a separate category within creditors, and the reclassification of £15,396,000 for suppliers with net debtor positions previously classified within creditors, now included within trade debtors. The total impact on 2019 trade debtors is £31,299,000. These represent reclassifications only and there has been no other impact on the Statement of Comprehensive Income, Statement of Changes in Equity or the Statement of Financial Position presented.

Amounts owed by group undertakings are repayable on demand, unsecured and interest free.

15 Creditors: Amounts falling due within one year

	2020	2019 (restated)
	£'000	£'000
Trade creditors	3,826	21,273
Customer deposits and payments in advance	16,107	15,903
Amounts owed to group undertakings	210,367	48,574
Other taxation and social security	11,413	13,571
Other creditors	26	2,593
Corporation tax	-	1,628
Accruals and deferred income	41,315	72,322
Deferred tax (note 16)	961	-
	<u>284,015</u>	<u>175,864</u>

The 2019 customer deposits and payments in advance balance has been restated (and increased) for the correct classification of £15,903,000 previously shown within trade debtors. There has also been a reclassification of trade creditors in respect of £15,396,000 previously shown within trade debtors. These represent reclassifications only and there has been no other impact on the Statement of Comprehensive Income, Statement of Changes in Equity or the Statement of Financial Position presented.

The amounts owed to group undertakings include short term trading balances which are unsecured, interest free and settled under normal payment terms.

Amounts owed to group undertakings also includes other funds advanced to the Company and cash pool arrangements which accrue interest at a commercial rate. Cash pool balances are repayable on demand and interest is settled quarterly. Other funds advanced to the Company are settled according to the terms of the agreement or if shorter, the date demanded by the lender. If interest is not paid on the due date it is rolled over and capitalised.

Opus Energy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

16 Deferred taxation asset/(liability)

	2020 £'000
At 1 January 2020	658
Charge for the year	(1,619)
At 31 December 2020	<u>(961)</u>

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 statement of financial position date.

The deferred tax (liability)/asset is made up as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	(2,063)	68
Other timing differences	52	78
Share based payment	1,050	512
	<u>(961)</u>	<u>658</u>

17 Provisions

	Dilapidation £'000
At 1 January 2020	100
Additional provision	100
At 31 December 2020	<u>200</u>

The provision relates to leased buildings which were occupied by the Company and is for the restoration of the buildings to their state before they were occupied by the Company, once the lease has come to an end or is terminated.

Opus Energy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

18 Share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
4,000,000 ordinary shares of £1 each	4,000	4,000

19 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 £1,714,000 (2019: £1,925,000).

Contributions which amounted to £87,000 at 31 December 2020 (2019: £269,000) were payable to the scheme and are included in creditors.

20 Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

Land and buildings

	2020 £'000	2019 £'000
Not later than 1 year	347	472
Later than 1 year and not later than 5 years	337	1,551
Later than 5 years	-	375
	<u>684</u>	<u>2,398</u>

21 Commitments

At 31 December 2020, company has metering commitments (with respect to leased electricity meters) amounting to £10,581,000 (2019: £11,342,000). In addition, the Company had other financial commitments totalling £280,690,000 (2019 - £408,514,000).

22 Related party transactions

The Company has taken advantage of the exemption contained in Section 33 of FRS 102, not to disclose transactions with wholly owned entities within the group headed by Drax Group plc. There are no other transactions to disclose.

Opus Energy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

23 Contingent liabilities

Guarantees

The Company provides security and guarantees to certain members of the Drax Group under certain financing arrangements, which would crystallise in the event of the Drax Group companies defaulting on their outstanding borrowings:

- At 31 December 2020 the outstanding secured borrowings of the Group amounted to £1,085.3 million (2019: £1,267.5 million).
- At 31 December 2020 letters of credit issued under the revolving credit facility, held by Drax Corporate Limited (a Drax Group Company) amounted to £67.9 million (2019: £77.0 million).

Guarantees and security have also been provided in respect of the above borrowings by certain members of the Drax Group.

The Company also provides security and guarantees in respect of Drax Power Limited's (a Drax Group Company) obligations under certain secured trading line for secured commodity trading and certain FX, inflation and interest rate hedging arrangements that form part of the Drax Group's senior financing arrangements and which would crystallise in the event of Drax Power Limited defaulting on the terms of these arrangements. During the year the Group opted to close the secured commodity trading line and as such no further trades are able to utilise the line. The final trades utilising the line matured in March 2021. As at 31 December 2020, this value was £0.8 million (2019: £32.7 million).

No liability is provided in respect of any of the above matters as the likelihood of an event of default is considered to be remote in each case.

Further information on the Group's borrowings can be found in note 4.3 to the Drax Group plc 2020 Annual report and accounts on pages 184-187.

On 18 February 2021, another Group company drew down further amounts of £45.0 million and €95.0 million under its infrastructure term loan facilities agreement. These facilities are secured under the same arrangements as noted above.

24 Ultimate controlling party

The Company's immediate parent undertaking is Opus Energy Group Limited, a Company incorporated in England and Wales.

The ultimate parent company is Drax Group plc, a publicly listed company incorporated in England and Wales. Drax Group plc is the smallest and largest group for which consolidated financial statements are prepared. Copies of the consolidated financial statements for Drax Group plc are available from Company Secretary, Drax Power Station, Selby, North Yorkshire, YO8 8PH, or on the Group's website at www.drax.com.