

Registered number: 13471340

COBALT ENERGY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2022

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COBALT ENERGY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Nicholas Charnock (appointed 20 August 2021) Ian Crummack (appointed 22 June 2021) Deon Venter (appointed 20 August 2021) Sharon Bates (appointed 20 August 2021, resigned 4 November 2022)
Company secretary	Claire Bailey
Registered number	13471340
Registered office	50-54 Oswald Road Scunthorpe Lincolnshire DN15 7PQ
Independent auditors	Knill James LLP Statutory Auditors One Bell Lane Lewes East Sussex BN7 1JU

COBALT ENERGY HOLDINGS LIMITED

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COBALT ENERGY HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 MAY 2022

Introduction

History and Background

Cobalt Energy Limited was formed in 2008 by Ian Crummack and is a specialist company working in the energy from waste, biomass, process and energy storage sectors. The company is staffed by professional engineers, project managers and plant operators with energy and process backgrounds, some of whom have more than 30 years' experience in the UK market.

The company began by undertaking engineering works, then expanded into plant construction in 2012, and by 2017 had undertaken plant operations; most of the company references are within the energy from waste, waste treatment and biomass sectors. The company was active in the large scale solar market for some years, particularly for construction, but withdrew from this market as O&M did not prove to be a profitable venture.

The strategic development of the company has been planned and deliberate; as at 31 May 2022, it has more than 120 employees. As part of this growth strategy Cobalt Energy entered into a group holding structure in 2021, and now looks to the future, with further planned expansion into the thermal renewables sector, waste to chemical, carbon capture and energy storage systems.

Values and Mission Statement

Our values

We value the Health and Safety of our employees, customers, visitors and all who come into contact with our activities. *There is nothing so important that it cannot be done safely.*

We act safely, promptly, proactively and professionally, with integrity and probity, and with a quality focus in all things we do and deliver.

We respond positively to feedback; we listen to our customers and our employees, and we strive for improvement.

Mission Statement

To conceive and implement practical, engineered and safe solutions to complex issues and installations, which provide customer value and promote environmental sustainability.

Vision Statement

To be the leading independent partner delivering multi-disciplinary engineering and operational services in the thermal renewable sector.

Strategic Priorities

Safety and quality leadership, people, the environment, customer problem solving, developing a healthy culture and financial strength.

What Cobalt Energy does not do

Own assets and act as a project developer for new projects.

COBALT ENERGY HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MAY 2022

Business review

Core Services

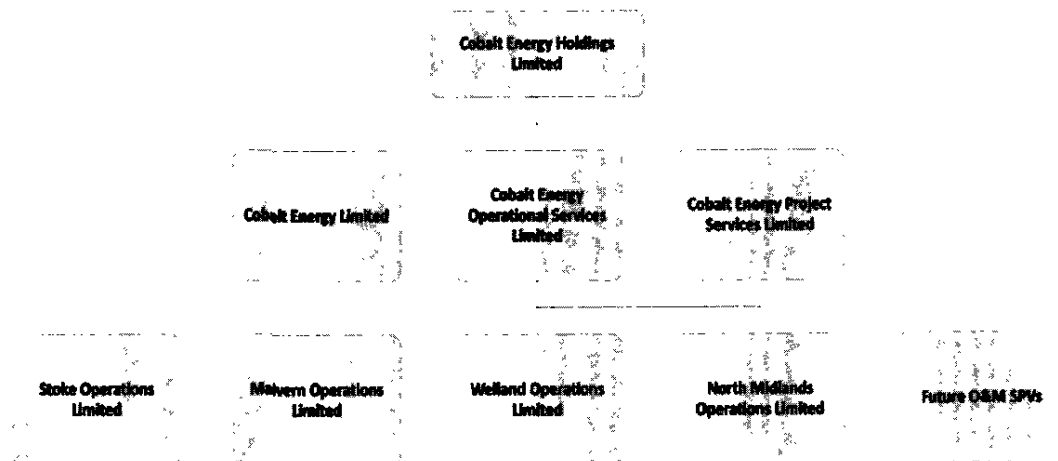
Engineering: Cobalt Energy provides concept design, design review, technical and technology assessments, specification, procurement, construction, classic engineering consulting services, engineering and safety studies, trouble shooting and solution and service advice.

Projects: Cobalt Energy provides cost estimation, work package assessment and contract configuration for the execution of EPC and EPCM contracts, project execution, CDM support services along with project integrator, project manager and engineering services.

Plant Operations: Cobalt Energy is a plant operator and direct O&M services provider, including system and procedural design, contract configuration and mobilisation, O&M engineering support, plant optimisation, training services, condition surveys, outage planning and execution, maintenance planning, asset reviews, operational audits, service agreements, trouble shooting, asset removal and disposal.

Structure

In the company financial year 1 June 2021 to 31 May 2022, Cobalt Energy implemented a group holding structure, which is a customary and recognised method of organisation, frequently adopted as a company grows, and begins to operate working facilities under contract. This has enabled operational contracts to be allocated to Special Purpose Vehicles (SPV's), and for a separate company to be established dedicated to construction contracts.



COBALT ENERGY HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MAY 2022

Principal risks and uncertainties

The Health and Safety of company employees remains as the biggest risk to the business; the strategy of the group in this respect has been to create a Board Level position for a qualified safety professional to provide leadership and to actively promote a healthy and vibrant safety culture. The essence of this strategy is that safety is everyone's responsibility, and is to be regarded as the number 1 priority.

Environmental risks include keeping within the statutory compliance limits for any Environmental Permits for the operational sites, and to observe the terms of the EMP (Environmental Management Plans) for each of the construction sites run by the Group.

Quality risks are for non-compliance with the ISO9001 certification for Cobalt Energy; for this reason, the Cobalt Group employed a dedicated quality manager during the reporting period.

Commercial risks include the non-observance of relevant contract terms and conditions; for this reason, the Cobalt Group employed a dedicated legal affairs manager during the reporting period, and carries out regular reviews and training with the appointed contract managers.

Uncertainties include the acquisition of new business and the availability of qualified engineers and administrators.

All companies within the Cobalt Energy Group have Terms of Reference which are adhered to, governing management decisions.

Development and Performance of the Business

Inward Investment Policy

The company has always operated an inward investment policy, which manifests itself as:

- Investment into people: the advance recruitment of qualified and experienced engineers, project managers and administrators, who can help to expand the Group.
- Investment into training: working with our valued employees to upskill and coach them to achieve the Group objectives; this includes a wide range of activities.

Performance

- The company finished the delivery of, what was at time of signature in 2019, its largest project. In 2020 the company signed a larger multiyear contract with project delivery continuing through financial year 2021/22.
- In parallel to the construction activities, the company mobilised O&M teams for the associated O&M contracts.
- As well as setting up the new O&M SPV's, the company continued to improve the performance of the existing O&M operation, prioritising safety and optimising plant performance.

Business Position as at 31 May 2022

Cobalt has gone from strength to strength in recent years, going from £5.5m revenue in 2019, £7.2m revenue in 2020, £11.7m revenue in 2021 and now £20.5m revenue in 2022.

A lot of work has been put into the development of the group structure, and we believe that this will be a key driver for our targeted future growth plans.

COBALT ENERGY HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MAY 2022

Financial and Non-Financial KPI's

The Group did not have any RIDDORs during the reporting period.

The Group did not have any reportable Environmental non-compliances during the reporting period.

The Group did not have any quality standard non-compliances during the reporting period.

Effects of the Pandemic

The UK government implemented a series of coronavirus lockdowns and restrictions between March 2020 and June 2021, which affected the whole country and many aspects of day to day business. The Cobalt Energy Group was no exception in that regard; the effects of the pandemic were felt in financial terms for the Group as follows, as none of the below related costs could be passed on:

- The construction contracts under way in Malvern and Stoke were unavoidably impacted, with work (to some extent) coming to a halt for some periods, chiefly due to a lack of (or delayed) equipment and materials.
- Most construction contracts contain a 'Force Majeure' clause; this is a provision that frees both parties from their obligations if an extraordinary event directly prevents one or both parties from performing them. Covid-19 was widely interpreted as one of those events, which means that whilst Cobalt Energy was not impacted with liquidated damages for delay, it did have to bear 'standing still' costs for several periods.
- Whilst Cobalt Energy has always been used to distance working to some extent (on account of renewable energy projects being widely spread), considerable effort and investment was required to keep the company working during the lock-down periods.
- The company did not use the Government Furlough scheme during the Covid-19 Pandemic, as it felt it would have been inappropriate to do so, even though some employees may have qualified for inclusion. The reason for this is because the Board did not want any distinction drawn between the perceived usefulness of employees. Keeping going during this difficult period was costly for the company, but the Board believes that it is one of the reasons for our continued success.

The financial effects of the pandemic have mostly been felt in the financial year 2021/22, which also coincided with the inward investment into the Group structure.

Indeed, the company adopted a Group structure as from 1st June 2021, which represents a belief in the future of the company strategic intent, and in the ability of the managers and employees.

The above factors be seen in the financial results for 2021/22; however, the restructuring costs and the pandemic impact are regarded as one-off costs, both of which will benefit the forward position of the Cobalt Energy Group in the financial year 2022 – 2023.

This report was approved by the board on 25 May 2023 and signed on its behalf.

Ian Crummack
Director



COBALT ENERGY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MAY 2022

The directors present their report and the financial statements for the period ended 31 May 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Principal activity

The principal activity of the company is that of a holding company.

The company was incorporated on 22 June 2021.

Results and dividends

The profit for the period, after taxation, amounted to £1,511,336.

During the year, a dividend of £184,528 was paid. The directors do not recommend a payment of a final dividend.

Directors

The directors who served during the period were:

Nicholas Charnock (appointed 20 August 2021)

Ian Crummack (appointed 22 June 2021)

Deon Venter (appointed 20 August 2021)

Sharon Bates (appointed 20 August 2021, resigned 4 November 2022)

COBALT ENERGY HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MAY 2022

Future developments

The focus on Health and Safety for Cobalt Energy will continue; it will remain the number one corporate priority.

The group also intends to continue its expansion; in order to achieve this, there is to be a concentration on three aspects:

- Increased O&M (operations & maintenance) contracts, to reflect the growing maturity of the group and its ability to absorb and integrate new SPV's. The engineering background and credentials of the group are regarded as being extremely important, as they allow for an in-depth supporting service in terms of improvement works, outage management and operational optimisation. In this regard, the company will seek to recruit additional managers who are competent and experienced in these key areas.
- Completion of the outstanding construction projects and the acquisition of others. Lessons learnt include keeping a close track on cash flow and supplier payments, so investment is required into software and systems which will allow this to be further developed. The capital value of EPC projects should be limited to a reasonable level, but the company has managed EPCM contracts on projects with a greater overall expenditure of £70M. However, the market is not yet convinced of the EPCM multi-contracting approach, due to the use and preponderance of project financing techniques. Further efforts will therefore be dedicated into the marketing and explanation of the advantages EPCM to project developers and funders.
- Consolidation and expansion of the Consulting and Innovation (C&I) division, which contains the engineering backbone of the company. Further recruitment of graduates (particularly chemical and mechanical) will be targeted, as well as more mature and experienced technologists. The emerging market of 'waste to X' (where 'X' could range from chemical feedstocks to liquid fuels) shows signs of taking off, and the company should grow its ability in line with this trend.

Future plans of the company also include development of the management teams, from the Board downwards, to reflect the growth of the company.

Finally, the group intends to return to strong profitability for the next financial year of 2022/2023, by making the group structure adopted in 2021 work effectively, making some efficiencies, overcoming legacy issues from the pandemic and through the careful selection of future projects and workstreams.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

COBALT ENERGY HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MAY 2022

Guarantees under section 479A of the Companies Act 2006

Cobalt Energy Limited (registered number: 06901676), Cobalt Energy Operational Services Limited (registered number: 13577338), Cobalt Energy Project Services Limited (registered number: 13579911), Stoke Operations Limited (registered number 12363860), Malvern Operations Limited (registered number 11828782), Welland Operations Limited (registered number 10524720), North Midlands Operations Limited (registered number 04047785) subsidiaries of the Company, are exempt from the requirement of the Companies Act 2006 relating to the audit of the individual financial statements by the virtue of section 479A for non-dormant subsidiaries. All outstanding liabilities as at 31 May 2022 of Cobalt Energy Limited, Cobalt Energy Operational Services Limited, Cobalt Energy Project Services Limited, Stoke Operations Limited, Malvern Operations Limited, Welland Operations Limited, and North Midlands Operations Limited have been guaranteed by the Company and no liability is expected to arise under these guarantees.

Auditors

The auditors, Knill James LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 May 2023 and signed on its behalf.

Ian Crummack
Director



COBALT ENERGY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COBALT ENERGY HOLDINGS LIMITED

Opinion

We have audited the financial statements of Cobalt Energy Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 May 2022, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 31 May 2022 and of the Group's profit for the period 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

COBALT ENERGY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COBALT ENERGY HOLDINGS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the 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 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.*

COBALT ENERGY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COBALT ENERGY HOLDINGS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

In identifying and assessing the risk of material misstatement in respect of irregularities, including fraud, we:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group operates in and how the group complies with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Companies Act 2006 and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements, including the Directors' report.

The most significant laws and regulations that have an indirect impact on the financial statements are employment law, health and safety regulations and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

We identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

COBALT ENERGY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COBALT ENERGY HOLDINGS LIMITED (CONTINUED)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our 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 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.

Knill James LLP

Mark Filsell FCA (Senior statutory auditor)

for and on behalf of

Knill James LLP

Statutory Auditors

One Bell Lane
Lewes
East Sussex
BN7 1JU

25 May 2023

COBALT ENERGY HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MAY 2022**

	Note	2022 £
Turnover	4	15,335,456
Cost of sales		(10,744,050)
Gross profit		4,591,406
Administrative expenses		(3,052,171)
Operating profit		1,539,235
Interest receivable and similar income		334
Interest payable and similar expenses		(19,398)
Other finance income		(7,545)
Profit before tax		1,512,626
Tax on profit	11	(1,290)
Profit for the financial period		1,511,336
Profit for the year attributable to:		
Owners of the parent company		1,511,336
Total comprehensive income attributable to:		

There was no other comprehensive income for 2022.

The notes on pages 19 to 33 form part of these financial statements.

COBALT ENERGY HOLDINGS LIMITED
REGISTERED NUMBER: 13471340

CONSOLIDATED BALANCE SHEET
AS AT 31 MAY 2022

	Note	2022 £	2022 £
Fixed assets			
Tangible assets	13		72,026
Current assets			
Debtors: amounts falling due within one year	15	2,608,061	
Cash at bank and in hand	16	2,471,010	
		<u>5,079,071</u>	
Creditors: amounts falling due within one year	17	(3,534,686)	
Net current assets			<u>1,544,385</u>
Total assets less current liabilities			<u>1,616,411</u>
Creditors: amounts falling due after more than one year	18		(288,113)
Provisions for liabilities			
Deferred tax	19	(1,290)	
			<u>(1,290)</u>
Net assets			<u><u>1,327,008</u></u>
Capital and reserves			
Called up share capital	20		200
Other reserves	21		(7,837)
Profit and loss account	21		1,334,645
			<u><u>1,327,008</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2023.

Ian Crummack
Director



The notes on pages 19 to 33 form part of these financial statements.

COBALT ENERGY HOLDINGS LIMITED
REGISTERED NUMBER: 13471340

COMPANY BALANCE SHEET
AS AT 31 MAY 2022

	Note	2022 £	2022 £
Fixed assets			
Investments	14		1,200
Current assets			
Debtors: amounts falling due within one year	15	100	
Cash at bank and in hand	16	500,000	
		<u>500,100</u>	
Creditors: amounts falling due within one year		(500,680)	
Net current (liabilities)/assets			<u>(580)</u>
Total assets less current liabilities			<u>620</u>
Net assets			<u><u>620</u></u>
Capital and reserves			
Called up share capital	20		200
Share premium account	21		900
Profit and loss account	21		(480)
			<u><u>620</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 May 2023.

Ian Crummack
Director



The notes on pages 19 to 33 form part of these financial statements.

COBALT ENERGY HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MAY 2022**

	Called up share capital £	Other reserves £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
Comprehensive income for the period					
Profit for the period	-	-	1,511,336	1,511,336	1,511,336
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	(184,528)	(184,528)	(184,528)
Shares issued during the period	200	-	-	200	200
Transfers	-	(7,837)	7,837	-	-
Total transactions with owners	200	(7,837)	(176,691)	(184,328)	(184,328)
At 31 May 2022	200	(7,837)	1,334,645	1,327,008	1,327,008

The notes on pages 19 to 33 form part of these financial statements.

COBALT ENERGY HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MAY 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Comprehensive income for the period				
Profit for the period	-	-	172,048	172,048
	<hr/>	<hr/>	<hr/>	<hr/>
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(172,528)	(172,528)
Shares issued during the period	200	900	-	1,100
	<hr/>	<hr/>	<hr/>	<hr/>
Total transactions with owners	200	900	(172,528)	(171,428)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2022	200	900	(480)	620
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 19 to 33 form part of these financial statements.

COBALT ENERGY HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MAY 2022

	2022 £
Cash flows from operating activities	
Profit for the financial period	1,511,336
Adjustments for:	
Amortisation of intangible assets	(1,719,565)
Depreciation of tangible assets	21,826
Interest paid	19,399
Interest received	(334)
Taxation charge	1,290
(Increase)/decrease in debtors	(2,587,470)
Increase in creditors	3,291,506
Corporation tax	123,293
Net cash generated from operating activities	661,281
Cash flows from investing activities	
Purchase of tangible fixed assets	(93,852)
Interest received	334
Goodwill arising on acquisition	1,719,565
Net cash from investing activities	1,626,047
Cash flows from financing activities	
Issue of ordinary shares	100
New secured loans	27,968
Other new loans	359,541
Dividends paid	(184,528)
Interest paid	(19,399)
Net cash used in financing activities	183,682
Net increase in cash and cash equivalents	2,471,010
Cash and cash equivalents at the end of period	2,471,010
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	2,471,010

The notes on pages 19 to 33 form part of these financial statements.

COBALT ENERGY HOLDINGS LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE PERIOD ENDED 31 MAY 2022**

	Cash flows	At 31 May
	£	2022
		£
Cash at bank and in hand	2,471,010	2,471,010
Debt due after 1 year	(288,113)	(288,113)
Debt due within 1 year	(113,771)	(113,771)
	2,069,126	2,069,126

COBALT ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022

1. General information

Cobalt Energy Holdings Limited is a private company limited by shares and is incorporated in England. The registered office is 50-54 Oswald Road, Scunthorpe, Lincolnshire, DN15 7PQ. The principal place of business is West Road House, 26a West Road, Suites 5 & 6, Buxton, Derbyshire, SK17 6HF.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

COBALT ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

COBALT ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 20% or 25% straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

COBALT ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022

2. Accounting policies (continued)

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.17 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt

COBALT ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022

2. Accounting policies (continued)

2.17 Financial instruments (continued)

instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.19 EMI share options

EMI share options are valued using the fair value through the profit and loss method. The fair value of the share options is initially assessed upon granting these share options and accounted for within equity. The fair value is then reassessed annually, any gains and losses will be shown within the profit and loss accounts until the share options are exercised.

COBALT ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgments

There were no critical judgments applied in preparing these financial statements apart from those involving estimates.

Key estimates include the following:

Depreciation is provided to write down the assets to their residual values over their estimated useful lives as set out in the groups accounting policy. The selection of these estimated lives requires the exercise of management assessment. Useful lives are regularly reviewed and should management's assessment of useful lives change then depreciation charges and carrying value of fixed assets in the financial statement's would change accordingly.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £
Sales	15,335,456
	<u>15,335,456</u>

Analysis of turnover by country of destination:

	2022 £
United Kingdom	<u>15,335,456</u>

COBALT ENERGY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2022**

5. Operating profit

The operating profit is stated after charging:

	2022
	£
Exchange differences	(162)
Other operating lease rentals	45,476
Depreciation of tangible fixed assets	21,826
Adjustment for negative goodwill	(1,716,565)
	<u><u> </u></u>

6. Auditors' remuneration

	2022
	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	25,000
	<u><u> </u></u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group
	2022
	£
Wages and salaries	4,008,365
Social security costs	468,873
Cost of defined contribution scheme	133,386
	<u><u>4,610,624</u></u>

The average monthly number of employees, including the directors, during the period was as follows:

	2022
	No.
Employees	89
	<u><u> </u></u>

The Company has no employees other than the directors, who did not receive any remuneration.

COBALT ENERGY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2022**

8. Directors' remuneration

	2022 £
Directors' emoluments	507,209
Group contributions to defined contribution pension schemes	18,333
	<u>525,542</u>

During the period retirement benefits were accruing to 6 directors in respect of defined contribution pension schemes.

9. Interest receivable

	2022 £
Other interest receivable	334
	<u>334</u>

10. Interest payable and similar expenses

	2022 £
Bank interest payable	637
Other loan interest payable	18,761
	<u>19,398</u>

11. Taxation

	2022 £
Total current tax	<u>-</u>
Deferred tax	
Origination and reversal of timing differences	1,290
Total deferred tax	<u>1,290</u>
Taxation on profit on ordinary activities	<u>1,290</u>

COBALT ENERGY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2022**

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is the same as the standard rate of corporation tax in the UK of 19% as set out below:

	2022 £
Profit on ordinary activities before tax	1,512,625
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	287,399
Effects of:	
Adjustment for negative goodwill	(287,735)
Group relief	336
Deferred tax	1,290
Total tax charge for the period	1,290

12. Dividends

	2022 £
Dividends	184,528
	184,528

COBALT ENERGY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2022**

13. Tangible fixed assets

Group

	Office equipment £
Cost or valuation	
Additions	93,852
At 31 May 2022	<u>93,852</u>
Depreciation	
Charge for the period on owned assets	21,826
At 31 May 2022	<u>21,826</u>
Net book value	
At 31 May 2022	<u><u>72,026</u></u>

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	1,200
At 31 May 2022	<u><u>1,200</u></u>

Details of the subsidiaries are included in note 26.

COBALT ENERGY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2022**

15. Debtors

	Group 2022 £	Company 2022 £
Trade debtors	1,841,298	-
Other debtors	382,625	-
Called up share capital not paid	100	100
Prepayments and accrued income	384,038	-
	<u>2,608,061</u>	<u>100</u>

16. Cash and cash equivalents

	Group 2022 £	Company 2022 £
Cash at bank and in hand	<u>2,471,010</u>	<u>500,000</u>

COBALT ENERGY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2022**

17. Creditors: Amounts falling due within one year

	Group 2022 £	Company 2022 £
Bank loans	27,968	-
Other loans	71,428	-
Trade creditors	1,849,837	-
<i>Amounts owed to group undertakings</i>	-	500,200
Corporation tax	123,293	-
Other taxation and social security	533,768	-
Other creditors	40,196	-
Accruals and deferred income	888,196	480
	<u>3,534,686</u>	<u>500,680</u>

The following liabilities were secured:

	Group 2022 £
Bank loan	27,968
Other loans	71,428
	<u>99,396</u>

Details of security provided:

Bank borrowings are secured by a personal guarantee by one of the directors. Other borrowings are secured on the assets of the company.

COBALT ENERGY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2022**

18. Creditors: Amounts falling due after more than one year

	Group 2022 £
Other loans	288,113
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The following liabilities were secured:

	Group 2022 £
Other loans	288,113
	<hr/>
	288,113
	<hr/>

Details of security provided:

Bank borrowings are secured by a personal guarantee by one of the directors. Other borrowings are secured on the assets of the company.

19. Deferred taxation

Group

	2022 £
Charged to profit or loss	(1,290)
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At end of year	(1,290)
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	Group 2022 £
Accelerated capital allowances	(1,290)
	<hr/>
	(1,290)
	<hr/>

COBALT ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022

20. Share capital

	2022 £
Allotted, called up and fully paid	
200 Ordinary shares of £1.00 each	200

During the year, the company issued 200 ordinary shares at par.

21. Reserves

Other reserves

Other reserves represent the EMI share options granted and the company's investment account. Share options were valued at £13,227 upon creation of the EMI scheme and this valuation is still believed to be valid at the 2022 year end. The fair value of granting these share options has been expensed through the profit and loss account in the prior year. As the employees have not yet exercised these share options, the fair value adjustment is disallowable for corporation tax purposes.

During the 2018 accounting period £250,000 was put into an investment account. The fair value of this investment account was considered to have decreased since 2021 by £7,837. Since this investment account has not yet been realised, the fair value is disallowable for corporation tax purposes.

Other reserves therefore represent the net fair value adjustments in relation to EMI share options and the investment account.

22. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £133,386. Contributions totalling £13,920 were payable to the fund at the balance sheet date and are included in creditors.

23. Commitments under operating leases

At 31 May 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £
Group	
Not later than 1 year	9,283
	9,283

COBALT ENERGY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2022

24. Guarantees under section 479A of the Companies Act 2006

Cobalt Energy Limited (registered number: 06901676), Cobalt Energy Operational Services Limited (registered number: 13577338), Cobalt Energy Project Services Limited (registered number: 13579911), Stoke Operations Limited (registered number 12363860), Malvern Operations Limited (registered number 11828782), Welland Operations Limited (registered number 10524720), North Midlands Operations Limited (registered number 04047785) subsidiaries of the Company, are exempt from the requirement of the Companies Act 2006 relating to the audit of the individual financial statements by the virtue of section 479A for non-dormant subsidiaries. All outstanding liabilities as at 31 May 2022 of Cobalt Energy Limited, Cobalt Energy Operational Services Limited, Cobalt Energy Project Services Limited, Stoke Operations Limited, Malvern Operations Limited, Welland Operations Limited and North Midlands Operations Limited have been guaranteed by the Company and no liability is expected to arise under these guarantees.

25. Controlling party

Cobalt Energy Holdings Limited is controlled by the director, Ian Crummack.

26. Subsidiary undertakings

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Cobalt Energy Operational Services Limited	England & Wales	Ordinary	100%
Cobalt Energy Limited	England & Wales	Ordinary	100%
Cobalt Energy Project Services Limited	England & Wales	Ordinary	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Stoke Operations Limited	England & Wales	Ordinary	100%
Malvern Operations Limited	England & Wales	Ordinary	100%
Welland Operations Limited	England & Wales	Ordinary	100%
North Midlands Operations Limited	England & Wales	Ordinary	100%