

# **Opus Gas Supply Limited**

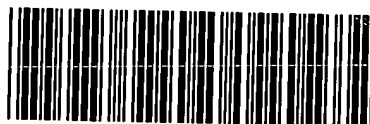
Annual Report and Audited Financial Statements

Year Ended

31 December 2022

Company Number 06874709

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# Opus Gas Supply Limited

## Company information

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<b>Directors</b>	Will Gardiner Andy Skelton Paul Sheffield
<b>Company secretary</b>	Brett Gladden
<b>Registered number</b>	06874709
<b>Registered office</b>	Drax Power Station Selby North Yorkshire United Kingdom YO8 8PH
<b>Independent auditor</b>	Deloitte LLP Statutory Auditor 2 New Street Square London EC4A 3BZ

# Opus Gas Supply Limited

## Annual report and audited financial statements for the year ended 31 December 2022

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# Opus Gas Supply Limited

## Strategic Report for the year ended 31 December 2022

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### Introduction

The Directors present their Strategic Report for Opus Gas Supply Limited (the "Company") for the year ended 31 December 2022.

### Principal activity

Opus Gas Supply Limited supplies gas to commercial and industrial customers.

As a subsidiary within the group of companies headed by Drax Group plc (the "Group"), our purpose is to enable a zero carbon, lower cost energy future, and this is the basis of our strategy. To support this ambition a decision has been made in January 2023 to phase out the Company's gas supply contracts. Having already ceased acquiring new gas customers, following internal processes and a regulatory driven 60-day grace period, no renewal contracts will be offered after May 2023.

### Business review

Turnover for the year increased 29% from £111,522,000 in 2021 to £144,381,000 in 2022, driven largely by increased rates due to higher commodity costs. Included within turnover is £6,743,000 (2021: £nil) in respect of the EBRS scheme discussed below. Gross profit decreased from £16,194,000 in 2021 to £12,544,000 in 2022, influenced by an increase in commodity and distribution costs, and a fall in the volume of gas supplied. Operating expenses increased by 16%, from £11,315,000 in 2021 to £13,116,000 in 2022. The result after tax declined from a profit of £3,243,000 in 2021 to a loss of £1,568,000 in the current year.

The overall provision for trade receivables at the end of 2022 of £11,074,000 (2021: £8,862,000) 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. Gross trade debtors before provisions amounted to £40,221,000 (2021: £27,867,000).

### Principal risks and uncertainties

The primary risks and uncertainties facing the Company are: competition; liquidity; 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 Company participates in the Group's centralised treasury arrangements. The Group treasury function is responsible for liquidity, funding and settlement management under policies approved by the Group's Board of Directors. Liquidity needs are monitored using regular forecasting of operational cash flows and financing commitments.

The Company devotes considerable management resources and develops systems and models designed to hedge price risk and match as closely as possible the quantities of gas which it buys at a fixed price with its commitments to supply to customers at a fixed price. However, in volatile wholesale gas 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 to cover reasonable amounts of volatility in the market.

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 risk 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 any billing inaccuracies which can lead to late payments.

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

# Opus Gas Supply Limited

## Strategic Report for the year ended 31 December 2022 (continued)

### Principal risks and uncertainties (continued)

A risk management committee is responsible for monitoring the 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 Group. Further information on these risks as well as financial risks are included in the 2022 Drax Group plc Annual Report and Accounts.

We recognise that the inflationary pressures from rising commodity prices, including power, are providing challenges to consumers and in some cases causing hardship. In September 2022 the UK Government announced the Energy Bill Relief Scheme (EBRS) to support UK businesses and other non-domestic energy users by protecting them from increasing energy costs and providing them with certainty over winter energy costs. Price caps have been applied to UK customer bills from 1 October 2022, and from 1 April 2023 EBRS has been replaced by the Energy Bills Discount Scheme (EBDS), which is expected to continue until March 2024. We continue to monitor how wholesale power price increases are feeding through to end consumers. By building on the actions taken during the Covid-19 pandemic, we aim to support our customers during this challenging time by working to provide payment plans where necessary. We remain alert to the possibility that this may have an impact on our customers' ability to pay their bills, resulting in a potential financial impact of bad debt or delayed payments.

### Key performance indicators

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

	2022	2021
Gross profit percentage	8.7%	14.5%
Operating (loss)/profit percentage	(0.4%)	4.4%

These KPIs are measured as a percentage of turnover.

### Going concern and future developments

As noted in the principal activity section above, a decision has been made to phase out the Company's gas supply contracts. Having already ceased acquiring new gas customers, following internal processes and a regulatory driven 60-day grace period, no renewal contracts will be offered after May 2023 but the Company will continue to supply customers under existing contracts for their duration, some of which extend beyond 2023.

The Company has a written letter of support from Drax Group Holdings Limited, another Group company. The Directors have a reasonable expectation that, with confirmation of Group support, the Company has adequate resources to continue in existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### 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 is responsible for ensuring effective engagement with stakeholders and recognises that decisions taken today will have an impact upon stakeholders, as well as shape the longer-term performance of the business. Appropriate consideration is important in enabling Drax to deliver positive outcomes for the climate, nature and people, and to deliver sustainable value creation.

Examples of how the Board have had regard to the matters set out in Section 172 are set out below. Comprehensive details in respect of stakeholders identified across the Drax Group plc group ("Group"), and how we engage with them and have regard to their interests, can be found on pages 26 to 33 in the 2022 Drax Group plc Annual Report and Accounts.

# Opus Gas Supply Limited

## Strategic Report for the year ended 31 December 2022 (continued)

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### Companies Act, Section 172 Statement (continued)

#### The likely consequences of any decision in the long term

Our purpose is to enable a zero carbon, lower cost energy future. With multi-year time horizons for many of our strategic and investment decisions, we recognise that these decisions can have an impact far beyond our business and well into the future. We see an important role in supporting the decarbonisation of British businesses through the supply of renewable energy and carbon offset certificates, which we believe could evolve in the future to the provision of carbon removals.

#### The need to foster the Company's business relationships

##### Customers

Engagement allows us to build strong relationships with our customers, so we have a better understanding of their needs to improve customer service, develop relevant products and keep them informed. We engage with our customers through channels such as social media, our website, by phone and through our complaints procedure. The cost of energy was a critical issue for our customers in 2022 and we implemented the UK Government's support package for businesses, the Energy Bill Relief Scheme (EBRS). We had regular communication with our customers, which included hosting a dedicated phone line for customers requiring additional support with arranging payments tailored to their needs, and with Third-Party Intermediaries (TPIs). Engagement allows us to create enduring solutions that improves the overall service experience.

##### Suppliers

Our relationships with relevant suppliers are governed by contracts that include the requirement to comply with relevant regulatory and legal requirements including anti-bribery, corruption and modern slavery regulations, and comply with our supplier code of conduct. These minimum standards are regularly reviewed by our Procurement, Legal, and Business Ethics functions. The Group has also signed up to the Prompt Payment Code, and monitors performance to both continue to improve payment performance and maintain positive supplier relationships.

##### Regulators

Engagement with Ofgem, BEIS, environmental agencies and the ICO enables us to remain compliant with the latest rules and guidance. We've continued to work with regulators and UK Government to protect our customers and develop options to mitigate the impact of rising wholesale energy costs on consumer bills.

#### The impact of the Company's operations on the community and the environment

Tackling climate change is at the heart of our purpose, and our strategic objectives are aligned to global renewable energy and decarbonisation agendas. Our Group ambition is to become carbon negative by 2030. For more information, see pages 47 to 62 of the 2022 Drax Group plc Annual Report and Accounts.

Opus Energy is an active participant in the communities in which it operates. Strong community relationships and effective engagement strengthen our ability to operate effectively in those regions. We engage regularly with communities through supporting local initiatives and holding drop-in sessions. To read more about our positive social impact across the Group, see pages 28 and 31 to 33 in the 2022 Drax Group plc Annual Report and Accounts.

# Opus Gas Supply Limited

## Strategic Report for the year ended 31 December 2022 (continued)

### Companies Act, Section 172 Statement (continued)

#### The impact of the Company's operations on the community and the environment (continued)

Opus Energy is committed to being a global force for good. In 2022, the Group approved a proposal to set up a global corporate giving model to support this vision. In 2023, the Group launched the Drax Foundation, which will manage and distribute a fund for community investment and giving across the Group's core territories. Covering the UK, US and Canada, the Foundation will be under the governance of a new sub-committee of the Drax Group plc Board. The Foundation will enable the Group to invest in larger-scale and longer-term projects in each of our territories, and to provide financial support and sponsorship to local community projects and charities. The Foundation will provide a tangible link to the Group's sustainability strategy. All projects will require an assessment to ensure they have the potential to deliver at least one of the following outcomes:

- Climate positive: Contributing to tackling the climate crisis
- Nature positive: Contributing to creating and maintaining thriving, sustainable natural environments
- People positive: Helping those most at risk in the transition to net zero to find sustainable, meaningful work and to support education

#### The desirability of the Company for maintaining a reputation for high standards of business conduct

At Drax, we are committed to conducting business ethically, with honesty and integrity, and in compliance with 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 2022, we delivered our annual eLearning refreshers and provided additional training to certain 'at higher risk' teams throughout the year on business ethics related topics. For more details on how the business ethics programme is managed, see pages 71 to 73 of the 2022 Drax Group plc Annual Report and Accounts.

#### The need to act fairly as between members of the Company

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.

Engagement with shareholders allows us to understand the concerns and priorities of current and prospective investors. We can then take these into account in our decision making in areas such as climate change; sustainability; executive pay; dividend and longer-term capital allocation policy; as well as strategy.

This report was approved by the Board on 21 June 2023 and signed on its behalf.



**Andy Skelton**  
Director

# Opus Gas Supply Limited

## Directors' Report for the year ended 31 December 2022

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The Directors present their report and the audited financial statements for the year ended 31 December 2022.

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 £1,568,000 (2021: £3,243,000 profit).

The Directors do not recommend the payment of a dividend in respect of the year (2021: £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

### 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 (SECR)

Opus Gas Supply Limited has taken the exemption from disclosing an SECR report as its figures are included within its ultimate parent company's financial statements. These can be seen in the 2022 Drax Group plc Annual Report and Accounts.

### Directors' responsibilities statement

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.

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;



# Opus Gas Supply Limited

## Directors' Report for the year ended 31 December 2022 (continued)

### Directors' responsibilities (continued)

- 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 responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Events after the balance sheet date

A decision has been made in January 2023 to phase out the Company's gas supply contracts. Having already ceased acquiring new gas customers, following internal processes and a regulatory driven 60-day grace period, no renewal contracts will be offered after May 2023.

### Matters covered in the Strategic Report

Engaging with our stakeholders, including our workforce and those with whom 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 s485 of the Companies Act 2006.

This report was approved by the Board on 21 June 2023 and signed on its behalf.



**Andy Skelton**  
Director

# Opus Gas Supply Limited

## Independent Auditor's Report to the Members of Opus Gas Supply Limited

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### Report on the audit of the financial statements

#### Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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 and retained earnings;
- the statement of financial position; and
- the related notes 1 to 16.

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.

#### 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.

# Opus Gas Supply Limited

## Independent Auditor's Report to the Members of Opus Gas Supply Limited (*continued*)

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### Other information (continued)

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](http://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, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework 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, tax legislation and regulations; 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.

# Opus Gas Supply Limited

## Independent Auditor's Report to the Members of Opus Gas Supply Limited (*continued*)

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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 procedures performed to address it are described below:

- The estimation of expected credit loss provision has been determined as a significant risk due to the current macro-economic conditions including rising energy bills, rising inflation and the rate of credit defaults across several industries. The Company is required to make estimates on the provision for trade receivables. With the involvement of our expected credit loss specialists and data analytics specialists, we evaluated the appropriateness of the expected credit losses provision including forward-looking assumptions regarding ongoing macro-economic conditions and whether they reflect the expected credit outcomes for the amount receivable at year end.
- Accuracy of unbilled revenue has been determined as a significant risk due to it carrying an increased risk of fraud. The calculation of unbilled revenue is complex and requires management to prepare an estimate of underlying customer electricity consumption. Our audit procedures involve reviewing the 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 Gas Supply Limited

## Independent Auditor's Report to the Members of Opus Gas Supply Limited (*continued*)

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### Matters on which we are required to report by exception

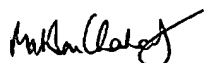
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



**Makhan Chahal FCA** (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

22 June 2023

# Opus Gas Supply Limited

## Statement of Comprehensive Income and Retained Earnings for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	4	144,381	111,522
Cost of sales		(131,837)	(95,328)
<b>Gross profit</b>		<b>12,544</b>	<b>16,194</b>
Administrative expenses		(13,116)	(11,315)
<b>Operating (loss)/profit</b>	5	<b>(572)</b>	<b>4,879</b>
Interest payable and similar charges	9	(1,387)	(852)
<b>(Loss)/profit before tax</b>		<b>(1,959)</b>	<b>4,027</b>
Tax credit/(charge) for the year	10	391	(784)
<b>(Loss)/profit for the financial year</b>		<b>(1,568)</b>	<b>3,243</b>
Retained earnings at the beginning of the year		(6,316)	(9,559)
(Loss)/profit for the financial year		(1,568)	3,243
<b>Retained earnings at the end of the year</b>		<b>(7,884)</b>	<b>(6,316)</b>

All activities derive from continuing operations.

There is no comprehensive income or expense other than the losses for the current and previous financial years. Accordingly no statement of changes in equity is given.

The notes on pages 13 to 19 form part of these financial statements.

# Opus Gas Supply Limited

Registered number: 06874709

## Statement of Financial Position at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	53,013	34,072
Cash at bank and in hand		1	5
		<u>53,014</u>	<u>34,077</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(60,898)</u>	<u>(40,393)</u>
<b>Net current liabilities</b>		<u>(7,884)</u>	<u>(6,316)</u>
<b>Total liabilities/total net liabilities</b>		<u>(7,884)</u>	<u>(6,316)</u>
<b>Net liabilities</b>		<u>(7,884)</u>	<u>(6,316)</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Retained earnings		<u>(7,884)</u>	<u>(6,316)</u>
<b>Deficit attributable to the owners of the parent company</b>		<u>(7,884)</u>	<u>(6,316)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 21 June 2023.



**Andy Skelton**  
Director

The notes on pages 13 to 19 form part of these financial statements.

# Opus Gas Supply Limited

## Notes to the financial statements for the year ended 31 December 2022

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### 1 General information

Opus Gas Supply 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 thousands.

#### 2.2 Going concern

As discussed in the Strategic Report, a decision has been made to phase out the Company's gas supply contracts. Having already ceased acquiring new gas customers, following internal processes and a regulatory driven 60-day grace period, no renewal contracts will be offered after May 2023 but the Company will continue to supply customers under existing contracts for their duration, some of which extend beyond 2023.

The Company has a written letter of support from Drax Group Holdings Limited, another Group company. The Directors have a reasonable expectation that, with confirmation of Group support, the Company has adequate resources to continue in existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further detail regarding the financial performance of the Company 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 and paragraph 3.17(d);
- 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 2022 and these financial statements may be obtained from Drax Power Station, Selby, North Yorkshire, YO8 8PH.

#### 2.4 Adoption of new accounting standards

There were no new updates or amendments to the standards which became effective for the first time in 2022 and therefore the accounting policies remain the same as 31 December 2021 year end.

The Company continues to monitor emerging developments and interpretations of the new standards.



# Opus Gas Supply Limited

## Notes to the financial statements for the year ended 31 December 2022 (*continued*)

### 2 Accounting policies (*continued*)

#### 2.4 Turnover

Turnover represents the fair value of the consideration received or receivable from the sale of gas shipped during the year, net of discounts and value added taxes.

Turnover includes the Directors' best estimates of differences between estimated sales and billed sales, and estimated consumption and unbilled sales. All actual metered consumption data related to customers' gas consumption received by the end of the year has been reflected in turnover. 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 gas shipped, turnover is recognised on consumption.

The UK Government introduced the Energy Bill Relief Scheme (EBRS) running from 1 October 2022 to 31 March 2023. Energy supplied to non-domestic customers in this period will have a discount applied for the customer under the scheme to cap their energy tariff. This discount is claimed back from the Government. The discounted price of electricity and gas supplied under the EBRS is recognised in turnover as it is supplied. The discount amount claimed back from the UK Government is recognised within turnover as other income over the same period as the underlying discounted turnover it relates to is recognised. The Company does not recognise any additional revenue from the scheme than it would have done if it were not introduced.

#### 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 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.

#### 2.8 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.

# Opus Gas Supply Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 2 Accounting policies (continued)

#### 2.9 Contract costs

Commissions payable to third parties in respect of obtaining customer contracts are capitalised at the point the fee is paid are included in prepayments and amortised over the life of the contract.

#### 2.10 Interest payable and similar charges

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

#### 2.11 Reserves

##### Share capital

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

##### Retained earnings

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

#### 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 receivables

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 13 months and combines with other features to establish a provision probability. The impairment of trade receivables 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 2022 year end was £11,074,000.

# Opus Gas Supply Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 4 Turnover

	2022 £'000	2021 £'000
Gas Supply	137,638	111,522
EBRS Income	6,743	-
	<u>144,381</u>	<u>111,522</u>

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

### 5 Operating (loss)/profit

	2022 £'000	2021 £'000
The operating (loss)/profit is stated after charging:		
Impairment of trade receivables	<u>8,485</u>	<u>3,709</u>

### 6 Auditor's remuneration

The Company's audit fees were borne by another Group company and were £41,700 (2021: £32,400). There were no fees in relation to other services in the current or prior year.

### 7 Employees

The Company has no employees other than the Directors, who did not receive any remuneration for their services to the Company (2021: £Nil).

### 8 Directors' remuneration

The Directors of the Company are remunerated for services rendered to the Group and its subsidiary undertakings as a whole and it is not practicable to allocate these amounts to specific subsidiary undertakings.

### 9 Interest payable and similar charges

	2022 £'000	2021 £'000
Intercompany payable to Group undertakings	<u>1,387</u>	<u>852</u>

# Opus Gas Supply Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 10 Taxation

	2022 £'000	2021 £'000
<b>Corporation tax</b>		
Tax (credit)/charge for the year	(372)	784
Adjustment in respect of prior year	(19)	-
	<u>(391)</u>	<u>784</u>

#### Factors affecting the tax (credit)/charge for the year

The tax assessed for the year is lower than (2021 – higher than) the standard rate of corporation tax in the UK of 19.00% (2021 – 19.00%) as set out below:

	2022 £'000	2021 £'000
(Loss)/profit before tax	<u>(1,959)</u>	<u>4,027</u>
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	(372)	765
<b>Effects of:</b>		
Non-deductible expenditure	-	19
Adjustment in respect of prior year	<u>(19)</u>	<u>-</u>
<b>Total tax (credit)/charge for the year</b>	<u>(391)</u>	<u>784</u>

#### Factors that may affect future tax charges

The Finance Act 2021 included legislation to increase the rate of UK corporation tax from 19% to 25% from 1 April 2023.

To the extent they are recognised, the closing deferred tax balances are calculated at the average rate over which the balance is expected to unwind.

# Opus Gas Supply Limited

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 11 Debtors

	2022 £'000	2021 £'000
Trade debtors	29,147	19,005
Other debtors	49	47
Prepayments and accrued income	23,817	15,020
	<u>53,013</u>	<u>34,072</u>

Trade debtors above is stated net of provision for bad and doubtful debts of £11,074,000 (2021: £8,862,000).

### 12 Creditors: Amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	188	226
Customer deposits and payments in advance	4,499	3,305
Amounts owed to Group undertakings	49,791	30,510
Other taxation and social security	5,644	4,856
Accruals and deferred income	776	1,496
	<u>60,898</u>	<u>40,393</u>

The amounts owed to Group undertakings includes funds advanced to the Company under cash pool arrangements which accrue interest at a commercial rate. Cash pool balances are repayable on demand and interest is settled quarterly. If interest is not paid on the due date it is rolled over and capitalised.

### 13 Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

### 14 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 Gas Supply Limited

## Notes to the financial statements for the year ended 31 December 2022 (*continued*)

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### 15 Contingent liabilities

#### Guarantees

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

- At 31 December 2022 the outstanding secured borrowings of the Group held by other Group companies amounted to £1,405.5 million (2021: £1,376.2 million).
- At 31 December 2022 letters of credit issued under the revolving credit facility held by Drax Corporate Limited and guaranteed by Group companies amounted to £46.0 million (2021: £74.4 million).

The Company also provides security and guarantees in respect of Drax Power Limited's (a Group Company) secured trading lines for certain FX, inflation and interest rate hedging arrangements, which allow it to transact prescribed volumes of trades with certain banks without the requirement to post collateral. These secured trading lines form part of the Drax Group's senior financing arrangements and would crystallise in the event of Drax Power Limited defaulting on the terms of these arrangements.

Guarantees and security have also been provided in respect of the above borrowings, letters of credit and secured trading lines by certain members of the Group.

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 4.2 to the Drax Group plc 2022 Annual Report and Accounts on pages 224-226.

### 16 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 the Company Secretary at Drax Power Station, Selby, North Yorkshire YO8 8PH, or on the Group's website at [www.drax.com](http://www.drax.com).