



UKGas Supply LTD

Interpreting Financial Information

Document Control

Revision History

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Version	Date	Reason	Add/Edited sections	Author
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Version and Review Control

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Regulatory Compliance

Compliance Framework	Sections of the compliance framework relative to this policy
Supply Licence	Condition 19A of the gas and electricity licensees.

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1.1 Interpreting Financials

The following information provides the reader with context behind the CSS and, as appropriate, provided segmentation out each license entity as set out. Note that the CSS only captures the energy supply business of a supplier and therefore, we have not provided details on transfer pricing policies and methodologies.

1.1.1 Corporate cost allocations

Our gas business operates independently. Where costs are incurred to support its activities, a recharge will occur. It is self-sufficient, covering labour, office space, and IT resources, with costs allocated on a cost-to-serve basis.

1.1.2 Hedging Policy

Our Hedging Policy outlines how we manage volume and price risk. We purchase a fully hedged product for the entire duration of contracts signed with our customers, minimizing exposure to wholesale energy market volatility. We do not engage in speculative trading.

We hedge at point of Sale.

1.1.3 Revenues (including other revenue)

Revenue from the sale of gas relates to the collection of money that is paid into our business by a non-domestic customer on receipt of a valid gas invoice during the financial year.

Based on a previous meter reading, all invoices provide customers with a quantity of units consumed (estimated or actual) over a stated period during which we are the registered supplier. We make a provision against unbilled revenue where volumes are yet to reach final settlement.

Revenue from the sale of gas also includes government support under the Energy Bill Relief Scheme paid directly to our business.

1.1.4 Direct Fuel Costs

The wholesale cost of gas is bought depending on the usage per customer and as we are fully hedged this is a lock in price.

Direct costs such as green gas cost is built into the price offer to customers and locked in at signing

Direct Costs such as the energy element of Unidentified gas (UIG”) it also factored into the pricing and locked in on agreement.

1.1.5 Transportation Costs

The direct cost incurred for moving the gas to the customers' meter.

- Gas Capacity Charge

1.1.6 Other direct costs

- Broker commission

1.1.7 Indirect costs

These are our internal operating costs which include all personnel costs, establishment expenses, general expenses, marketing costs, bad debt (financial costs), central services costs, legal costs and all metering and data costs. We have no cost allocation for R&D or Innovation costs for the period.

1.1.8 EBITDA/EBIT

Depreciation and amortization costs' are allocated to the relevant supply business based on the Depreciation/Amortization policies stated in our accounting

1.1.9 WACO

The weighted average cost of procuring gas means the Direct Fuel Costs line divided by the Volume line, this is shown as a £/MWh for or p/therm for gas.

1.1.10 Volume

"Volume" is the volume of Gas delivered to non-domestic customers as measured at a meter point net of any losses.

1.1.11 Treatment of Joint Ventures and Associates

This is not applicable to our supply businesses.

