Octopus Energy Limited
Annual Report and
Financial Statements 2021

Contents

"Octopus Energy is redefining customer service and the energy industry as a whole – all through technology."

CEO's foreword

Whilst Octopus Energy Group is now a set of companies across a dozen countries with businesses ranging from technology licensing to electric car leasing, our UK retail business is the highest profile and I am incredibly proud of the change it has led in the energy sector.

We aim to drive down costs for customers, and are at the forefront of system innovation to enable the transition to a cheaper, greener, smarter grid. Our team provides outstanding customer service with class-leading efficiency.

The last twelve months have seen us maintain our service and efficiency during a period of extraordinary growth, with 2.1 million customers on supply by the end of the year (that's +46% since FY20), and another 400,000 joined us since then, followed by 580,000 Avro customers when Ofgem appointed Octopus as Supplier of Last Resort.

Octopus Energy UK sets the template for our retail businesses as we expand into more countries. The OEL team works closely with all 5 other retail supplier country teams to create a truly global energy retailer, operating on the same Kraken platform, under the same brand.

The team's efforts have been widely recognised by the industry - but most importantly, by our customers too. We continue to push forward on our mission, with our core values of integrity, transparency, and treating our customers with decency and respect.

Greg Jackson
Chief Executive Officer

"Our smart tariffs and Kraken's innovative APIs are paving the way in the transition to a new energy ecosystem."

We are rewriting the rule book on how operations are run and service is delivered.

Our Energy Specialists operate without departments while having full autonomy, trust and responsibility. This has lead to an incredible work environment for them, outrageously good service for our customers, and significantly more effective and productive outcomes than our peers.

This year, our unique operating model blue print has allowed us to lift the same excellent engagement levels and outstanding customer service and replicate these in new locations - both around the UK and globally.

Jon Paull
Global Director of Operations

Overview of Octopus Energy Limited

Highlights from FY21

+57% revenue

£1.2bn in FY20 to £1.9bn in FY21, due to growth of households on supply.
+67% gross profit: grew by £36.8m, from £55m in FY20 to £91.8m in FY21.
This reflects improved operational effectiveness, as well as strategic decision from management to keep prices low and continue to invest in customer growth.

93% employee engagement

According to Glassdoor, April '21

Total retail customers

In FY21, we grew by 49% to 2.1m customers.
As of today, we have more than 3m.

Trustpilot average star rating by month

May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
4.81	4.81	4.78	4.81	4.80	4.79	4.72	4.80	4.82	4.77	4.76	4.75

102
seconds

Average waiting time for customers calling by phone

15%
of all switches

In the UK were to OEL in FY21

498
Energy Specialists

Figure at end of April '21 - now this number is 542

"We are rewriting the rule book on how operations are run and service is delivered."

Jon Paull
Global Director of Operations

Directors' report

What we do

Octopus Energy Limited (henceforth OEL) supplies gas and renewable energy to more than 2.5 million UK homes* - providing cheaper, greener power not only under our own brand, but also via our partners M&S Energy, Affect Energy, London Power and Co-op Energy.

We believe that technology can fundamentally change the face of the energy market and, using Octopus' proprietary tech platform Kraken, OEL is championing outrageously good customer service and fair, honest prices.

Our Energy Specialists are the core of OEL. Thanks to their unfaltering dedication to helping customers, in 2021, we were recommended by Which? for a record four years in a row, as well as winning Best Utility at the Utility Week Awards. Additionally, Octopus Energy was named 'Energy Supplier of the Year' at the Uswitch 2021 Awards and 'Best Company' at the British Renewable Energy Awards. This means that OEL is now officially the single most awarded Energy Company in the UK.

* 2.5m homes as of August 2021. At the close of FY21, OEL had 2.1m customers on supply.

The Directors present the annual report on the audited financial statements of Octopus Energy Limited ("the Company"), together with their financial statements and auditor's report, for the year ended 30 April 2021.

Future developments

Details of future developments can be found in the Strategic Report.

Events after the balance sheet date

In September 2021, Octopus Energy acquired the customer book of Avro Energy through the Supplier of Last Resort process. This will add 580,000 customers to the OE customer book. Full details can be found in note 22.

Dividends

The Directors did not recommend interim or final dividend to be paid during the period (2020: £nil).

Directors

The Directors who served throughout the year and as of the date of this report were as follows, except as noted:

- G Jackson
- S Jackson
- J Eddison
- C Hulatt
- S Rogerson
- J Briskin (appointed 1 May 2020)

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Auditor

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

- so far as that 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 they ought to have taken as a Director in order to make themselves 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.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

Engaging with our stakeholders

This report sets out how the Directors comply with the requirements of Section 172 Companies Act 2006, including employee engagement, and how these requirements are considered in the Board's decision making throughout the year.

It is the Board's priority to ensure that the Directors have acted both individually and collectively in the way that they consider, in good faith, what would be most likely to promote the success of the Company for the benefit of its members as a whole and with regard to all its stakeholders. The requirements of Section 172 of the Company Act can be summarised as follows:

A Director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

The following paragraphs summarise how the Directors' fulfil their duties:

Risk management
Risk management is a key function of the Board's role in oversight of the businesses success in achieving its strategic objectives and mission.

The Board regularly reviews risks during the monthly management reporting process and also during the quarterly Board meetings. Management also review risks on a weekly basis through a series of detailed operational reporting packs.

The principal risks and uncertainties facing the Company are outlined in the Strategic Report.

Our people
People are the most important part of OEL. We treat our employees with the respect they deserve, both for their dedication to outrageously good customer service, as well as the breadth of experiences they share.

We put particular focus and effort in nurturing a culture of autonomy, empowerment and trust. We encourage straight-forward, honest and transparent communication. All permanent staff own shares or are granted share options in Octopus Energy Group, so derive added benefit from the ongoing growth and success of the business, helping to align employee values with those of shareholders. Informal, regular access to our senior management team drives accountability at all levels.

We achieve this via a number of channels - from open internal messaging to a weekly 'Family Dinner' where nearly 1,500 staff across the entire Company, and across the world, are invited to the same online meeting. Family Dinner is an important time for the whole Company to learn about the latest business developments.

During these sessions, employees are encouraged to ask questions directly to the CEO and to celebrate the achievements and challenges of their teams together.

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

Our customers
Octopus Energy is built on a foundation of obsessively delivering outstandingly positive experiences for customers. The fundamental principles of pragmatism, simplicity and honesty are ingrained in all areas of the business, including the Board. The Board regularly review customer service metrics including TrustPilot scores and customer complaint volumes and with the Group's wider international presence these can be benchmarked internationally. The result of this focus across all areas of the business, including the Board, is phenomenal engagement with our customers.

Business relationships
We carefully select partners and suppliers to work with on a number of factors including their reputation within their industry and ability to demonstrate care and quality throughout their process. Our

onboarding process is grounded on our business and personal principles, including our undertakings and provisions outlined in our Modern Slavery Statement.

We operate under the Prompt Payment Code for all suppliers that are onboarded to ensure that suppliers are paid on time, to provide them with clear guidance on our payments processes and to encourage good practice throughout the supply chain.

Community and environment
The Company is helping the world move towards a decarbonised future, underpinned by renewable power generation; our technologies support system-wide change to end the world's dangerous reliance on fossil fuels.

Alongside this, all the electricity we supply is matched by renewable sources including wind, hydro and solar power from UK green generators. We are also strong supporters of locally-sourced renewable energy, working on the sharp edge of local energy innovation with numerous tech trials and constantly growing our base of 'community energy' contracts, which now includes almost 100 small-scale renewable energy generators across the UK.

We, unusually for an energy company, would prefer our customers to burn less gas, but whilst we work for a world driven by green electrification we do offer a "Super Green" tariff which allows customers to offset the carbon associated with any gas they burn. They can do this for only a few pounds a month by supporting various renewable energy-based projects around the world.

Ultimate shareholders
Our ultimate shareholders are comprised of five key groups:

1. Octopus Capital, who have supported the Octopus Energy vision, mission, and growth since inception
2. Origin Energy who, in 2020, invested over £215m of equity into the Group to support continual growth
3. Tokyo Gas, who invested over £150m this year – and together with whom the Group is expanding into Japan through a joint venture
4. Generation Investment Management, who in September 2021 committed to invest £423m in the Group
5. Our People: all employees own a part of Octopus Energy, so derive added benefit from the growth and success of the business to which they contribute

We are committed to openly engaging with our shareholders and all shareholder interests are represented at the Company's board meetings. Employee shareholder interests – i.e. the interests of those that make up the Company – are represented by the three founding board members. Minority corporate shareholders have additional Reserved Matter protections.

Business conduct
We aim to provide green energy in ways which are economically, environmentally and socially responsible. The executive team is deeply engaged in the detail of the business and relationships with key stakeholders, including customers. Senior executives monitor various forms of customer communication closely and all handle some customer communications directly to retain a first hand understanding of customer sentiment and the impact of our actions on customers as a business.

The business continues to achieve outstanding levels of staff engagement as it scales. We also apply this philosophy to supplier relationships, which we know work best when there is deep understanding and appreciation of the activities each party undertakes and the constraints under which they work.

Approved by the Board and signed on its behalf by:

S Jackson
Director

29 October 2021
Registered office:
6th Floor, 33 Holborn
London EC1N 2HT

Strategic report

Strategic report (continued)

Principal activities
The principal activity of the Company during the year was that of supply of gas and electricity to domestic and commercial customers in Great Britain. The Company commits to providing renewable, low-carbon energy at transparent, affordable and sustainable prices for customers. The Company's operations are run on the Group's proprietary Kraken technology platform.

Business review
During this financial year the Company has grown by 50% and supplied 2.1m UK households - representing 8% of households in Great Britain.

In addition, during this period, Octopus Energy continued to collect accolades both from within and outside the energy sector, including being named a Which? recommended provider for an unprecedented fourth year in a row, a continuing top Trustpilot customer rating, and a top Glassdoor employer rating for both the Company and CEO, Greg Jackson. Its commitment to drive renewable energy and the Net Zero transition has been recognised by the Renewable Energy Awards and Business Green Leaders for the past two years running. In addition, the Company continues to hold numerous wins for outstanding customer experience, including coming 17 out of 271 organisations ranked by the UK Institute of Customer Service in their Customer Satisfaction Index, the only energy provider to place in the top 50.

Octopus Energy Limited is funded directly from its immediate parent company, Octopus Energy Group Limited. Octopus Energy Group Limited has sufficient capital availability to enable the Company to meet its stretching growth plan over the medium term even in the event of a capital consuming cold winter and some incremental Covid-related non-payment.

The Covid pandemic has existed during the entirety of this financial period but Octopus has not experienced material degradation in operating efficiency or in bad debt.

Going concern
Notwithstanding net current liabilities of £187m as at 30 April 2021, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have assessed the liquidity of the business through a detailed going concern forecast including the acquisition of the Avro Energy customer book completed shortly before the signing of the financial statements and the associated financing of the hedge position required. There are significant peaks and troughs through the year with April generally the low point of the cashflow cycle. Reflecting the funding from shareholders received and contracted, along with available facilities and trading lines, this shows significant headroom through the period. The general approach to hedging expected supply requirements is set out on page 16 along with consideration of the Company's principal risks and uncertainties. The Directors actively considered downside sensitivities of cashflows from operations including that which would arise from cold winter in the context of the energy crisis.

The Directors have evaluated risks based on historic weather data, which is used to model a range of increased consumption that could arise from an unusual, sustained cold winter weather event. This is considered together with significant but correlated wholesale price increases on top of the currently high wholesale prices. This analysis is also combined with the impact of a high proportion of customers retained on standard variable tariffs and higher potential customer debt that could arise from both high energy prices and the ending of the Coronavirus Furlough scheme amongst other risks.

The Directors accordingly continue to monitor performance and sensitivity analyses closely and note that the Company is sufficiently well capitalised to withstand a range of compounded scenarios.

The Company has received a letter confirming ongoing financial support from its immediate parent company that underpins the going concern position. The immediate parent company, Octopus Energy Group Limited has received equity injections as well as access to financing through committed loans from banks and cash generated by other Group businesses. The bank loans are backed by investor guarantees. The business continues to actively consider further investments and additional working capital facilities though these are not assumed to arise to support the going concern assumption.

Therefore the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

Financial overview
Gross margin has increased from 4.6% in FY20 to 4.8% in FY21, increasing gross profit from £55m to £92m.

Revenue has increased by 57% year on year as a result of the significant growth in customers from 1.4m households to over 2.1m as of 30 April 2021. As outlined in the Business Review, this growth has come predominantly from organic customer acquisition.

The increase in losses reflects continued re-investment in rapid growth, including investments in brand and platform growth. This ongoing investment has increased intangibles as noted below, and the associated amortisation has increased by £22.2m year on year. Together with technology-led pricing and risk management, this has enabled the Company to make material improvements in gross profit at the same time. There has also been material underlying gains in operating efficiency reflecting continuous platform development and scale efficiency.

The significant increase in profit before tax is largely driven by an intra-group sale of the Kraken software to Kraken Technologies Limited. This sale has allowed the group to further drive investment into and profitability from the Kraken software.

Intangible assets have increased from £82.5m as of 30 April 2020 to £122.1m as of 30 April 2021, this increase is due to the customer acquisition costs associated with the net additional 707,422 customers that have joined Octopus Energy since 30 April 2020.

Working capital balances continue to increase, reflecting the scale of the business, timing of the seasonal working capital cycle and management of customer payment adequacy (i.e. working with customers to keep monthly direct debit amounts right for their projected consumption levels). The Company benefits indirectly from a further guaranteed debt facility designed to support working capital demands in the event of an unusually cold winter.

Net liabilities have decreased following the repayment of shareholder loans to Octopus Capital. As noted above the business benefits from a letter of support from its parent Octopus Energy Group Ltd.

The group's principal risks and uncertainties are detailed on page 16.

Approved by the Board and signed on its behalf by:

S Jackson
Director

29 October 2021
Registered office:
6th Floor, 33 Holborn
London EC1N 2HT

Our KPIs

This table sets out our Key Performance Indicators and changes in last twelve months.

	30 April 2021	30 April 2020	% change
Accounts*	3,900,720	2,654,994	**47%**
Households	2,136,819	1,433,997	**49%**
Trustpilot score	4.8	4.8	**-**
Glassdoor score	4.5	4.8	**(6%)**
Revenue	£1,897m	£1,206m	**57%**
Gross margin	4.8%	4.6%	**6.2%**
Operating loss	£(84.7)m	£(47.9)m	**77%**
Net profit/(loss)	£25.0m	£(47.0)m	**-153%**
Net liabilities	£(64.0)m	£(90.0)m	**(29%)**

* Number of customer meter points for electricity and gas.

Principal risks and uncertainties

Management identifies, assesses and manages risks associated with the Company's business objectives and strategy in the following categories:

Wholesale market risks
The Company follows a strict and sophisticated hedging policy, and does not speculate on market movements, nor does it assume or rely upon market movement in either direction. The Company makes forward commitments for power and gas delivery for each customer that is acquired or renewed onto a fixed price contract, for the duration of the term offered to the customer and allows for some expected attrition (the Company does not "lock in" customers with exit fees, and instead models attrition and allows for this). Daily adjustments are made to correct the wholesale position for variances in demand and renewable generation vs forecast.

This largely locks in margin for customers across the life of their contracts and provides a basis for financial planning. Variances to expected margin for fixed products come about as a result of "shaping loss" (tailoring a hedge constructed from freely available market products to the specific consumption shape of the Company's portfolio) and "imbalance costs" (consumption turns out differently from hedged-for expectations): these risks are monitored closely and on both the Company performs within expectation. For customers on variable price contracts, the Company executes a rolling hedge that follows the price-cap methodology. The methodology operates on a six month cycle and on average 70% of the year ahead is hedged. Due to the price cap calculation, Octopus is able to amend the pricing of this product to reflect the hedge cost.

There were no key developments in the financial year, however in the months following year end the energy industry has faced significant volatility in energy prices. The Company's comprehensive hedging strategy has significantly reduced the impact of this on the business.

Cashflow and liquidity risk
The Company manages cash responsibly and has clear sight to expected cash requirements. The Company operates financial models on two levels: 1. Detailed daily cashflow model that provides sight to the next three months. This is formally reviewed on a weekly basis to ensure that short-term liquidity is optimised and maintained; 2. Long-range forecast model that generates a rolling forecast for P&L, Balance Sheet and monthly peak cash (and potential variances to) over the next three years. Through this, the Company can plan cashflow and funding.

There are four principle risks to liquidity and the Company monitors these closely as well as utilising proprietary modelling/ forecasting tools:

(1) **Mark to market risk** that arises from commodity price movements: As part of the wider trading agreement the Company does not carry this risk.
(2) **Customer attrition risk:** the business has now harvested extensive data sets that enable sophisticated prediction of customer attrition, both at an individual customer level and across the portfolio. In addition, the Company continues to invest in brand, customer experience and account features.
(3) **Growing underlying levels of customer persistency.** In addition, the Company has been careful to acquire customers across a range of channels to reduce the concentration of attrition risk.
(4) **Customer account management:** the Company undertakes careful, systematic monitoring and management of customer accounts to ensure that monthly direct debit amounts are suitable for consumption levels to avoid excessive debt/credit building up.

Following the year end, in September 2021, Octopus Energy acquired 580,000 customer from Avro through the Supplier of Last Resort process. The cashflow impacts to the business were carefully planned and managed during this process.

Commercial risk
The Company generates two principle types of commercial risk:

(1) that generated by the competitive environment, against which the Company is relatively well placed as a result of its highly efficient operating model and
(2) bad debt risk, which the Company manages through:
    (a) very high penetration of direct debit collections
    (b) the application of credit risk data to target risk reducing measures
    (c) close monitoring of customer account performance and strict processes for non-payment.

There were no key changes to this risk during the financial year.

Operational risk

Operational risk arises from a weakness or failure in a business's systems and controls. The Company utilises efficient and well-controlled processes in particular in respect of its IT system and associated security. The Company's Universal Agent operating model, where energy specialists do not specialise into specific areas of expertise provides the Company with increased flexibility and resilience to unforeseen challenges. The potential impact and likelihood of processes failing and operational risk materialising is assessed on a regular basis and aspects have been subject to external assessment. Where these likelihoods are felt to be outside of the Directors' appetite for risk, management actions and/or control improvements are identified in order to bring each potential risk back to within acceptable levels. Octopus also has a disaster recovery plan in place covering current business requirements.

There were no key changes to this risk during the financial year.

Covid risk

The Covid pandemic has existed during the entirety of this financial period but Octopus has not experienced material degradation in operating efficiency or in bad debt. The Company continues to monitor this closely.

In addition, the agile Kraken platform has afforded management real-time sight to payment performance and enabled early and varied interventions to manage potential payment stress. Overall, the business has experienced no material impact in terms of bad debts and the long contractual positions experienced by many commercial energy suppliers.

Future developments

The Directors expect the business to continue growing quickly during the forthcoming year as a result of further significant investment in the business, to drive efficiency, service quality and enhanced capability.

Directors' responsibilities statement

For the year ended 30 April 2021

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). 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed including FRS 102, 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 to 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.

Independent auditor's report

To the members of Octopus Energy Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 30 April 2021 and of its profit 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 balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 22.

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.

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 about their own identification and assessment of the risks of irregularities.

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, and 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. This includes the UK Electricity Act.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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 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.

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

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

Financial statements

Statement of comprehensive income

For the year ended 30 April 2021

	Notes	30 April 2021 £000s	30 April 2020 £000s
Turnover	5	**1,897,404**	1,206,115
Cost of sales		**(1,805,619)**	(1,151,158)
Gross profit		**91,785**	54,957
Administrative expenses	6	**(176,471)**	(102,867)
Operating loss		**(84,686)**	(47,910)
Interest payable to group entities	9	**(10,000)**	(7,679)
Income from sale of intangible asset	11	**113,459**	-
Profit/(loss) on ordinary activities before taxation	6	**18,773**	(55,589)
Tax credit on loss on ordinary activities	10	**6,189**	8,604
Profit/(loss) for the financial year		**24,962**	(46,985)

All amounts relate to continuing operations.

There is no other comprehensive income or loss and as such no separate statement of other comprehensive income or loss have been prepared.

The notes on pages 26 to 35 form part of these financial statements.

Balance sheet
At 30 April 2021

	Notes	2021 £000s	Restated 2020 £000s
Fixed assets			
Intangible fixed assets	11	**122,110**	82,472
Tangible fixed assets	12	**1,044**	735
Investments		**23**	23
		123,177	83,230
Current assets			
Debtors - due within one year	13	**325,802**	276,891*
Deferred tax asset	14	**5,945**	8,739
Cash at bank and in hand		**37,322**	16,255
		369,069	390,308
Creditors: amounts falling due within one year	15	**(556,276)**	(364,421)*
Net current liabilities		**(187,207)**	(62,535)
Total assets less current liabilities		**(64,030)**	20,695
Creditors: amounts falling due after more than one year	15	**-**	(110,656)
Net assets/(liabilities)		**(64,030)**	(89,961)
Capital and reserves			
Called-up share capital	16	**-**	-
Other reserves		**(969)**	-
Profit and loss account		**64,999**	89,961
Shareholders equity		**64,030**	89,961

* Prior year numbers have been restated to reflect the offset of customer balances, see note 13 for more details.

The financial statements of Octopus Energy Limited (registered number: 09263424) were approved by the Board of Directors and authorised for issue on 29 October 2021. They were signed on its behalf by:

S Jackson
Director

Registered office:
6th Floor,
33 Holborn,
London, EC1N 2HT

The notes on pages 26 to 35 form part of these financial statements.

Statement of changes in equity

For the year ended 30 April 2021

	Called-up share capital £000s	Share-based payment reserves £000s	Profit and loss account £000s	Total £000s
At 30 April 2019	**-**	**-**	**(42,976)**	**(42,976)**
Loss for the period	-	-	(46,985)	(46,985)
At 30 April 2020 and 1 May 2020	**-**	**-**	**(89,961)**	**(89,961)**
Employee share scheme options	-	969	-	969
Loss for the period	-	-	24,962	24,962
At 30 April 2021	**-**	**969**	**(64,999)**	**(64,030)**

The notes on pages 26 to 35 form part of these financial statements.

Notes to the financial statements

For the year ended 30 April 2021

1. Company information

Octopus Energy Limited ('the Company') is a private company, limited by shares, and incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements accounting and preparation of financial statements
These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis unless otherwise specified within these accounting policies.

The functional currency of the Company is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the Company operates.

2.2 Financial reporting standard 102 - reduced disclosure exemptions
The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions available to it in respect of its separate financial statements:

(a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
(b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);
(c) The requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
(d) The requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
(e) The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein;
(f) The requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of its parent company Octopus Capital Limited as at 30 April 2021, which may be obtained from the registered office Company Secretary, 6th Floor, 33 Holborn, London, EC1N 2HT.

2.3 Going concern
Notwithstanding net current liabilities of £187m as at 30 April 2021, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have assessed the liquidity of the business through a detailed going concern forecast including the acquisition of the Avro Energy customer book completed shortly before the signing of the financial statements and the associated financing of the hedge position required. There are significant peaks and troughs through the year with April generally the low point of the cashflow cycle. Reflecting the funding from shareholders received and contracted, along with available facilities and trading lines, this shows significant headroom through the period. The general approach to hedging expected supply requirements is set out on page 16 along with consideration of the Company's principal risks and uncertainties. The Directors actively considered downside sensitivities of cashflows from operations including that which would arise from cold winter in the context of the energy crisis.

The Directors have evaluated risks based on historic weather data, which is used to model a range of increased consumption that could arise from an unusual, sustained cold winter weather event. This is considered together with significant but correlated wholesale price increases on top of the currently high wholesale prices. This analysis is also combined with the impact of a high proportion of customers retained on standard variable tariffs and higher potential customer debt that could arise from both high energy prices and the ending of the Coronavirus Furlough scheme amongst other risks.

The Directors accordingly continue to monitor performance and sensitivity analyses closely and note that the Company is sufficiently well capitalised to withstand a range of compounded scenarios.

The Company has received a letter confirming ongoing financial support from its immediate parent company that underpins the going concern position. The immediate parent company, Octopus Energy Group Limited has received equity injections as well as access to financing through committed loans from banks and cash generated by other Group businesses. The bank loans are backed by investor guarantees. The business continues to actively consider further investments and additional working capital facilities though these are not assumed to arise to support the going concern assumption.

Therefore the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

3. Significant judgements and estimates

In the application of the Company's accounting policies, which are described below, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

Key source of estimation uncertainty — revenue recognition
Revenue includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the period end. This is calculated by reference to data received through third party settlement systems, together with estimates of consumption not yet processed through settlements and selling price estimates. These estimates are sensitive to the assumptions used in determining the portion of sales not billed and based on meter readings at the reporting date. Further details on accrued income can be found in Note 13.

Key source of estimation uncertainty — amortisation of acquisition costs
The current amortization period for acquisition customer costs in Intangibles is 3 years. Management will continue evaluating the appropriateness of the estimate used as the base of outcome data evolves. Further details on amortisation can be found in Note 11.

Key source of estimation uncertainty — bad debt provisioning
The Company's key bad debt risk relates to energy customer balances, which are mitigated by a very high penetration of direct debit collections, close monitoring of customer account performance and strict processes for non-payment.

In addition, management calculates a bad debt provision based on historic non-payment trends based on age of customer balances and uses these percentages to calculate the bad debt provision. This calculation is reviewed on a regular basis.

The Company also assess accrued income on a regular basis to estimate the recoverability of the customer balances and a provision recognised for the estimated balance that is unlikely to be recovered. This estimation is based on historical customer data. Further details on provisions can be found in Note 13.

4. Principal accounting policies

4.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Energy supply revenue is recognised on the basis of electricity and gas supplied during the period and is attributable to the supply of electricity and gas. This includes an estimate of the sales value of units and therms supplied to customers between the date of the last meter reading and the year-end. Any unbilled revenue is included in prepayments and accrued income to the extent that is it considered recoverable, based on historical data.

Notes to the financial statements (continued)

For the year ended 30 April 2021

4. Principal accounting policies (continued)

4.2 Cost of sale

Costs are recognised in line with revenue. Where actual invoices have not been received, the latest industry data is used to ensure accuracy.

4.3 Taxation

Current tax, including UK corporation tax and foreign 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.

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

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

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time that the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

4.4 Intangible fixed asset

Intangible assets consist of:

Internally developed software costs are included at cost to the extent that they can be recovered by future revenues and include both external purchases as well as employment cost of the development team. They are amortised over the useful economic life of the asset. Development costs have been capitalised in accordance with FRS 102 Section 18 "Intangible Assets other than Goodwill" and are therefore not treated, for dividend purposes, as a realised loss. Any expenditure incurred that does not relate to development of the final asset in use is expensed as incurred. There was no such expense in the current period. The amortisation is treated as an admin expense.

The asset will start to be amortised at the point it becomes available for use, over a period of 3 years in a straight-line basis. This is reviewed for impairment on an annual basis.

Capitalised acquisition costs relate to the direct cost of acquiring customers via the different acquisition channels including purchases from other suppliers

Acquisition Cost is included at cost where it can be directly attributed to a customer. The assets are amortised over a period of 3 years in a straight-line basis. "Other intangibles" do not have a period for amortisation and instead an impairment review is carried out every year.

4.5 Tangible fixed assets

Tangible fixed assets are stated at cost, net of any depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the costs or valuation, less estimated residual value, of each assets on a straight line basis over its useful economic value as follows:

Equipment: 3-5 years.

Residual value is calculated on prices prevailing at the date of acquisition.

4.6 Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the life of the lease.

4.7 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are discounted where the impact of discounting the expected future cash flows is material.

4.8 Pensions

The Company operates a defined contribution pension scheme for employees and the pension charge represents the amounts payable by the Company to the scheme in respect of the year. These costs are included as part of staff costs (see note 7) and pension (see note 19). Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

5. Turnover

Turnover is all generated by one segment, that of Energy Supply and in the UK, hence no segmental or geographical analysis is required. An analysis of the Company's turnover is set out below:

	2021 £000s	2020 £000s
Domestic	**1,866,295**	1,172,446
Commercial	**31,109**	33,669
	1,897,404	1,206,115

6. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2021 £000s	2020 £000s
Depreciation of tangible fixed assets (note 12)	**446**	274
Amortisation of intangibles (note 11)	**52,231**	30,021
Provision for doubtful debt	**53,043**	22,584
Legal and professional	**6,258**	4,401
Staff and consultancy costs	**31,564**	19,951
Marketing costs	**23,109**	13,213
General admin expenses	**6,603**	7,853
Audit fee	**500**	370
Business acquisitions	**1,181**	3,641
Operating lease rentals:		
- land and buildings	**1,536**	569
	176,471	102,867

The analysis of auditor's remuneration is as follows:

	2021 £000s	2020 £000s
Fees payable to the Company's auditor for the audit of the annual accounts	**500**	370
Total fees payable to the Company's auditor	**500**	370

The Company's auditor did not provide any non-audit services to the Company (2020: nil).

Notes to the financial statements (continued)

For the year ended 30 April 2021

7. Staff costs

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

	2021 Number	2020 Number
Administration and sales	**732**	433
	732	433

Their aggregate remuneration comprised:

	2021 £000s	2020 £000s
Wages and salaries	**20,676**	12,952
Social security costs	**2,757**	1,356
Other pension costs (see note 19)	**1,083**	498
	24,516	14,806

'Other pension costs' includes those items included within administrative expenses.

The Company has capitalised £nil (2020: £568k) of salary and £nil (2020: £93k) of Social security costs as part of intangible assets.

8. Directors' remuneration and transactions

Directors' remuneration

	2021 £000s	2020 £000s
Emoluments	**322**	382
Company contributions to defined contribution pension schemes	**16**	19
	338	401

Directors' remuneration is included in Note 7 (Staff costs).

Remuneration of the highest paid Director

	2021 £000s	2020 £000s
Emoluments	**161**	159
Company contributions to defined contribution pension schemes	**8**	8
	169	156

At the balance sheet date retirement benefits were accruing to 2 Directors (2020: 3) in respect of defined contribution pension schemes. One Director is remunerated by another Group company and the remaining Directors are employed by the Company's shareholders and do not specifically receive any remuneration in respect of the Company.

9. Interest payable and similar charges

	2021 £000s	2020 £000s
Loan interest	**10,000**	7,679

10. Tax on profit on ordinary activities

The tax charge/(credit) comprises:

	2021 £000s	2020 £000s
Current tax (see note below)		
UK corporation tax	-	-
Adjustments in respect of previous periods	**(8,983)**	267
Total current tax credit	**(8,983)**	267
Deferred tax		
Origination and reversal of timing differences	**(5,135)**	(8,822)
Rate change	-	9
Adjustments in respect of previous periods	**7,929**	(58)
Total deferred tax in the year (see note 14)	**2,794**	(8,871)
Total tax recognised in Statement of Comprehensive Income	**(6,189)**	(8,604)

Deferred tax has been calculated at 19% at 30 April 2021 which was the rate enacted at the balance sheet date. An increase in the UK corporation rate from 19% to 25% (effective from April 2023) was announced in the 2021 Budget. However as this rate has not been substantially enacted at the balance sheet date, it is not reflected in the deferred tax balances.

Factors affecting tax credit for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2021 £000s	2020 £000s
(Profit)/loss on ordinary activities before tax	**(18,773)**	55,589
Credit on loss on ordinary activities at blended UK corporation tax rate of 19% (2020: 19%)	**3,567**	(10,562)
Effects of:		
Disallowed expenses and non-taxable income	**(21,575)**	1,740
Adjustments in respect of previous periods	**(1,054)**	209
Change in rate from DT to CT	-	9
Group relief received for NIL payment	**12,873**	-
Tax credit for the year	**(6,189)**	(8,604)

The standard rate of tax applied to the reported profit on ordinary activities is 19% (2020: 19%).

Notes to the financial statements (continued)

For the year ended 30 April 2021

11. Intangible assets

	Software £000s	Customer acquisition £000s	Total £000s
Cost			
At 30 April 2020	5,140	118,481	**123,621**
Additions	606	92,740	**93,347**
Disposals	(5,200)	-	**(5,200)**
At 30 April 2021	546	211,221	**211,767**
Amortisation			
At 30 April 2020	(2,750)	(38,400)	**(41,150)**
Charge for the year	(1,170)	(51,061)	**(52,231)**
Disposals	3,723	-	**3,723**
At 30 April 2021	(197)	(89,461)	**(89,658)**
Net book value			
At 30 April 2020	2,391	80,081	**82,472**
At 30 April 2021	349	121,761	**122,110**

Disposals relate to the intra-group sale of the Kraken software from Octopus Energy Limited to Kraken Technologies Limited (an entity in the Octopus Energy Group) for £115m.

12. Tangible fixed assets

	Equipment £000s	Total £000s
Cost		
At 30 April 2020	1,196	**1,196**
Additions	754	**754**
At 30 April 2021	1,950	**1,950**
Depreciation		
At 30 April 2020	(460)	**(460)**
Charge for the year	(446)	**(446)**
At 30 April 2021	(906)	**(906)**
Net book value		
At 30 April 2020	735	**735**
At 30 April 2021	1,044	**1,044**

13. Debtors

	2021 £000s	Restated 2020 £000s
Amounts falling due within one year:		
Trade debtors	**192,914**	153,242
Provision for doubtful debt	**(66,100)**	(47,715)
Amounts owed by group undertakings	**11,230**	1,782
Other debtors	**397**	3,010
Prepayments	**65,792**	50,079
Accrued income	**121,569**	116,493*
	325,802	276,891

* While preparing the financial statements for the year ended 30 April 2021, management noticed that the prior year customer balances of accrued income were not fully net off against deferred income. This has been retrospectively adjusted in the current year accounts, decreasing accrued income and deferred income by £88,422k. This has no impact on profit or net assets for the year ended 30 April 2020.

Prepaid expenses include £54.4m (2020: £47.4m) of cash held by Industry parties such as network operators. During lower consumption periods some of this cash will be released.

14. Deferred taxation

	2021 £000s	2020 £000s
At beginning of year	**8,739**	(132)
Recognised during year	**(2,794)**	8,871
Adjustment in respect of prior years	**-**	-
At end of year	**5,945**	8,739

The deferred taxation balance is made up as follows:

	2021 £000s	2020 £000s
Accelerated capital allowances	**1,857**	32
Other timing differences	**170**	10
Losses	**3,942**	8,660
Intangible asset	**(35)**	-
RDEC	**11**	37
At end of year	**5,945**	8,739

Notes to the financial statements (continued)

For the year ended 30 April 2021

15. Creditors

	2021 £000s	Restated 2020 £000s
Amounts falling due within one year:		
Trade creditors	**31,227**	32,106
Taxation and social security	**-**	3,056
Other creditors	**121,837**	106,861
Amount owed to group undertaking	**52,555**	2,024
Accruals and deferred income	**350,657**	220,373*
	556,276	364,421

	2021 £000s	2020 £000s
Amounts falling due after more than one year:		
Amounts owed to group undertakings	**-**	110,656

* While preparing the financial statements for the year ended 30 April 2021, management noticed that the prior year customer balances of accrued income were not fully net off against deferred income. This has been retrospectively adjusted in the current year accounts, decreasing accrued income and deferred income by £88,422k. This has no impact on profit or net assets for the year ended 30 April 2020.

Amounts owed to group undertakings include intercompany loans due to Octopus Capital Limited £nil (2020: £89,256k) and Octopus Energy Group Limited £nil (2020: £21,400k).

16. Called-up share capital

	2021 £s	2020 £s
Allotted, called-up and fully-paid		
1 Ordinary shares of £1 each	**1**	1

The Company did not issue any Ordinary shares during the year (2020: £1).

17. Financial commitments

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

	2021 £000s	2020 £000s
Expiry date:		
Within 1 year	**2,411**	569
Between 2 and 5 years	**3,376**	5,753
After 5 years	**2,815**	3,420
	8,602	9,744

18. Share based payments

The Company's employees have been granted share options by the parent company, Octopus Energy Group Limited. The Company makes use of the exemption in Section 26 of FRS 102 to account for the expense. This is based on a reasonable allocation of the parent Company's total expense, considering where each individuals' employment contract is held. The Company has calculated its expense based on the number of share options granted and the estimated vesting over 48 months, adjusted for annual attrition rates.

19. Retirement benefit schemes

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company under the control of trustees. Contributions accrue to the scheme for qualifying employees during the dates of their contracts of employment.

Contributions are usually made as a percentage of an individual employee's gross annual salary. The total costs charged to the Statement of Comprehensive Income of £1,083k (2020: £498k) represents contributions payable to the scheme by the Company.

20. Ultimate parent undertaking and controlling party

The immediate parent Company and controlling party is Octopus Energy Group Ltd, a Company incorporated in the United Kingdom and registered in England and Wales.

The ultimate parent Company is Octopus Capital Limited, a Company incorporated in the United Kingdom and registered in England and Wales.

Copies of these financial statements can be obtained from the registered office Company Secretary, Octopus Energy Group Limited, 6th Floor, 33 Holborn, London, EC1N 2HT.

21. Related party transactions

The largest group in which the results of the Company are consolidated is that headed by Octopus Capital Limited, 6th Floor, 33 Holborn, London, EC1N 2HT. The smallest group in which they are consolidated is that headed by Octopus Energy Group Limited, 6th Floor 33 Holborn, London, England, EC1N 2HT. Copies of Octopus Capital Limited consolidated financial statements can be obtained from the Company Secretary, 6th Floor 33 Holborn, London, England, EC1N 2HT.

The Company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose related party transactions with other wholly owned members of the group. In accordance with FRS102 the Company is exempt from disclosing transactions with subsidiaries that are wholly-owned by the group.

As at 30 April 2021, the Company owed £nil (2020: £89,256k) to Octopus Capital Limited, in addition to £48,751k (2020: £21,400k) to Octopus Energy Group Limited.

22. Subsequent events

Since 30 April 2021, the business has agreed to acquire the customer book of Avro Energy through the Supplier of Last Resort process with the Energy Regulator, Ofgem. This will add around 580,000 customers to Octopus Energy Limited's customer book. All customers will be migrated into the Octopus Energy business.

Other than those already listed, the Directors are not aware of any further matters or circumstances that have significantly affected or may significantly affect the Company.

Statutory Company information

Directors
G Jackson
S Jackson
J Eddison
C Hulatt
S Rogerson
J Briskin

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