

Company Registration Number 04849181

Utilita Energy Limited
Financial Statements
For the year
1 April 2012 to 31 March 2013



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Utilita Energy Limited
Financial Statements
Year ended 31 March 2013

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Utilita Energy Limited

Officers and Other Information

The board of directors	W N Bullen K Ghosh
Company secretary	W N Bullen
Registered office	Secure House Moorside Road Winchester Hampshire SO23 7RX
Auditor	James Cowper LLP Chartered Accountants & Statutory Auditor Mill House Overbridge Square Hambridge Lane Newbury RG14 5UX
Company registration number	04849181

Utilita Energy Limited

The Directors' Report

Year ended 31 March 2013

The directors present their report and the financial statements of the company for the year ended 31 March 2013

On 11 August 2011 the company changed its name from Utilita Electricity Limited

Principal activities and business review

The principal activity of the company during the year was supply of electricity and gas

The directors are pleased to report turnover of the company has increased to £45.4m. This is a significant increase over the previous year (2011-12 £24.7m). A further significant increase is predicted for the year 2013-14.

The substantial growth in the energy retailing business has led to extra demands being placed on the resources of the group and additional funding has been received from the Secure Meters group in the form of short term working capital loans and a further issue of long term Equity Loan Notes into Utilita Group Limited.

The company has incurred a further loss for the current year.

The company has steadily followed its growth path with the net addition of 18,000 customers (34,000 energy supply points) during the year bringing the total customer base to 51,000 (97,000 energy supply points). The 100,000 energy supply point's level was reached in May 2013. With a new meter funding package in place from another group company, Winchester Meter Operations Ltd, the company has continued to install Secure Meters prepayment meters at its customer premises bringing more efficiencies in the customer operation and collection processes.

Results and dividends

The loss for the year amounted to £1,422,755. The directors have not recommended a dividend.

Principal risks and uncertainties

Market risk

The UK retail energy market is dominated by the big-six suppliers. The company has based its marketing strategy on being a niche supplier to the prepayment segment of the market. This segment is poorly served by the big-six mainly due to a high cost to serve. The company aims to be the cheapest dual-fuel supplier to this target customer group.

Technical risk

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

Currency risk

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

Industry risk

The company is exposed to many industry related risks that are outside its control. The UK retail energy market is dominated by the big-six suppliers and many industry practices are weighted in their favour. It is very difficult for a small independent supplier to influence practices and procedures that work to the detriment of small and new entrant suppliers. In particular, in the gas market there is the risk of allocation of volumes of energy required to be purchased in excess of the volume sold. This volume risk is made up of two parts, the general inefficiency of the balancing market to take into account actual customers usage, and the allocation of a single usage profile across the whole of the UK which is inappropriate to the prepayment market. In the electricity market there is the risk that customer payments are retained by a historic supplier and not paid onto the current energy supplier.

Utilita Energy Limited

The Directors' Report *(continued)*

Year ended 31 March 2013

Principal risks and uncertainties *(continued)*

Wholesale energy market risk

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

Liquidity risk

As the company is in a continued growth phase and its market is being expanded, the company faces a liquidity risk. However, with the constant support from the wider Secure Group, this risk is being efficiently managed. Industry regulations require us to have substantial levels of credit cover in place to cover future purchases and daily fluctuations in liabilities can result in significant cash calls having to be paid out or cash deposits having to be placed.

Key performance indicators

Turnover

Turnover as compared to last year has increased by over 70%.

Customer acquisition

The number of live supply points at 31 March 2013 as compared to last year has increased by over 50%.

Directors

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

W N Bullen

K Ghosh

Directors' responsibilities

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Utilita Energy Limited

The Directors' Report *(continued)*

Year ended 31 March 2013

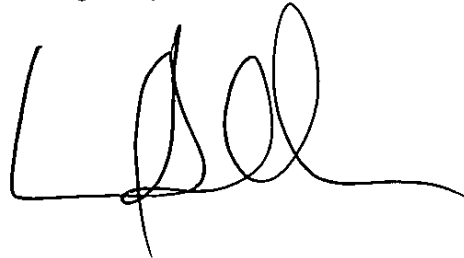
Directors' responsibilities *(continued)*

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Registered office
Secure House
Moorside Road
Winchester
Hampshire
SO23 7RX

Signed by order of the directors

A handwritten signature in black ink, appearing to be 'W N Bullen', written over a horizontal line.

W N Bullen
Company Secretary

Approved by the directors on 18 June 2013

Utilita Energy Limited

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

Year ended 31 March 2013

We have audited the financial statements of Utilita Energy Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

Without qualifying our opinion we draw attention to note 1 in the financial statements which indicates that the company incurred a net loss of £1,422,755 in the year ended 31 March 2013, and, as of that date, the company's liabilities exceeded its assets by £3,147,703. These conditions, along with other matters set out in note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

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

Utilita Energy Limited

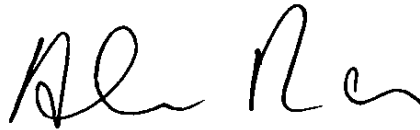
Independent Auditor's Report to the Shareholder of Utilita Energy Limited *(continued)*

Year ended 31 March 2013

Matters on which we are required to report by exception

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

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



ADRIAN RANN BSC FCA (Senior Statutory Auditor)
For and on behalf of
JAMES COWPER LLP
Chartered Accountants
& Statutory Auditor

Mill House
Overbridge Square
Hambridge Lane
Newbury
RG14 5UX

3/7/2013

Utilita Energy Limited

Profit and Loss Account

Year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	2	45,351,442	24,733,505
Cost of sales		40,064,904	21,115,740
Gross profit		5,286,538	3,617,765
Administrative expenses		6,649,151	4,698,248
Operating loss	3	(1,362,613)	(1,080,483)
Income from shares in group undertakings	5	–	1,252
Interest receivable		1,172	143
Interest payable and similar charges	6	(61,314)	(51,537)
Loss on ordinary activities before taxation		(1,422,755)	(1,130,625)
Tax on loss on ordinary activities	7	–	–
Loss on ordinary activities after taxation, being loss for the financial year		(1,422,755)	(1,130,625)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 9 to 16 form part of these financial statements

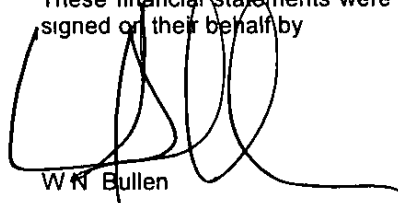
Utilita Energy Limited

Balance Sheet

31 March 2013

	Note	2013 £	£	2012 £	£
Fixed assets					
Intangible assets	8		1,164,699		921,102
Tangible assets	9		355,685		459,886
Investments	10		2		2
			<u>1,520,386</u>		<u>1,380,990</u>
Current assets					
Debtors due within one year	11	3,281,359		1,616,284	
Cash at bank				6,578	
		<u>3,281,359</u>		<u>1,622,862</u>	
Creditors: amounts falling due within one year	12	<u>7,695,130</u>		<u>4,485,152</u>	
Net current liabilities			<u>(4,413,771)</u>		<u>(2,862,290)</u>
Total assets less current liabilities			<u>(2,893,385)</u>		<u>(1,481,300)</u>
Creditors: amounts falling due after more than one year	13		<u>254,318</u>		<u>243,648</u>
			<u>(3,147,703)</u>		<u>(1,724,948)</u>
Capital and reserves					
Called-up equity share capital	18		2,000,000		2,000,000
Profit and loss account	19		<u>(5,147,703)</u>		<u>(3,724,948)</u>
Deficit	20		<u>(3,147,703)</u>		<u>(1,724,948)</u>

These financial statements were approved by the directors and authorised for issue on 18 June 2013, and are signed on their behalf by



W N Bullen

Company Registration Number 04849181

The notes on pages 9 to 16 form part of these financial statements

Utilita Energy Limited

Notes to the Financial Statements

Year ended 31 March 2013

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention

Going concern

The company made a loss after taxation of £1,422,755 for the year ended 31 March 2013 and has a deficit of liabilities over assets of £3,147,703 at 31 March 2013. The company is supported by a loan facility from other group companies, at 31 March 2013 Utilita Energy Limited owed £3,291,094 to Utilita Services Limited, the immediate parent company. The directors of Utilita Services Limited have confirmed that it is their intention to make resources available, as necessary, for the company to continue trading for at least 12 months from the date of approval of these accounts.

The directors are not aware of any reason why the finance available from the parent company might be withdrawn. As a result they have adopted the going concern basis of accounting.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover represents sales of electricity and gas and the value of services and facilities provided during the year. Turnover includes an estimate of the value of supplies of electricity and gas to customers between the date of the last meter reading and the year end.

Intangible assets -

Acquisition costs

Externally incurred costs of customer acquisition are capitalised, classified as an asset on the Balance Sheet, and amortised over the estimated length of time that the customer remains with the company.

Amortisation

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

Acquisition costs - 5 years

Fixed assets

All fixed assets are initially recorded at cost.

Installation costs, when incurred on operating lease asset installations, are treated as tangible fixed assets, and are depreciated over the life of the lease.

Depreciation

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

Plant & Machinery	- 5 - 15 years
Equipment	- 2 - 3 years

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

Utilita Energy Limited

Notes to the Financial Statements

Year ended 31 March 2013

1. Accounting policies (*continued*)

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, however deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2013 £	2012 £
United Kingdom	<u>45,351,442</u>	<u>24,733,505</u>

Utilita Energy Limited

Notes to the Financial Statements

Year ended 31 March 2013

3 Operating loss

Operating loss is stated after charging

	2013 £	2012 £
Directors' remuneration	–	–
Amortisation of intangible assets	292,368	153,335
Depreciation of owned fixed assets	79,891	71,812
Depreciation of assets held under finance lease agreements	19,088	16,105
Loss on disposal of fixed assets	<u>103,900</u>	<u>55,811</u>

Included in administrative expenses is an amount of £182,000 (2012 £427,000) for a bad debt provision against monies collected by third party industry collection agents from prepayment electricity customers that has not been paid to the company

During the course of the year, a number of differences in accounting estimates related to the year ended 31 March 2012 were identified. These differences, which arose as a result of industry processes and as a result of refined customer profiling do not, in total, have a material impact on the net assets of the group/company and, therefore, the directors have elected not to amend the prior year accounts

4. Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the year

5 Income from shares in group undertakings

	2013 £	2012 £
Income from group undertakings	<u>–</u>	<u>1,252</u>

This represented dividends received from Utilita Telecom Limited

6 Interest payable and similar charges

	2013 £	2012 £
Interest payable on bank borrowing	4,994	2,292
Finance charges	56,320	49,245
	<u>61,314</u>	<u>51,537</u>

7 Taxation on ordinary activities

Corporation tax has been reduced to nil due to the availability of losses

Utilita Energy Limited

Notes to the Financial Statements

Year ended 31 March 2013

8 Intangible fixed assets

	Acquisition costs £
Cost	
At 1 April 2012	1,467,395
Additions	614,670
Disposals	(130,110)
At 31 March 2013	1,951,955
Amortisation	
At 1 April 2012	546,293
Charge for the year	292,368
On disposals	(51,405)
At 31 March 2013	787,256
Net book value	
At 31 March 2013	1,164,699
At 31 March 2012	921,102

9 Tangible fixed assets

	Plant & Machinery £	Equipment £	Total £
Cost			
At 1 April 2012	945,464	–	945,464
Additions	–	19,972	19,972
Disposals	(63,487)	–	(63,487)
At 31 March 2013	881,977	19,972	901,949
Depreciation			
At 1 April 2012	485,578	–	485,578
Charge for the year	97,416	1,563	98,979
On disposals	(38,293)	–	(38,293)
At 31 March 2013	544,701	1,563	546,264
Net book value			
At 31 March 2013	337,276	18,409	355,685
At 31 March 2012	459,886	–	459,886

Finance lease agreements

Included within the net book value of £355,685 is £251,058 (2012 - £270,146) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £19,088 (2012 - £16,105).

Utilita Energy Limited

Notes to the Financial Statements

Year ended 31 March 2013

10 Investments

	Total £
Cost	
At 1 April 2012 and 31 March 2013	<u>2</u>
Net book value	
At 31 March 2013 and 31 March 2012	<u>2</u>

Investments represent 100% of the issued share capital of Utilita Gas Limited and Utilita Telecom Limited. Both companies are incorporated in England and are dormant.

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts, therefore the accounts show information about the company as an individual entity.

11 Debtors

	2013 £	2012 £
Trade debtors	2,837,972	1,514,706
VAT recoverable	134,988	33,856
Other debtors	264,806	3,002
Prepayments and accrued income	43,593	64,720
	<u>3,281,359</u>	<u>1,616,284</u>

12 Creditors: amounts falling due within one year

	2013 £	2012 £
Overdrafts	21,584	–
Trade creditors	1,697,976	628,308
Amounts owed to group undertakings	3,291,096	2,059,790
Finance lease agreements	12,459	19,278
Accruals and deferred income	2,672,015	1,777,776
	<u>7,695,130</u>	<u>4,485,152</u>

13 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Finance lease agreements	<u>254,318</u>	<u>243,648</u>

Utilita Energy Limited

Notes to the Financial Statements

Year ended 31 March 2013

14. Commitments under finance lease agreements

Future commitments under finance lease agreements are as follows

	2013 £	2012 £
Amounts payable within 1 year	66,299	66,042
Amounts payable between 1 and 2 years	66,299	66,072
Amounts payable between 3 and 5 years	198,896	198,125
Amounts payable after more than 5 years	222,280	275,994
	<u>553,774</u>	<u>606,233</u>
Less interest and finance charges relating to future periods	(286,997)	(343,307)
	<u>266,777</u>	<u>262,926</u>
Finance lease agreements are analysed as follows		
Current obligations	12,459	19,278
Non-current obligations	254,318	243,648
	<u>266,777</u>	<u>262,926</u>

15 Commitments under operating leases

At 31 March 2013 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2013 £	2012 £
Operating leases which expire		
Within 2 to 5 years	<u>40,000</u>	<u>-</u>

16. Contingencies

Utilita Energy Limited has guaranteed the banking facilities of other Utilita group companies. At 31 March 2013 the balance outstanding under these guarantees was £nil (2012 £nil).

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

At 31 March 2013 the company has entered into a portfolio of forward contracts for the purchase of electricity. These contracts are capable of being bought and sold in an arm's length transaction. At 31 March 2013 the market price for such electricity contracts exceeded the price to which the company is committed by £186,000 (2012 the price to which the company is committed exceeded the market price by £72,000). All of these contracts are for a period of less than one year.

Utilita Energy Limited

Notes to the Financial Statements

Year ended 31 March 2013

17 Related party transactions

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

Utilita Energy Limited purchased services of £24,427,621 (2012 £12,060,404) from other group companies during the year.

Utilita Energy Limited had the following balances with other group undertakings as a result of group trading.

	2013 £	2012 £
Amounts owed to group undertakings		
Utilita Services Limited	3,291,094	2,059,788
Utilita Gas Limited	1	1
Utilita Telecom Limited	1	1
	<u>3,291,096</u>	<u>2,059,790</u>

18 Share capital

Allotted, called up and fully paid:

	2013 No	£	2012 No	£
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

19. Profit and loss account

	2013 £	2012 £
Balance brought forward	(3,724,948)	(2,594,323)
Loss for the financial year	(1,422,755)	(1,130,625)
Balance carried forward	<u>(5,147,703)</u>	<u>(3,724,948)</u>

20. Reconciliation of movements in shareholder's funds

	2013 £	2012 £
Loss for the financial year	(1,422,755)	(1,130,625)
Opening shareholder's deficit	(1,724,948)	(594,323)
Closing shareholder's deficit	<u>(3,147,703)</u>	<u>(1,724,948)</u>

Utilita Energy Limited

Notes to the Financial Statements

Year ended 31 March 2013

21. Ultimate parent company

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

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

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