Company Registration No. SC495826 (Scotland)

SPARK ENERGY FINANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

SPARK ENERGY FINANCE PLC

COMPANY INFORMATION

Directors	Mr C Gauld Mr H Osborn
Secretary	Mrs D M Harding
Company number	SC495826
Registered office	Ettrick Riverside Dunsdale Road Selkirk TD7 5EB
Auditor	Ernst and Young LLP 5 George Square G1 Building Glasgow G2 1DY

SPARK ENERGY FINANCE PLC

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SPARK ENERGY FINANCE PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2017

The directors present the strategic report and the financial statements for the period ended 30 June 2017.

Review of the business and future developments
During the period the company made a loss of £59,166. No new bonds were issued during the period. The proceeds of the bonds issued are transferred via a corresponding intercompany receivable to Spark Energy Finance Plc's parent company, Spark Energy Limited. The loss for the period represents administrative costs incurred by the company in relation to the above activities.

Principal risks and uncertainties
The principal risk and uncertainty affecting the company is associated with the parent company's ability to make interest and bond repayments when due.

Based on current projections, and a group letter of support, the directors are satisfied that the company will be able to meet its liabilities as they fall due for the foreseeable future. Accordingly, the directors are satisfied that the accounts should be prepared on a going concern basis.

There are no KPIs that are actively monitored in the entity due to the size and nature of the activities undertaken.

On behalf of the board

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Mr H Osborn
Director
22 December 2017

The directors present their directors report and financial statements for the year ended 30 June 2017.

Principal activities
The principal activity of the company is the holding of investment bonds, as a funding vehicle for the Spark Energy group.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr T Noble	(Resigned 25 August 2016)
Mr C Gauld	
Mr H Osborn	

Results and dividends
The results for the year are set out in the review of the business on page 1.

Post balance sheet event
On 28 July 2017, the bond was repaid in accordance with the terms. In September 2017, the remaining £2m bond was extended for a period of 5 years until September 2022 at a slightly reduced rate of 9%.

Auditor
EY LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

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Mr H Osborn

Director

22 December 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARK ENERGY FINANCE PLC

Opinion

We have audited the financial statements of Spark Energy Finance PLC for the year ended 30 June 2017 which comprise of the Income Statement and the Statement of Financial Position and the related notes1 to 13 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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 FRC's Ethical Standard as applied to public interest entities, 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Key audit matters	• Reviewing financial performance forecast for a period of least 12 months from authorisation of financial statements and sources of funds available.
Materiality	• Overall materiality of £19,889 which represents 0.5% of assets held.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Reviewing financial performance forecast for period of least 12 months from authorisation of financial statements and sources of funds available *Refer to the Directors' Report (page 2); and Accounting policies (page 10)* The Company has £4m of listed bonds (see note 9) that are repayable within 12 months of the balance sheet date, has net liabilities (£54k) and has made a loss in the year (£59k). The ability of the Company to repay its liabilities is dependent on the recovery of trade receivable balances from its immediate parent entity, Spark Energy Limited. The immediate parent entity has issued a parental letter of support, committing to provide financial support as necessary for the company to meet its liabilities as they fall due. As this is not guaranteed, a risk in relation to the Company continuing as a going concern exists.	We evaluated management's assessment of the Company's ability to continue as a going concern. As detailed in note 1 this is underpinned by a parental letter of support. We obtained a copy of the parental letter of support and assessed the ability to the parent entity to provide financial support as necessary and settle trade receivables payable to the Company. We evaluated future cash flow forecasts for the entity for a period of 12 months from the date of signing of the accounts, the process by which they were prepared, and assessed the underlying key assumptions such as expected cash inflow from sales and expected cash outflow from operating expenses of the parent entity. Furthermore, we performed an evaluation of the access the parent entity has to external funding sources to support forecast assumptions and its ability to make existing debt repayments. Additionally, we assessed the adequacy of the disclosures with respect to the going concern assertion in the financial statements.	Based on the procedures performed we agree with management's assessment that the Company is a going concern and appropriate disclosure has been included in note one of the financial statements.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

This is a first year audit engagement for EY LLP and first year entity designated as a public interest entity, therefore all risks identified were new in the year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures. We determined materiality for the company to be £19,889k (2016: n/a first year audit engagement), which is 0.5% (2016: N/a) of Assets.

The purpose of the company is the holding of the investment bonds in order to provide financing for the group. We have applied a capital-based measurement basis. We have chosen assets as the most appropriate base as the purpose of the company is to obtain financing and transfer the funds to the other group companies.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% (2016: N/a) of our planning materiality, namely £9,945 (2016: N/a). We have set performance materiality at this percentage due to this being an initial audit and the listed debt held by Spark Energy Finance PLC.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We have reported to the directors all uncorrected audit differences in excess of £994 (2016: N/a), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements to be audited 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement [set out on page...], 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are FRS101, Companies Act 2006 and Income Tax Act 2007.
- We understood how Spark Energy Finance PLC is complying with those frameworks by considering the potential for override of controls or other influence over the financial reporting process which was reviewed within our journal entry testing and the culture of honesty and ethical behaviour which may reduce opportunities for fraud to take place.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the review of journal entries posted from 1 July 2016 with the total population of transactions during the year. We have included manual journals posted close to year end. We have considered manual adjustments that credit revenue or debit liabilities. We have also considered significant manual journals posted close to year end debiting provisions and crediting expenses. Further, we have also considered manual journals posted throughout the period which contains specific phrases or number patterns that could indicate any non-compliance with laws or regulations.

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

Other matters we are required to address

- We were appointed by the company on 13 September 2017 to audit the financial statements for the year ending 30 June 2017 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 1year, covering the year ending 30 June 2017.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.

- The audit opinion is consistent with the additional report to the audit committee

Ernst Young LLP

Annie Graham (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
22 December 2017

SPARK ENERGY FINANCE PLC

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Administrative expenses		(4,129)	(100)
Interest receivable and similar income		393,699	328,110
Interest payable and similar charges	7	(448,736)	(373,029)
Loss before taxation		(59,166)	(45,019)
Tax on loss on ordinary activities	8	-	-
Loss for the financial year		(59,166)	(45,019)

The income statement has been prepared on the basis that all operations are continuing operations.

No separate statement of other comprehensive income has been presented as there are no items of other comprehensive income in the period.

SPARK ENERGY FINANCE PLC

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017 £	2016 £
Current assets			
Trade and other receivables	9	3,965,428	3,968,472
Cash at bank and in hand		12,287	12,413
		3,977,715	3,980,885
Current liabilities			
Borrowings	10	4,031,900	-
Net current (liabilities)/assets		(54,185)	3,980,885
Total assets less current liabilities		(54,185)	3,980,885
Non-current liabilities			
Borrowings	10	-	3,975,904
Net assets		(54,185)	4,981
Equity			
Called up share capital	11	50,000	50,000
Retained earnings		(104,185)	(45,019)
Total equity		(54,185)	4,981

The financial statements were approved by the board of directors and authorised for issue on 21 December 2017 and are signed on its behalf by:

....
Mr H Osborn
Director
22 December 2017

Company Registration No. SC495826

SPARK ENERGY FINANCE PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Share capital £	Retained earnings £	Total £
Balance at 23 January 2015		-	-	-
Period ended 30 June 2016:				
Loss and total comprehensive income for the period		-	(45,019)	(45,019)
Issue of share capital	11	50,000	-	50,000
Balance at 30 June 2016		50,000	(45,019)	4,981
Year ended 30 June 2017:				
Loss and total comprehensive income for the year		-	(59,166)	(59,166)
Balance at 30 June 2017		50,000	(104,185)	(54,185)

1 Accounting policies

Company information

Spark Energy Finance Plc is a company limited by shares incorporated in Scotland. The registered office is Ettrick Riverside, Dunsdale, Selkirk, TD7 5EB.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The company's financial statements are presented in Sterling and all values are rounded to the nearest £ except when otherwise indicated.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the group accounts of 111 Group Holdings Limited. The group accounts of 111 Group Holdings Limited are available to the public and can be obtained from Ettrick Riverside, Dunsdale Road, Selkirk, United Kingdom, TD7 5EB

1.2 Going concern

The company made a loss before tax of £59,166 and had net liabilities of £54,185 at the balance sheet date. Based on current projections, and a group letter of support, the directors are satisfied that the company will be able to meet its liabilities as they fall due for the foreseeable future. Accordingly, the directors are satisfied that the accounts should be prepared on a going concern basis.

1.3 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies

1.5 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss ("FVTPL"), which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.6 Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1 Accounting policies

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds receivable, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

2 Adoption of new and revised standards and changes in accounting policies

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 5	Non-current assets held for sale and discontinued operations regarding methods of disposal.
IFRS 7	Financial instruments: Disclosures (with consequential amendments to IFRS 1) regarding servicing contracts.
IAS 19	Employee benefits regarding discount rates.
IAS 34	Interim financial reporting regarding disclosure of information.
IFRS 11	Joint arrangements on acquisition of an interest in a joint operation.
IAS 16	Property, plant and equipment and IAS 41 - Agriculture regarding bearer plant.
IAS 16	Property, plant and equipment and IAS 38 - Intangible assets on depreciation and amortisation.
IAS 27	Separate financial statements on the equity method.
IFRS 10 & IAS 28	Investment entities applying the consolidation exception.
IAS 1	Presentation of financial statements on the disclosure initiative.

3 Revenue

An analysis of the company's revenue is as follows:

	2017	2016
	£	£
Interest income	393,699	328,110
	393,699	328,110

4 Operating loss

	2017	2016
	£	£
Operating loss for the year is stated after charging:		
Bank charges	126	100

5 Directors' Remuneration

The company has no employees. The directors did not receive any remuneration in respect of their services to the company during the period to 30 June 2017, and all remuneration is paid through Spark Energy Limited. The remuneration paid to the directors in Spark Energy Limited is:

	2017	2016
	£	£
Remuneration for qualifying services	731,293	492,433
Company pension contributions to defined contribution schemes	32,036	12,198
	763,329	504,631

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).

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

	2017	2016
	£	£
Remuneration for qualifying services	386,543	204,350
Company pension contributions to defined contribution schemes	16,967	6,450
	403,510	210,800

6 Auditor's remuneration

	2017	2016
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the company's financial statements	-	-

Audit fees of £5,000 (2016: £4,150) are borne by Spark Energy Limited.

7 Finance costs

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on other loans	448,736	373,029

8 Income tax expense

	2017	2016
	£	£

The charge for the year can be reconciled to the loss per the income statement as follows:

	2017	2016
	£	£
Loss before taxation	(59,166)	(45,019)
Expected tax credit based on a corporation tax rate of 19.75%	(11,685)	(9,023)
Adjustment in respect of prior years	6,411	-
Group relief	11,685	-
Deferred tax not recognised	(6,411)	9,023
Taxation charge for the year	-	-

9 *Trade and other receivables*

	2017	2016
	£	£
Loan due from parent undertaking	3,965,428	3,968,472

The loan to the parent undertaking is measured at amortised cost.

The loan to parent undertaking is due within one year. The amount falls due in line with repayment of the current bonds issued (see note 10). The interest receivable mirrors the interest rate of the bonds at 9.75% and 9%.

In September 2017 the loan was extended in line with the extension of the bonds.

10 Borrowings

	2017	2016
	£	£
Bonds issued	4,031,900	3,975,904

In line with the company's accounting policy, the bonds are subsequently measured at amortised cost using the effective interest method. This means that the transaction costs of £108,056 are amortised over the life of the bonds.

At both maturity dates the liability outstanding will equal the aggregate principal for both bonds, being £4m.

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017	2016
	£	£
Current liabilities	4,031,900	-
Non-current liabilities	-	3,975,904

The conditions attached to these bonds are as follows;

Bond 1 (£2m principal)
- 9.75 percent fixed rate of interest over the life of the bond (11 percent from 16/09/2016)
- Interest paid quarterly in arrears
- Matures 16/09/2017 (Originally due for repayment 16/09/2016, but this was deferred)
- Spark Energy Limited have provided an irrevocable guarantee of all obligations and liabilities of the company under the bonds.

Bond 2 (£2m principal)
- 9 percent fixed rate of interest over the life of the bond
- Interest paid quarterly in arrears
- Matures 29/07/2017
- Spark Energy Limited have provided an irrevocable guarantee of all obligations and liabilities of the company under the bonds.

On 28 July 2017, the bond was repaid in accordance with the terms. In September 2017, the remaining £2m bond was extended for a period of 5 years until September 2022 at a slightly reduced rate of 9%.

11 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
12,500 of £1 each	12,500	12,500
Issued and unpaid		
37,500 of £1 each	37,500	37,500
	50,000	50,000

12 Controlling party

The ultimate parent company is 111 Group Holdings Limited (10281064), a company registered in England and Wales. The intermediate parent company during the year was Spark Energy Limited.

There is no ultimate controlling party.

13 Subsequent events

On 28 July 2017, the bond was repaid in accordance with the terms. In September 2017, the remaining £2m bond was extended for a period of 5 years until September 2022 at a slightly reduced rate of 9%. The loan due from the parent was also extended to match the bond.