Company Registration No. SC301188 (Scotland)

SPARK ENERGY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2013

SPARK ENERGY LIMITED

DIRECTORS AND ADVISERS

Directors	Sir Timothy Noble (Chairman) Peter Darling Christopher Fletcher Chris Gauld Nicholas Leeming James Paget Hamish Osborn (Appointed 27 June 2013)
Secretary	MBM Secretarial Services Limited
Registered office	5th Floor 125 Princes Street Edinburgh EH2 4AD
Registered auditors	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE

SPARK ENERGY LIMITED

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SPARK ENERGY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2013

The directors present their report and financial statements for the year ended 30 June 2013. These accounts were approved at a meeting of the board on 15 January 2014.

Principal activities and review of the business
The principal activity of the group is that of energy supply through its two licensed subsidiaries.

Group turnover increased by 126% to £40.73 million (2012: £18 million) and gross margin increased from £5.04 million to £10.88 million. Profit for the year was £0.3 million, an improvement of £3.5 million. This significant improvement was driven through a combination of continued customer growth and continued bad debt improvements off the back of our customer experience focus.

The customer base of properties supplied doubled during the year ended 30 June 2013. This was driven through continued growth of our existing relationships with the UK's largest letting agencies, supplemented with new business lines such as the Spark Advance tariff (the UK's lowest utility tariff).

To support this high level of growth and to provide the foundation for future forecast customer growth, the directors have continued investment in the group's operational and IT infrastructure. This has seen incremental improvement in the bad debt expense. The bad debt provision as a percentage of turnover fell from 19% to 11%.

The rollout of smart meters to every property remains a long term aim for the group. There has been little progress during the year as installation continues to be delayed by the lack of availability of mainstream financing to fund such a rollout. This delay is due to the uncertainty over the exact specification of the smart meter itself, a matter which is currently the subject of government consultation, the results of which have taken much longer than the one year which the government originally suggested in 2010.

The lack of any significant movement in smart meter installation is another reason for the directors' decision to invest in the group infrastructure and operating methods, to ensure the group can operate as effectively as possible in the absence, for the time being, of any smart solution.

Future developments
The group's financial performance in the current year is expected, at this stage, to show a growth in profit. Customer numbers have continued to grow.

The completion of major systems upgrades in the next 12 months will allow the directors to continue this customer growth with low additional indirect cost, and continuing efforts with retail customers are expected to reduce the impact of growth on working capital requirements. Meanwhile the improved systems and operating methods will enable the directors to continue to bring down the bad debt levels.

The company is currently working with Ofgem to confirm the status of its compliance with various licence obligations.

Principal Risks and uncertainties
The principal risks and uncertainties affecting the group are:

- Volatility in the wholesale price of gas and electricity;
- bad debt risk;
- growing the customer base;
- operational risks; and
- the availability of finance (going concern).

The group aims to manage the supply price volatility risk by securing gas and electricity, where possible, under forward contracts, although this requires cash deposits and puts pressure on financial resources. Bad debt risk is principally managed through a sales acquisition strategy designed to encourage rental customers to take up direct debit plans. In the long term we aim to utilise smart meters once the government consultation is at a stage which permits finance to be obtained. The group manages risks to growth by offering a high quality tailored service to customers and partner organsiations at suitable prices and of a quality which aims to be superior to that of competitors. Operational risks are managed through improving systems and controls and monitoring operations against key performance indicators including those set out below.

Subsequent to the year end the company raised further equity. In addition, since the year end, a supplier finance agreement has been concluded with Morgan Stanley Capital Group Inc, further details of which are included at note 21. This agreement enables credit to be taken for energy supplies and more closely matches such costs with related customer revenue during the year, particularly during seasonal winter peaks.

There are uncertainties inherent in the future cashflow projections, the most significant of which are detailed in note 1.1.

For the reasons detailed in note 1.1, the directors are satisfied that it remains appropriate to prepare the accounts on a going concern basis.

Key performance indicators
The directors have a number of key performance indicators that are produced and monitored on a regular basis. The key metrics include details of customer acquisition numbers, the percentage of customers paying by direct debit or prepayment, the level of bad debt expense as a percentage of turnover, the percentage of meter reads obtained, and the number and percentage of customer complaints.

All of these indicators have seen improvement since the financial year end.

Results and dividends
The consolidated profit and loss account for the year is set out on page 7.

Directors
The following directors have held office since 1 July 2012:

Sir Timothy Noble (Chairman)	
Peter Darling	
Christopher Fletcher	
Chris Gauld	
Nicholas Leeming	
James Paget	
Christopher Trigg	(Resigned 24 July 2012)
Hamish Osborn	(Appointed 27 June 2013)

Directors' interests
The directors' interests in the shares of the company were as stated below:

	Ordinary 'A' Shares of 0.01p each 30 June 2013
Sir Timothy Noble	-
Christopher Fletcher	367,670
Chris Gauld	17,866
Nicholas Leeming	170,090
James Paget	350,000
Hamish Osborn	-

	Ordinary 'B' Shares of 0.005p each 30 June 2013
Peter Darling	678,847

	Ordinary 'C' Shares of 0.005p each 30 June 2013
Peter Darling	678,847

In May 2013 Sir Timothy Noble transferred his entire holding of 720,000 Ordinary A shares to his three children.

In addition, a number of directors hold share options as detailed in note 14.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SPARK ENERGY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2013

Statement of disclosure to auditors

The directors confirm that;

(a) so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and

(b) the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

By order of the board

Director

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MBM Secretarial Services Limited

Secretary

15/1/14

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SPARK ENERGY LIMITED

We have audited the financial statements of Spark Energy Limited for the year ended 30 June 2013 set out on pages 7 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accoutning Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, included in the Directors' Report set out on pages 1 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1.1 to the financial statements concerning the group's ability to continue as a going concern. The group recorded a net profit of £337,469 for the year ended 30 June 2013, however at that date the group's liabilities exceeded its assets by £1,796,595. These conditions, along with other matters explained in note 1.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

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

SPARK ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF SPARK ENERGY LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Johnston Carmichael LLP

David Holmes (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

20 January 2014

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

SPARK ENERGY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 £	2012 £
Turnover	2	40,739,201	18,003,072
Other operating income	3	38,931	23,642
		40,778,132	18,026,714
Purchases and other consumables		(18,547,266)	(7,789,961)
Other external charges		(11,351,788)	(5,194,647)
		(29,899,054)	(12,984,608)
Gross profit		10,879,078	5,042,106
Staff costs		(3,014,119)	(2,393,789)
Depreciation and amortisation		(118,177)	(116,941)
Other operating charges		(2,424,274)	(1,893,262)
Bad debt charge	3	(4,450,014)	(3,347,732)
		(10,006,584)	(7,751,724)
Operating profit/(loss)	3	872,494	(2,709,618)
Profit/(loss) on ordinary activities before interest		872,494	(2,709,618)
Interest receivable and similar income		80	-
Interest payable and similar charges	4	(535,105)	(556,182)
Profit/(loss) on ordinary activities before taxation		337,469	(3,265,800)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) on ordinary activities after taxation		337,469	(3,265,800)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

SPARK ENERGY LIMITED

BALANCE SHEETS

AS AT 30 JUNE 2013

	Notes	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Assets					
Fixed assets					
Intangible assets	7	-	33,333	-	33,333
Tangible assets	8	570,472	120,200	107,136	69,200
Investments	9	-	-	5,000	5,000
		570,472	153,533	112,136	107,533
Current assets					
Debtors	10	12,674,504	4,500,794	22,034,331	8,822,079
Investments	11	-	239,422	-	-
Cash at bank and in hand		1,649,538	499,896	1,649,538	498,828
		14,324,042	5,240,112	23,683,869	9,320,907
Total assets		14,894,514	5,393,645	23,796,005	9,428,440
Liabilities					
Creditors: amounts falling due within one year	12	15,504,351	9,150,362	23,350,889	12,769,039
Creditors: amounts falling due after more than one year	13	1,186,758	226,652	1,186,758	226,652
Total liabilities		16,691,109	9,377,014	24,537,647	12,995,691
Capital and reserves					
Called up share capital	14	1,211	933	1,211	933
Share premium account	15	11,509,544	9,660,517	11,509,544	9,660,517
Profit and loss account	15	(13,307,350)	(13,644,819)	(12,252,397)	(13,228,701)
Shareholders' funds	16	(1,796,595)	(3,983,369)	(741,642)	(3,567,251)
Total Equity & Liabilities		14,894,514	5,393,645	23,796,005	9,428,440

Approved by the Board and authorised for issue on 15 January 2014

Sir Timothy Noble (Chairman)
Director

Hamish Osborn
Director

Company Registration No. SC301188

SPARK ENERGY LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

		2013		2012
	£	£	£	£
Net cash outflow from operating activities		(531,343)		(2,406,611)
Returns on investments and servicing of finance				
Interest received	80		-	
Interest paid	(51,770)		(156,734)	
Net cash outflow for returns on investments and servicing of finance		(51,690)		(156,734)
Capital expenditure				
Tangible assets and software development costs	(535,116)		(29,799)	
Net cash outflow for capital expenditure		(535,116)		(29,799)
Net cash outflow before management of liquid resources and financing		(1,118,149)		(2,593,144)
Management of liquid resources				
Current asset investments	239,422		589,704	
		239,422		589,704
Financing				
Issue of ordinary share capital	1,946,081		2,875,110	
Cost of share issue	(96,776)		(26,120)	
Other loans and debt issued in year	315,000		40,000	
Other loans and debt repaid in year	(128,571)		(490,654)	
Capital element of hire purchase contracts	(7,365)		-	
Net cash inflow from financing		2,028,369		2,398,336
Increase in cash in the year		1,149,642		394,896

SPARK ENERGY LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

1	**Reconciliation of operating profit/(loss) to net cash outflow from operating activities**	**2013**	**2012**
		£	**£**
	Operating profit/(loss)	872,494	(2,709,618)
	Depreciation of tangible assets	84,844	66,941
	Amortisation of intangible assets	33,333	50,000
	Increase in debtors	(8,173,710)	(1,243,241)
	Increase in creditors in the year	6,651,696	1,429,307
	Net cash outflow from operating activities	(531,343)	(2,406,611)

2	**Analysis of net debt**	**1 July 2012**	**Cash flow**	**Other non-cash changes**	**30 June 2013**
		£	**£**	**£**	**£**
	Net cash:				
	Cash at bank and in hand	499,896	1,149,642	-	1,649,538
	Liquid resources:				
	Current asset investments	239,422	(239,422)	-	-
	Finance leases	(8,963)	7,365	-	(1,598)
	Loans falling due within one year	(3,293,665)	(186,428)	495,641	(2,984,452)
	Loans falling due after one year	(222,332)	-	(964,426)	(1,186,758)
		(3,524,960)	(179,063)	(468,785)	(4,172,808)
	Net debt	(2,785,642)	731,157	(468,785)	(2,523,270)

3	**Reconciliation of net cash flow to movement in net debt**	**2013**	**2012**
		£	**£**
	Increase in cash in the year	1,149,642	394,896
	Cash (inflow) from decrease in liquid resources	(239,422)	(589,704)
	Cash (inflow)/outflow from (increase)/decrease in debt	(179,063)	450,654
	Other non cash movement	(468,785)	(412,507)
	Movement in net debt in the year	262,372	(156,661)
	Opening net debt	(2,785,642)	(2,628,981)
	Closing net debt	(2,523,270)	(2,785,642)

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

Going Concern

The group earned a profit of £0.3 million for the year ended 30 June 2013 and had net liabilities of £1.79 million at that date, including £4.2 million owed to certain shareholders.

While the availability of traditional forms of short term lending, such as bank financing, remains difficult, since 30 June 2013 the group has concluded discussions with a supplier to provide access to working capital, including the critical winter period. These arrangements are further described in note 21.

Based on currently agreed funding the group's ability to continue as a going concern is dependent upon its ability to meet its cash flow projections. Whilst actual results and cash flows for the year to date are broadly in line with projections, there are uncertainties with regard to the assumptions used to prepare future projections, the most significant of which are as follows:

- Customer numbers. The group projects there will be a net increase in customer numbers over the next 12 months in line with previous trends.

- The cost of energy and margins. The group has entered into forward hedge deals to forward purchase its base requirements.

- Cash collection. The projections assume significant reductions in the proportion of customers paying by cash or cheque and increases in customers paying by direct debit, smart meter or prepayment meter in line with existing trends.

- Shareholder lending. The projections assume that a significant proportion of the unsecured shareholder lending will be rolled over until summer 2014. Whilst written commitments to this effect do not cover all such borrowings, the directors believe it is a realistic assumption based on previous experience and ongoing discussions with the lenders.

The directors are satisfied that on the basis of the above assumptions the group will have sufficient resources to enable the group to meet its liabilities as they fall due for at least 12 months from the date of signing these financial statements. The directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

1 Accounting policies **(continued)**

1.2 Critical estimates and judgements

In the process of applying the group's accounting policies, management has to make judgements and estimates that have a significant effect on the amounts recognised in these financial statements. These estimates and judgements are re-evaluated periodically and are based on historical experience and information available up to the date of signing the accounts. The key estimates and judgements made by the directors are in respect of revenue recognition and trade debtor provisioning.

Revenue Recognition

During the year the company changed its methodology for revenue recognition. Revenue recognised for the supply of electricity and gas was previously based on industry estimates of the quantity of units used. During the year, the value of actual units billed to customers from the Company's billing system, together with an estimate of the value of units unbilled, was used. These units were reconciled to those charged by the industry.

Trade debtor provisioning

Provisions against trade receivables are recognised where a loss is probable. This is assessed on the basis of the ageing of the receivables and the historic payment profile by tariff.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.4 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2013. Intra-group sales and profits are eliminated fully on consolidation.

1.5 Turnover

Turnover comprises the sale value of energy supplied to customers during the year exclusive of VAT and includes an estimate of the value of units supplied to properties between the date of the last meter reading and the year end.

1.6 Accreditation costs

The costs of obtaining accreditation from the Office of Gas and Electricity Markets ("Ofgem") have been capitalised. Accreditation costs are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost of accreditation in equal instalments over its estimated useful life of 5 years.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Cost includes own staff time. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment & related software	Over 2 and 5 years
Fixtures, fittings & equipment	Over 5 years

Assets under construction are depreciated once the asset is fully implemented in to use in the business.

1 Accounting policies **(continued)**

1.8 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.
Current asset investments relate to purchased Renewable Obligation Certifcates (ROCs) and are stated at the lower of cost and net realisable value.

1.10 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

1.11 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.12 Financial instruments

The company uses derivative financial instruments to hedge its exposure to changes in market prices arising from energy purchases.

Forward contracts to purchase energy are accounted for on an accruals basis at cost, with gains and losses recorded in the profit and loss account in the period in which the supply of power occurs.

1.13 Bonds and convertible loan notes

Bonds and convertible loan notes are presented as liabilities on the balance sheet, measured initially at their issue cost.

1.14 Deferred commission

Amounts paid to switching engine websites in respect of new customers are deferred over the minimum expected period the customer will remain with Spark. Deferred commissions are included within prepayments.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	**Operating profit/(loss)**	**2013**	**2012**
		£	**£**
	Operating profit/(loss) is stated after charging:		
	Amortisation of intangible assets	33,333	50,000
	Depreciation of tangible assets	84,844	66,941
	Operating lease rentals	126,848	98,108
	Audit of the financial statements (Company £8,800; 2012: £7,500)	36,100	36,000
	Other fees to auditors	24,245	9,900
	and after crediting:		
	Government grants	38,931	23,642

The group has increased its provision against bad debt (including adjustments to revenue estimates), estimated supplies to property and unbilled energy by £4,450,014 (2012 - £3,347,732) at 30 June 2013 in respect of outstanding customer debtor balances at the year end.

4	**Interest payable**	**2013**	**2012**
		£	**£**
	On bank loans and overdrafts	32,895	31,025
	Other interest	502,210	525,157
		535,105	556,182

5 Taxation

	2013	2012
	£	£
Total current tax	-	-
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	337,469	(3,265,800)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.75% (2012 - 20.00%)	80,152	(653,160)
Effects of:		
Non deductible expenses	4,438	11,694
Capital allowances in excess of depreciation	(44,571)	6,155
(Utilised) / unrelieved tax losses	(40,549)	638,827
Other permanent timing differences	530	-
	(80,152)	653,160
Current tax charge for the year	-	-

The group has not recognised a potential deferred tax asset of £2,626,673 (2012: £2,698,335) arising on surplus losses within the group, in accordance with the accounting policy set out in Note 1.10.

6 Profit/(loss) for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit/(loss) for the financial year is made up as follows:

	2013	2012
	£	£
Holding company's profit/(loss) for the financial year	976,304	(3,908,110)

7 Intangible fixed assets

Group and company

	Accreditation costs £
Cost	
At 1 July 2012 & at 30 June 2013	237,500
Amortisation	
At 1 July 2012	204,167
Charge for the year	33,333
At 30 June 2013	237,500
Net book value	
At 30 June 2013	-
At 30 June 2012	33,333

The group and company have capitalised costs incurred in gaining accreditation with the Office of Gas and Electricity Markets and is amortised over a period of 5 years.

8 Tangible fixed assets

Group

	Computer equipment & related software	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 July 2012	262,558	55,965	318,523
Additions	495,508	39,608	535,116
At 30 June 2013	758,066	95,573	853,639
Depreciation			
At 1 July 2012	168,920	29,403	198,323
Charge for the year	69,149	15,695	84,844
At 30 June 2013	238,069	45,098	283,167
Net book value			
At 30 June 2013	519,997	50,475	570,472
At 30 June 2012	93,638	26,562	120,200

Included above are assets held under finance leases or hire purchase contracts as follows:

	Computer equipment & related software	Fixtures, fittings & equipment	Total
	£	£	£
Net book values			
At 30 June 2013	974	-	974
At 30 June 2012	7,425	-	7,425
Depreciation charge for the year			
30 June 2013	6,451	-	6,451
30 June 2012	5,634	-	5,634

Included within the cost of computer equipment and related software, above, is £565,336 of costs in relation to the development of IT systems. Included within tangible fixed assets is £437,386 (2012: £Nil) of software development costs that have not been depreciated due to the IT systems being under development at the year end.

Tangible fixed assets

Company

	Computer equipment & related software	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 July 2012	135,058	55,965	191,023
Additions	57,672	39,608	97,280
At 30 June 2013	192,730	95,573	288,303
Depreciation			
At 1 July 2012	92,420	29,403	121,823
Charge for the year	43,649	15,695	59,344
At 30 June 2013	136,069	45,098	181,167
Net book value			
At 30 June 2013	56,661	50,475	107,136
At 30 June 2012	42,638	26,562	69,200

Included above are assets held under finance leases or hire purchase contracts as follows:

	Computer equipment & related software	Fixtures, fittings & equipment	Total
	£	£	£
Net book values			
At 30 June 2013	974	-	974
At 30 June 2012	7,425	-	7,425
Depreciation charge for the year			
30 June 2013	6,451	-	6,451
30 June 2012	5,634	-	5,634

9 Fixed asset investments

Company

	Shares in group undertakings
	£
Cost	
At 1 July 2012 & at 30 June 2013	5,000
Net book value	
At 30 June 2013	5,000
At 30 June 2012	5,000

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%
The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Spark Energy Supply Limited	England	Ordinary	100
Spark Gas Shipping Limited	England	Ordinary	100
Spark Generation	England	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Spark Energy Supply Limited	Energy supply
Spark Gas Shipping Limited	Distribution of gaseous fuels
Spark Generation	Dormant

10 Debtors

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Trade debtors	9,379,303	3,737,984	-	-
Amounts owed by group undertakings	-	-	21,885,372	8,741,603
Other debtors	2,429,122	613,709	99,307	8,603
Prepayments and accrued income	866,079	149,101	49,652	71,873
	12,674,504	4,500,794	22,034,331	8,822,079

Trade debtors are shown net of provisions (see note 3).

11 Current asset investments

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Renewable Obligation Certificates	-	239,422	-	-

Renewable Obligation Certificates are purchased from renewable generation sites. There is a delay between the date of acquisition and the earliest date on which such certificates may be sold, during which the market value of certificates may change.

12 Creditors : amounts falling due within one year

	Group		Company	
	2013	**2012**	**2013**	**2012**
	£	**£**	**£**	**£**
Bank loans and overdrafts	-	88,571	-	88,571
Net obligations under finance lease and hire purchase contracts	1,598	4,643	1,598	4,643
Trade creditors	3,461,972	2,394,016	574,371	535,425
Amounts owed to group undertakings	-	-	19,281,670	7,285,713
Taxes and social security costs	465,914	69,355	315,582	1,375,070
Other loans	2,984,452	3,205,094	2,984,452	3,205,094
Customer advances	4,613,978	715,050	-	-
Accruals	3,976,437	2,673,633	193,216	274,523
	15,504,351	9,150,362	23,350,889	12,769,039

A floating charge is in place over the company's assets in respect of security held in relation to the group's bank and other loans, amounting to £1,322,162 (2012: £1,157,462). Included in other loans are directors' loans amounting to £1,698,531 (2012: £1,511,458) which are further analysed at note 23.

13 Creditors : amounts falling due after more than one year

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Other loans	1,186,758	222,332	1,186,758	222,332
Net obligations under finance leases and hire purchase agreements	-	4,320	-	4,320
	1,186,758	226,652	1,186,758	226,652

	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Analysis of loans				
Not wholly repayable within five years by instalments:				
Wholly repayable within five years	4,171,210	3,515,997	4,171,210	3,515,997
Included in current liabilities	(2,984,452)	(3,293,665)	(2,984,452)	(3,293,665)
	1,186,758	222,332	1,186,758	222,332
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	1,598	4,643	1,598	4,643
Repayable between one and five years	-	4,320	-	4,320
	1,598	8,963	1,598	8,963
Included in liabilities falling due within one year	(1,598)	(4,643)	(1,598)	(4,643)
	-	4,320	-	4,320

13 Creditors : amounts falling due after more than one year **(continued)**

Loan terms

The current amounts outstanding on loans are repayable as follows:

SFLGS Loan - balance of £Nil (2012: £41,667) outstanding at the year end.

SEBSED Loan - balance of £Nil (2012: £11,841) outstanding at the year end.

EFGS Loan - balance of £Nil (2012: £35,063) outstanding at the year end.

During the year, no conversions of debt took place. Convertible loan stock with a balance of £658,455 (2012: £579,376) is either redeemable in cash or convertible to Ordinary share capital of the company, at a date 1-2 years from issue. Interest on all loan stock in issue is in the range of 5-20% per annum.

During the year the company issued 8, two-year, Corporate Energy Bonds of £5,000 each to investors at par value. At the year end a total of 73 bonds were in issue. The conditions attached to these bonds are as follows:

- 6 percent fixed rate of interest over the life of the bond
- Interest paid quarterly in arrears
- Free power and gas for a 2 year period (up to a limit of £1,000 per bond)
- Option to convert certain of the bonds into shares at a 10 percent discount.

14 Share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
11,432,007 Ordinary 'A' shares of £0.0001 each	1,143	865
678,847 Ordinary 'B' shares of £0.00005 each	34	34
678,847 Ordinary 'C' shares of £0.00005 each	34	34
	1,211	933

During the year the company issued 2,780,115 Ordinary 'A' shares of £0.0001 each to investors at £0.70 per share. The total cash consideration for these shares was £1,849,305 (net of issue costs of £96,776).

Following shareholder approval, the company has granted options in respect of Ordinary 'A' shares of £0.0001 each at various prices as detailed below:

Option price (£)	Excerisable between	Opening	Granted	Exercised	Forfeited	Closing
0.01	30/09/09 - 30/09/19	20,000	-	-	-	20,000
0.70	26/04/12 - 31/10/18	4,482	-	-	-	4,482
1.05	10/11/08 - 28/07/18	128,407	-	-	(94,393)	34,014
1.33	26/04/12 - 24/11/17	1,104	-	-	-	1,104
1.40	31/01/11 - 30/11/17	92,922	-	-	-	92,922
1.60	01/01/11 - 20/12/17	69,000	66,000	-	-	135,000
1.75	10/02/10 - 10/02/20	49,614	-	-	-	49,614
2.00	01/10/09 - 22/03/17	90,650	-	-	-	90,650
		456,179	66,000	-	(94,393)	427,786

Director share options:

Director	Exercise price range	Opening	Granted	Exercised	Assigned	Closing
Sir Timothy Noble	1.60	8,000	-	-	-	8,000
Christopher Fletcher	1.40 - 2.00	66,500	-	-	-	66,500
Chris Gauld	1.05	34,014	-	-	-	34,014
Nicholas Leeming	1.60 - 2.00	11,000	-	-	-	11,000
		119,514	-	-	-	119,514

14 Share capital **(continued)**

Options granted to external investors, directors and key employees have the following conditions attached:

Condition 1 - options issued to executive directors and key employees are conditional on the recipient continuing to be an eligible employee of the company or upon ceasing to be an employee, immediately exercising the options.

Condition 2 - options issued to directors and key employees whereby 25% of the total option shall vest on each anniversary starting from 1 January 2010 (16,000 options), 1 January 2011 (53,000 options) or 1 January 2013 (66,000 options). Options can only be exercised if the share value is deemed to be in excess of £3.50 (66,000 options) or £5.40 (69,000 options). Also Condition 1 requires to be met.

Condition 3 - no current vesting conditions.

Option split per vesting condition:

	Option price (£)	Opening	Granted	Exercised	Forfeited	Closing
Condition 1	1.05	119,048	-	-	(85,034)	34,014
		119,048	-	-	(85,034)	34,014
Condition 2	1.60	69,000	66,000	-	-	135,000
		69,000	66,000	-	-	135,000
Condition 3	0.01	20,000	-	-	-	20,000
	0.70	4,482	-	-	-	4,482
	1.05	9,359	-	-	(9,359)	-
	1.33	1,104	-	-	-	1,104
	1.40	92,922	-	-	-	92,922
	1.75	49,614	-	-	-	49,614
	2.00	90,650	-	-	-	90,650
		268,131	-	-	(9,359)	258,772
		456,179	66,000	-	(94,393)	**427,786**

14 Share capital **(continued)**

Under Financial Reporting Standard 20: Share Based Payments ("FRS20"), companies are required to estimate the fair value of share options granted and to recognise this fair value annually as a cost in the profit and loss account, over the life of the options.

Accordingly, the fair value of the company's share options has been estimated using an option pricing model. Based on the assumptions used the expense to be recognised in the profit and loss account at the period end is immaterial.

Adoption of accounting standards is not mandatory where the transaction balances to which they relate are not material. On this basis, the directors have decided not to adopt FRS 20 for these accounts.

15 Statement of movements on reserves

Group

	Share premium account	Profit and loss account
	£	£
Balance at 1 July 2012	9,660,517	(13,644,819)
Profit for the year	-	337,469
Premium on shares issued during the year	1,849,027	-
Balance at 30 June 2013	11,509,544	(13,307,350)

Company

	Share premium account	Profit and loss account
	£	£
Balance at 1 July 2012	9,660,517	(13,228,701)
Profit for the year	-	976,304
Premium on shares issued during the year	1,849,027	-
Balance at 30 June 2013	11,509,544	(12,252,397)

16 Reconciliation of movements in shareholders' funds

Group	2013 £	2012 £
Profit/(Loss) for the financial year	337,469	(3,265,800)
Proceeds from issue of shares	1,946,081	2,875,110
Cost of share issue written off to share premium account	(96,776)	(26,120)
Net addition to/(depletion in) shareholders' funds	2,186,774	(416,810)
Opening shareholders' funds	(3,983,369)	(3,566,559)
Closing shareholders' funds	(1,796,595)	(3,983,369)

Company	2013 £	2012 £
Profit/(Loss) for the financial year	976,304	(3,908,110)
Proceeds from issue of shares	1,946,081	2,875,110
Cost of share issue written off to share premium account	(96,776)	(26,120)
Net addition to/(depletion in) shareholders' funds	2,825,609	(1,059,120)
Opening shareholders' funds	(3,567,251)	(2,508,131)
Closing shareholders' funds	(741,642)	(3,567,251)

17 Financial commitments

At 30 June 2013 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2013 £	2012 £
Expiry date:		
Within one year	8,805	3,591

At 30 June 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2013 £	2012 £
Expiry date:		
Within one year	8,805	3,591

18 Other commitments

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Energy contracts	2,380,064	647,795	-	-

19 Directors' remuneration

	2013	2012
	£	£
Remuneration for qualifying services	359,425	344,894

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	133,497	101,500

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2013	2012
	Number	Number
Finance and management	27	18
Sales and marketing	7	5
Operations	106	76
	140	99

Employment costs	2013	2012
	£	£
Wages and salaries	2,745,700	2,186,707
Social security costs	268,419	207,082
	3,014,119	2,393,789

21 Post Balance Sheet Events

In December 2013, Spark Energy Limited entered into a wholesale trading agreement with Morgan Stanley Capital Group Inc. In return for a commitment to buy all energy supplies from this company at competitive prices, granting of security over the group's assets in favour of Morgan Stanley Capital Group Inc, and an agreement to seek shareholders' authority for a future shareholding of 4.99%, Spark Energy has obtained access to collateral free long term hedging and supply arrangements for its core commodities on extended payment terms. The deal therefore provides working capital arrangements over the high usage winter period that closely match commodity costs to customer revenues, and so reduce the group's working capital requirements as well as reducing its supply price volatility risk.

22 Derivatives not included at fair value

The group uses derivatives to hedge its exposure to changes in market prices arising from energy purchases. The fair values are based on market values at the balance sheet date and at 30 June 2013 the company had a derivative liability of £5,074 (2012 - £73,893).

23 Related party relationships and transactions

During the year the company was invoiced £142,497 net of VAT (2012: £16,666) for director services provided by PJ Darling to Peak Performance Professional Contracts Ltd trading as 3PCL. The amount due at 30 June 2013 was £32,909 net of VAT (2012: £8,333).

During the year the company paid £Nil (2012: £Nil) for director services provided by Sir Timothy Noble to Noble House, an entity controlled by Sir Timothy Noble. The amount due at 30 June 2013 was £34,419 (2012: £34,419).

During the year the company was invoiced £1,643 (2012: £20,117) for director services provided by Nicholas Leeming to LCS, an entity controlled by Nicholas Leeming. The amount due at 30 June 2013 was £6,729 (2012: £29,828).

Loans due to directors or their associates at 30 June 2013 including accrued interest amounted to: Sir Timothy Noble £952,683 (2012: £857,567), Chris Fletcher £711,837 (2012: £624,129) and Nicholas Leeming £34,011 (2012: £29,762).