

London Power Co. Limited  
Annual Report and Financial Statements  
for the period 19 July 2019 to 31 March 2020

UNAUDITED

Registered Office  
5 Endeavour Square  
London, E20 1JN

Registered in England and Wales  
Company number: 12113294

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## Company Information

Directors	David Bellamy Debbie Jackson (resigned 30/01/2020) Shirley Rodrigues Aram Wood Luke Bruce (resigned 09/09/2019) Philip Graham
Company Secretary	Howard Carter
Company Registration Number	12113294 (England and Wales)
Registered Office	5 Endeavour Square London, UK E20 1JN
Auditor	Ernst & Young LLP (Statutory Auditor) London

# Directors' Report

## Introduction

The directors present their report on the affairs of London Power Co. Limited (the "Company"), (registration number 12113294), together with the audited financial statements for the accounting period of 19 July 2019 (the date of company incorporation) to 31 March 2020 ("accounting period").

The Company has prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

## Principal activities

In August 2019, London Power Co. Limited entered into contract with Octopus Energy Limited for the provision of London Power services. Under this contract, Octopus Energy supplies gas and electricity to Londoners under the London Power brand. All energy trading and customer interaction is handled by Octopus Energy. The purpose of London Power Co. Limited is to manage the contract with Octopus Energy and handle the spending of any surplus revenue.

The specific activities of the company are as follows:

- 1) To manage the contract with Octopus Energy, ensuring all SLAs are met, tariff pricing is kept within the agreed parameters and new products or services (such as new tariffs) are developed and delivered in line with the contract
- 2) To increase Londoners awareness of London Power and assist in driving customer acquisition through a combination of marketing activities and engagement with key stakeholders
- 3) To engage with London boroughs and social housing providers to promote the London Power voids service and to enable referral of vulnerable customers to local support services
- 4) To manage the receipt of commission and expenditure of any surplus
- 5) To develop added value to the GLA through the analysis and interpretation of data generated by London Power.

## Share capital

The Company had one share in issue at 31 March 2020.

## Articles of Association

The Articles of Association set out the basic management and administrative structure of the Company. They regulate the internal affairs of the Company and cover such matters as the issue and transfer of shares, Board and shareholder meetings, powers and duties of Directors and borrowing powers. The Articles may only be amended by special resolution at a general meeting of shareholders. Copies are available by writing to the Company Secretary and are also available from Companies House.

## Directors

The directors who served during the accounting period were:

Mr David Bellamy  
Ms Debbie Jackson (resigned 30/01/2020)  
Ms Shirley Rodrigues  
Mr Aram Wood (appointed 09/09/2019)  
Mr Luke Bruce (resigned 09/09/2019)  
Mr Philip Graham (appointed 30/01/2020)

Two directors (Debbie Jackson and Luke Bruce) resigned during the reporting period, and two new directors (Philip Graham and Aram Wood) were appointed in their place.

None of the directors had any beneficial interest in the shares of the Company. There were no contracts of significance during the financial period in which a Director is or was materially interested.

## **Directors' indemnities**

The Greater London Authority indemnifies the Directors to the maximum extent permitted by law in respect of all costs, charges, expenses, losses and liabilities, which they may incur in or about the execution of their duties to the Company or any entity which is an associated company (as defined in Section 256 of the Companies Act 2006), or as a result of the duties performed by the Directors on behalf of the Company or any such associated company.

## **Shareholders**

100% of the share capital in the Company is held by Greater London Authority Holdings Ltd.

## **Sustainability**

The Company complies with the sustainability policies of the Greater London Authority.

## **Essential contracts**

The Company has a contract with Octopus Energy Limited for the provision of London Power Services. Under this contract, Octopus Energy provide electricity and gas supply to domestic customers under the London Power brand. This arrangement is essential to the business of the Company.

## **Payment of creditors**

It is the Company's policy to abide by the agreed payment terms where a supplier has provided the goods and services in accordance with the relevant terms and conditions of contract. In addition, it is the company's policy to pay small and medium sized entities within 10 working days.

## **Risk management**

The Company has a risk management process and arrangements that enable it systematically to identify, assess, manage and monitor business risks.

## **Employees**

The Company has no directly employed staff. Staff employed by the Greater London Authority perform duties on behalf of London Power Co. Limited and their time and related overheads are recharged to the Company at cost.

## **Charitable and political donations**

No charitable or political donations were made during the accounting period.

## **Trading results**

The Company's loss after tax was £1.07m. It is not proposed to declare a dividend for the period 19 July 2019 to 31 March 2020.

The company's expenditure in 2019-20 was predominantly related to the set-up and mobilisation of the company, including the development of the brand and the launch marketing campaign. The operational running costs, incurred from January 2020, make up a relatively small proportion of this expenditure.

## **Independent auditors and disclosure of information to the auditors**

Pursuant to a Directors' resolution, the Company appointed Ernst & Young as external auditors. Each of the persons who is a Director 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 ought to have taken as a Director to make himself 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.

Philip Graham  
Director

20 August 2020

## Statement of Directors' Responsibilities

In respect of the Directors' Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") 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 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 estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with Adopted IFRSs; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# Independent Auditor's Report

[to be inserted]



# Independent Auditor's Report

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# Independent Auditor's Report

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## Statement of Comprehensive Income

for the period 19 July 2019 to 31 March 2020

	Note	2020 £'000
Revenue	3	(29)
Selling and distribution expenses		704
Administrative expenses		395
<b>Operating loss</b>		<b>1,070</b>
<b>Loss before tax</b>		<b>1,070</b>
Income tax	5	-
<b>Loss for the period</b>		<b>1,070</b>
<b>Other comprehensive income</b>		<b>-</b>
<b>Total comprehensive income for the period</b>		<b>1,070</b>

# Statement of Financial Position

as at 31 March 2020

	Note	2020 £'000
<b>Assets</b>		
Trade and other receivables	6	30
Cash and cash equivalents		-
<b>Current assets</b>		<b>30</b>
<b>Total assets</b>		<b>30</b>
<b>Liabilities</b>		
Loans and borrowings	9, 13	(1,099)
<b>Non-current liabilities</b>		<b>(1,099)</b>
Trade and other payables	7	(1)
<b>Current liabilities</b>		<b>(1)</b>
<b>Total liabilities</b>		<b>(1,100)</b>
<b>Net liabilities</b>		<b>(1,070)</b>
<b>Equity</b>		
Share capital		-
Retained earnings		1,070
<b>Total equity</b>		<b>1,070</b>

The Company has issued one £1 share, which is held by Greater London Authority Holdings Limited.

The financial statements were approved by the Board and authorised for issue on 20 August 2020. The financial statements also comprise the notes on pages 15 to 19.

Philip Graham  
Director

## Statement of Changes in Equity

for the period 19 July 2019 to 31 March 2020

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
<b>At incorporation 19 July 2019</b>		-	-	-
Loss for the period		-	1,070	1,070
<b>At 31 March 2020</b>		-	<b>1,070</b>	<b>1,070</b>

The Company has issued one £1 share, which is held by Greater London Authority Holdings Limited.

## Statement of Cash Flows

For the period ended 31 March 2020

	Note	2020 £'000
(Profit)/Loss for the period		1,070
Adjustments to profit or loss for non-cash movements	11	29
<b>Net cash flows from Operating Activities</b>		<b>1,099</b>
Financing Activities	11	(1,099)
<b>Net (increase)/decrease in cash and cash equivalents</b>		<b>-</b>
Cash and cash equivalents at the beginning of the reporting period		-
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>-</b>

# Notes to the Financial Statements

For the period ended 31 March 2020

## 1. Reporting entity

London Power Co. Limited (the “Company”) is domiciled in the United Kingdom. The Company’s registered number is 12113294 and its registered office is 5 Endeavour Square, London, E20 1JN. The principal activity of the Company is managing the contract for the provision of electricity, gas and related services to domestic consumers in London.

## 2. Statement of accounting policies

This section explains the Company’s main accounting policies.

### a) Statement of compliance

#### Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee (IFRIC) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The unaudited financial statements were authorised for issue by the Company’s board of directors on 20 August 2020.

#### Basis of measurement

The accounts are made up to 31 March and have been prepared under the accruals concept and in accordance with the historical cost accounting convention, modified by the revaluation of certain categories of non-current assets and financial instruments.

### b) Use of judgements and estimates

In preparing these financial statements, the directors are required to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and judgements are based on evidence at the time and other factors that are considered applicable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the year in which the estimate is revised. The directors are not aware of any significant sources of estimation uncertainty in the preparation of the financial statements.

### c) Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to trade for the foreseeable future. The basis of this assumption depends on the support of the Greater London Authority (GLA). The GLA has indicated that it intends to provide such funds as are necessary for the Company to trade for a period of a year after the date of signing the financial statements.

The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

### d) Revenue

#### Commission

Revenue is generated from managing the contract with Octopus Energy Limited for the provision of electricity and gas to London consumers. The commission from this contract is recognised at a point in time based on the number of end-consumer supply contracts included in the monthly statement.

In determining the transaction price, there is a fixed commission in the contract for each end-consumer supply contract acquired and retained on a primary tariff.

#### **e) Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial date.

#### **f) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the Statement of Cash Flows presentation purposes, cash and cash equivalents include bank overdrafts, which are shown within borrowings in current liabilities in the Statement of Financial Position.

#### **g) Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

#### **Trade receivables**

Trade receivables are initially recognised at fair value and subsequently at amortised cost, using the effective interest method, less any allowance for expected credit losses.

#### **Trade and other payables**

Trade and other payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

#### **Borrowings**

Loans and borrowings are initially recognised at the fair value of the cash received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Financing expense comprises interest payable on loans from the GLA and is recognised in the Income Statement using the effective interest method.

### **3. Revenue**

	<b>31 March 2020 £'000</b>
Commission	29
	<hr/>
	<b>29</b>

### **4. Audit Fees**

	<b>31 March 2020 £'000</b>
Audit of financial statements	-
	<hr/>
	<b>-</b>



## 5. Current Taxation

	<b>31 March 2020 £'000</b>
I	
Tax expense	-
	<u>-</u>

## 6. Trade and Other Receivables

	<b>31 March 2020 £'000</b>
Trade receivables and accrued income	30
	<u>30</u>

## 7. Trade and Other Payables

	<b>31 March 2020 £'000</b>
VAT	(1)
	<u>(1)</u>

## 8. Capital

On incorporation, the Company issued one share of £1 and this is held by the parent, Greater London Authority Holdings Limited.

## 9. Financial Instruments

The following categories of financial instruments are carried in the Statement of Financial Position.

	<b>Carrying Value 31 March 2020 £'000</b>
<b>Financial assets at amortised cost</b>	
Trade receivables - Current	<u>30</u>
	<u>30</u>
<b>Financial liabilities at amortised cost</b>	
Borrowings - Non-current	<u>(1,099)</u>
	<u>(1,099)</u>

## 10. Risk Management

The Company's activities expose it to a variety of financial risks including:

#### Commodity risk

Commodity risk refers to the uncertainties of the size of future income affected by the customer acquisition and retention levels. The key commodity risk faced by the Company is volume risk from the uncertain consumption profiles and ultimately the growth of the end consumer base as a new energy brand in partnership with Octopus Energy Limited in London.

The Company's ability to attract those consumers willing to switch energy suppliers will enable long-term sustained growth.

#### Credit risk

Credit risk refers to the possibility that other parties might fail to pay amounts due. Octopus Energy Limited might fail to pay commission when due. Octopus Energy are financially backed by their parent Octopus Capital. London Power Co. Limited has an Escrow Agreement in place with Octopus Energy, from which London Power Co. Limited can draw if Octopus Energy were unable to make the required payments. The Company therefore considers the credit risk arising from loss of commission payments to be low.

It is the Company's policy to place all surplus funds on callable deposits with its ultimate parent, the Greater London Authority (GLA). The GLA has maintained a high credit rating (AA with negative outlook) and benefits from high levels of central government support. The Company therefore considers the credit risk arising from cash and short-term deposits to be adequately maintained.

#### Liquidity risk

Liquidity risk is the possibility that the Company may not be able to meet its financial obligations as they fall due. The ultimate parent manages this risk by using short and long-term cash flow forecasts supplemented by sensitivity analysis to assess the funding adequacy for at least a 12-month period.

The cash resources of the Company are managed in a manner to ensure it has sufficient funds to meet obligations as they fall due.

## 11. Cash Flow

### Adjustments to profit and loss for non-cash movements

	<b>2020</b>
	<b>£'000</b>
Increase/(Decrease) in trade and other receivables	30
(Increase)/Decrease in trade and other payables	(1)
	<u><b>29</b></u>

### Financing Activities

	<b>2020</b>
	<b>£'000</b>
Cash receipts from long-term borrowings	(1,099)
	<u><b>(1,099)</b></u>

## 12. Ultimate Parent Undertaking

The Company is a wholly owned subsidiary of Greater London Authority Holdings Limited, which is itself a wholly owned subsidiary of the Greater London Authority. The board members of both companies are appointed by the Mayor of London. Copies of the Greater London Authority's accounts are available from City Hall, Queen's Walk, London, SE1 2AA.

## 13. Related Parties

Transactions with related parties are on arm's length terms.

**Transactions with ultimate parent**

During the period, the Greater London Authority (GLA) charged the Company £43k accommodation and other overhead costs.

Loans from the GLA total £1.1m. (See note 9 for further details)

**14. Events occurring after the reporting date**

Significant events, post 31 March, that require disclosure:

**Impact of Covid-19**

There is no doubt that the unknown variables of the Covid-19 pandemic will test the supply chains and the robustness of the business continuity plans of the energy industry. However, working closely with the Government and Ofgem, the industry is putting in place emergency response measures to ensure that there is no disruption to the generation and supply of energy to customers during these extraordinary circumstances. We, therefore, expect Octopus Energy Limited through the London Power Co. Limited brand to continue delivering good customer service and consider how best to respond to Londoners, particularly vulnerable people, in a timely manner while following the government advice. The impact of the Covid-19 lockdown has been to reduce overall demand for energy nationwide, which has had an impact on wholesale energy markets. Whilst the closure of offices and industry lowered overall energy demand, residential energy demand has increased for many households, and the peak times of energy use throughout the day have changed. London Power Co. Limited will continue to monitor the ongoing changes in energy demand throughout the recovery period.