

# **CO-OPERATIVE ENERGY LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 28 JANUARY 2012**

**TUESDAY**



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**07/08/2012**

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**COMPANIES HOUSE**

**REGISTERED NO. 06993470**

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**Co-operative Energy Limited**

**Directors' report and financial statements for the period ended 28 January 2012**

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**Co-operative Energy Limited**

**Directors' report for the period ended 28 January 2012**

**Principal activity**

Co-operative Energy Limited is an electricity and gas supply company

**Review of the business**

The directors consider that the results for the period and the period end financial position are satisfactory. The directors expect the business to develop in forthcoming years as customer numbers grow.

Results for the period are set out on page 4.

**Directors**

S E Allen	S R Allsopp	O Birch	J Boot	I Burbidge
R J FitzJohn	R Frodsham	P H Gray	M Jarvis	D Morrison
J Nunn-Price	H R Wiseman	V S Woodell		

The following directors resigned on 11 June 2011

E G Parker	S J Ridler
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The following directors all resigned on 31 October 2011

G Adams	N Heywood	D Shaw
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The following directors were appointed on 31 October 2011

B Connor	T Poole	G Waddell
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**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as director to make them aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office.

**Approved by the Board of Directors  
And signed on behalf of the Board**



**E Parker**  
**Secretary**  
23 July 2012

**Co-operative Energy Limited**  
**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

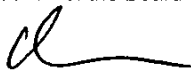
Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 use and apply them consistently,
- make judgements and 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 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

On behalf of the Board



**E Parker, Secretary**  
23 July 2012

## **Independent Auditor's report to the members of Co-operative Energy Limited**

We have audited the financial statements of Co-operative Energy Limited for the period ended 28 January 2012 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting 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 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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 January 2012 and of its loss for the period then ended, and
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



**S Haydn-Jones**  
(Senior Statutory Auditor)

for and on behalf of  
KPMG LLP, Statutory Auditor  
Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

23 July 2012

**Co-operative Energy Limited**  
**Profit and loss account for the period ended 28 January 2012**

	Notes	Period ended 28 January 2012 £	Period from 1 April 2010 to 22 January 2011 £
<b>Turnover</b>	<b>1</b>	<b>6,890,513</b>	<b>2,992</b>
Cost of sales		(6,345,470)	(2,500)
<b>Gross profit</b>		<b>545,043</b>	<b>492</b>
Administrative expenses		(3,071,981)	(1,043,199)
<b>Operating loss</b>	<b>4</b>	<b>(2,526,938)</b>	<b>(1,042,707)</b>
<b>Loss on ordinary activities before taxation</b>		<b>(2,526,938)</b>	<b>(1,042,707)</b>
Tax on loss on ordinary activities	<b>5</b>	774,905	189,036
<b>Loss for the period</b>		<b>(1,752,033)</b>	<b>(853,671)</b>

The results for 2012 and 2011 relate wholly to continuing operations

The notes on pages 6 to 9 form an integral part of the financial statements

The company has no recognised gains and losses other than the result for the period included above and therefore no separate statement of recognised gains and losses has been presented

**Co-operative Energy Limited**  
**Balance sheet as at 28 January 2012**  
**Registered no 06993470**

	Notes	2012 £	2011 £
<b>Current assets</b>			
Debtors	6	1,832,765	34,145
Cash at bank and in hand		<u>36,550</u>	<u>-</u>
		1,869,315	34,145
<b>Creditors' amounts falling due within one year</b>	7	<u>(2,837,830)</u>	<u>(222,545)</u>
<b>Net current liabilities</b>		(968,515)	(188,400)
<b>Creditors' amounts falling due after more than one year</b>	8	<u>(1,641,648)</u>	<u>(669,730)</u>
<b>Net liabilities</b>		<u>(2,610,163)</u>	<u>(858,130)</u>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Profit and loss account	10	<u>(2,610,164)</u>	<u>(858,131)</u>
Shareholders' deficit	11	<u>(2,610,163)</u>	<u>(858,130)</u>

Signed on behalf of the board of directors



Patrick Gray  
Director

Approved by the board 23 July 2012

**Co-operative Energy Limited**  
**Notes to the financial statements for the period ended 28 January 2012**

A summary of the more important accounting policies is set out below

**1 Accounting policies**

**Basis of preparation**

These financial statements are presented in pounds sterling (GBP), which is the company's functional currency. All financial information presented in GBP has been rounded to the nearest pound.

The financial statements have been prepared under the historical cost accounting convention and in accordance with applicable UK Accounting Standards (UK Generally Accepted Accounting Practice).

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £2,610,163. The company is dependent for its working capital on funds provided to it by The Midcounties Co-operative Limited, the company's ultimate holding undertaking. The Midcounties Co-operative Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. 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 group entities for financial support, the directors acknowledge that there can be no certainty that the 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.

As the company is a wholly owned subsidiary of The Midcounties Co-operative Limited, the company has taken advantage of the exemption in FRS8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

**Accounting reference dates**

For operational reasons the financial statements of the Company are prepared to the fourth Saturday in January. The financial statements of the Company are for the 53 weeks ended 28 January 2012 and are compared with a 52 week period to 22 January 2011. The comparative amounts are not entirely comparable with the results of 2011 as they are based on a longer period.

**Turnover**

Revenue on energy sales comprises sales to retail end-user customers including an estimate of the value of electricity and gas supplied to customers between the date of the last meter reading and the year end. Unread energy sales are estimated using historical consumption patterns taking account of industry volume reconciliation processes.

**Cost of sales**

Energy supply includes the cost of gas and electricity purchased during the year taking into account the industry reconciliation process for total gas and total electricity usage by supplier, and related transportation and distribution costs.

**Taxation**

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax provision is made on an undiscounted basis for all such timing differences except as otherwise required by FRS19.

**Cash flow statement**

The cash flow of the company is included in the consolidated group cash flow statement, consequently the company itself is exempt under FRS1 (revised 1996) from publishing a cash flow statement.



**Co-operative Energy Limited**  
**Notes to the financial statements for the period ended 28 January 2012**

**2 Directors' remuneration**

The directors receive remuneration from The Midcounties Co-operative Limited in respect of their services to the company and receive no emoluments from the company. Their remuneration is reflected in the group financial statements of The Midcounties Co-operative Limited.

**3 Employees**

All staff including directors are employed by the ultimate holding society The Midcounties Co-operative Limited from which staff costs are recharged. The emoluments of the directors are borne by the ultimate holding Society.

**4 Operating loss**

The audit fee is met by the ultimate parent undertaking.

**5 Taxation**

	Period ended 28 January 2012 £	Period from 1 April 2010 to 22 January 2011 £
<b>(a) Revenue account - analysis of credit for the period</b>		
Current taxation		
UK corporation tax on profits of the period	(675,284)	(169,596)
Total current tax	<u>(675,284)</u>	<u>(169,596)</u>
Deferred tax		
Origination and reversal of timing differences	5,013	(20,160)
Adjustment in respect of prior years	(114,292)	-
Effects on deferred tax of change in tax rate	9,658	720
Total deferred tax (note 5(c))	<u>(99,621)</u>	<u>(19,440)</u>
Tax on profit on ordinary activities	<u>(774,905)</u>	<u>(189,036)</u>

**(b) Factors affecting tax credit for period**

The tax credit assessed for the period is higher (2011: lower) than the standard rate of corporation tax in the UK of 26.3% (2011: 28.0%). The differences are explained below.

	Period ended 28 January 2012 £	Period from 1 April 2010 to 22 January 2011 £
Loss on ordinary activities before tax	<u>(2,526,938)</u>	<u>(1,042,707)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.3% (2011: 28.0%)	(664,585)	(291,958)
Effects of		
Difference between capital allowances and depreciation	(5,013)	20,160
Transfer pricing computational adjustment	(7,330)	(82)
Expenses not deductible for tax purposes	1,644	102,284
Current tax credit for period (note 5(a))	<u>(675,284)</u>	<u>(169,596)</u>

**Co-operative Energy Limited**  
**Notes to the financial statements for the period ended 28 January 2012**

**5 Taxation (continued)**

**(c) Balance sheet**

	2012 £	2011 £
Corporation tax payable	-	-
Debtor for deferred taxation		
Accelerated capital allowances	(119,061)	(19,440)
Amounts included in debtors	(119,061)	(19,440)
Debtor at start of period	(19,440)	-
Deferred tax credit in revenue account for period (note 5(a))	(99,621)	(19,440)
Debtor at end of period	(119,061)	(19,440)

**(d) Factors affecting future tax changes**

The Budget on 21 March 2012 announced that the UK corporation tax rate would reduce by an additional 1% to 24% from April 2012 with further reductions to 23% in 2013 and 22% in 2014. The reduction will reduce the company's future current tax charge accordingly.

The deferred tax asset at 28 January 2012 has been calculated based on the rate of 25% which was substantively enacted at the balance sheet date. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future tax charge and reduce the company's deferred tax liability.

**6 Debtors**

	2012 £	2011 £
Trade debtors	118,375	3,000
Other debtors	22,663	-
Prepayments	1,572,666	11,705
Deferred taxation	119,061	19,440
	<u>1,832,765</u>	<u>34,145</u>

**7 Creditors amounts falling due within one year**

	2012 £	2011 £
Trade creditors	226,707	24,353
Other creditors	2,306,012	-
Accruals	305,111	198,192
	<u>2,837,830</u>	<u>222,545</u>

**8 Creditors amounts falling due after more than one year**

	2012 £	2011 £
Amounts owed to group undertakings	1,641,648	669,730
	<u>1,641,648</u>	<u>669,730</u>

**Co-operative Energy Limited**  
**Notes to the financial statements for the period ended 28 January 2012**

**9 Share capital**

	2012 £	2011 £
Allotted, called up and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

**10 Profit and loss account**

	2012 £	2011 £
Balance at 23 January 2011	(858,131)	(4,460)
Loss for the period	<u>(1,752,033)</u>	<u>(853,671)</u>
At 28 January 2012	<u>(2,610,164)</u>	<u>(858,131)</u>

**11 Reconciliation of movement in shareholders' deficit**

	2012 £	2011 £
Loss for the financial period	(1,752,033)	(853,671)
Opening shareholders' deficit	<u>(858,130)</u>	<u>(4,459)</u>
Closing shareholders' deficit	<u>(2,610,163)</u>	<u>(858,130)</u>

**12 Immediate and ultimate parent undertaking**

The directors regard The Midcounties Co-operative Limited as the ultimate parent and ultimate controlling entity. Copies of the ultimate parent's consolidated financial statements may be obtained from the Secretary, Co-operative House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.