

Co-op Community Energy Limited

Annual report and financial statements

For the year ended 30 April 2021

Registered number: 12200005



COMPANY INFORMATION

Directors

P Westall
Z L North-Bond
M Bunney
E M Hieron (Appointed 1 December 2020)

Company Secretary

Octopus Company Secretarial Services Limited

Company Registration Number

12200005

Registered Office

Co-Operative House Warwick Technology Park,
Gallows Hill,
Warwick,
England,
CV34 6DA

Auditor

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR

Bankers

Barclays Bank PLC
One Snowhill,
Snowhill Queensway,
Birmingham
B4 6GN

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DIRECTORS' REPORT

For the year ended 30 April 2021

The directors present the annual report on the audited financial statements of Co-op Community Energy Limited ("the Company"), together with the financial statements and auditor's report, for the year ended 30 April 2021.

Principal activity

The Company's principal activity is to source electricity from community based renewable generation and to support the retail of community energy backed tariffs to end consumers.

Going concern

The Company is currently in a net liability position but has received letters from its parent companies Octopus Energy Group Limited and The Midcounties Cooperative Limited, to provide support in the form of a capital contribution sufficient to support both the existing liabilities and the ongoing funding of the Company.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors who served throughout the year were as follows:

P Westall
Z L North-Bond
M Bunney
E M Hieron (Appointed 1 December 2020)
P M Dubois (Resigned 1 December 2020)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP will be deemed to be reappointed and will therefore continue in office, pursuant to Section 487 of the Companies Act 2006.

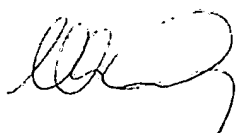
DIRECTORS' REPORT (CONTINUED)

For the year ended 30 April 2021

Small companies provision statement

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved by the Board and signed on its behalf by:



Matt Bunney

Director

1 February 2022

Registered office:

Co-Operative House Warwick Technology Park,
Gallows Hill,
Warwick,
England,
CV34 6DA

DIRECTORS' RESPONSIBILITIES STATEMENT

For the year ended 30 April 2021

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 "The Financial Reporting Standard applicable in the UK and the 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 of the profit or loss of the Company for that year.

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; 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Co-op Community Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Co-op Community Energy Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30th April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account and statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1-15.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC'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 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information 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 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.

Independent auditor's report to the members of Co-op Community Energy Limited (continued)

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team, including relevant internal specialists such as IT specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Independent auditor's report to the members of Co-op Community Energy Limited (continued)

- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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 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.



Anthony Matthews FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
3 February 2022

PROFIT AND LOSS ACCOUNT

For the year ended 30 April 2021

		2021	For the period from 11 September 2019 to 30 April 2020
	Notes	£'s	£'s
Turnover	5	45,041	15,682
Cost of sales		(159,538)	(80,811)
Gross loss		(114,497)	(65,129)
Administrative expenses		(162,662)	(62,731)
Loss before tax	6	(277,159)	(127,860)
Tax credit on loss	8	-	-
Loss for the financial year		(277,159)	(127,860)

All amounts relate to continuing operations.

There is no other comprehensive income or loss and as such no separate statement of other comprehensive income or loss have been prepared.

The notes on pages 13 to 18 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 30 April 2021

	Notes	2021 £'s	2020 £'s
CURRENT ASSETS			
DEBTORS: amounts falling due within one year	9	270,599	200,000
		<u>270,599</u>	<u>200,000</u>
CREDITORS: amounts falling due within one year	10	(475,618)	(127,860)
NET CURRENT (LIABILITIES)/ ASSETS		<u>(205,019)</u>	<u>72,140</u>
CAPITAL AND RESERVES			
Called-up share capital	11	200,000	200,000
Profit and loss account		(405,019)	(127,860)
SHAREHOLDERS' (DEFICIT)/FUNDS		<u>(205,019)</u>	<u>72,140</u>

The notes on pages 13 to 18 form part of these financial statements.

The financial statements of Co-op Community Energy Limited (registered number: 12200005) were approved by the Board of Directors and authorised for issue on 1 February 2022. The accounts have been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. They were signed on its behalf by:



Matt Bunney
Director
Registered office:
Co-Operative House Warwick Technology Park,
Gallows Hill,
Warwick,
England,
CV34 6DA

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2021

	Called-up share capital £'s	Profit and loss account £'s	Total £'s
At 11 September 2019	-	-	-
Total loss for the period	-	(127,860)	(127,860)
Issue of shares	200,000	-	200,000
At 1 May 2020	200,000	(127,860)	72,140
Total loss for the year	-	(277,159)	(277,159)
Issue of shares	-	-	-
At 30 April 2021	200,000	(405,019)	(205,019)

The notes on pages 13 to 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2021

1. Company information

Co-op Community Energy Limited is a private Company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is shown on the Company information page and its principal activities are outlined in the Directors' report.

2. Accounting Policies

2.1 Basis of preparation of financial statements accounting and preparation of financial statements

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis unless otherwise specified within these accounting policies.

The functional currency of the Company is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which the Company operates.

2.2 Financial reporting standard 102 – small entities

The Company meets the definition of a small entity under Section 1A FRS 102 and therefore is not required to comply with the requirement of paragraphs 3.310, PBE3.3A, 3.911, 3.12, 3.13, 3.17, 3.18, 3.19 and 3.24(b) which relate to presentation and disclosure requirements that are not required of small companies in Company law, Section 4 Statement of Financial Position, Section 5 Statement of Comprehensive Income and Income Statement, Section 6 Statement of Changes in Equity and Statement of Income and Retained Earnings and Section 7 Statement of Cash Flows.

2.3 Going concern

The Company is currently in a net liability position but has received letters from its parent companies Octopus Energy Group Limited and The Midcounties Cooperative Limited, to provide support in the form of a capital contribution sufficient to support both the existing liabilities and the ongoing funding of the Company.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

3. Significant judgements and estimates

In the application of the Company's accounting policies, which are described below, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2021

There were no significant accounting judgements or estimates required to be made in preparing this set of financial statements.

4. Principal accounting policies

4.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recorded at the fair value of the consideration received or receivable.

There are two revenue streams to the Company which are as follows:

- i. *The sale of renewable power via the origination of power purchase agreements.*

Revenue is recognised in line with generation volume outputs.

- ii. *Commission earned on customer referrals to Octopus Energy Limited.*

Revenue is recognised at the point of completion of each customer sign up.

4.2 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains or losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time that the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

4.3 Debtors

Short term debtors are measured at transaction price, less any impairment.

4.4 Creditors

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 2021

4.5 Pensions

The Company operates a defined contribution pension scheme for employees and the pension charge represents the amounts payable by the Company to the scheme in respect of the period. These costs are included as part of staff costs (see note 7) and pension (see note 12). Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

5. Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes the sale of renewable power via the origination of power purchase agreements and commission that are earned on customer referrals to Octopus Energy Limited.

6. Loss before Taxation

Loss before taxation is stated after charging:

	For the year ended 30 April 2021	For the period from 11 September 2019 to 30 April 2020
	£'s	£'s
Staff and consultancy costs	225,045	126,575
Advertising costs	12,441	7,780

The analysis of auditor's remuneration is as follows:

	For the year ended 30 April 2021	For the period from 11 September 2019 to 30 April 2020
	£'s	£'s
Fees payable to the Company's auditor for the audit of the Company's annual accounts	7,000	7,000
Total fees payable to the Company's auditor	7,000	7,000

7. Staff costs

The average monthly number of employees, including executive directors, during the year was:

	For the year ended 30 April 2021	For the period from 11 September 2019 to 30 April 2020
Employees	3	3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 2021

Their aggregate remuneration comprised:

	For the year ended 30 April 2021	For the period from 11 September 2019 to 30 April 2020
	£'s	£'s
Wages and salaries	198,739	109,291
Social security costs	23,263	13,257
Other pension costs (see note 12)	3,043	1,777
	<u>225,045</u>	<u>124,325</u>

The figures above are split between cost of sales and administrative expenses, included within cost of sales is £119,548 (FY20: £71,039) for wages and salaries, £15,121 (FY20: £8,617) social security costs and £1,978 (FY20: £1,155) pension costs.

8. Taxation

Factors affecting the tax charge/(credit) for the period:

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19%). The differences are explained below

	For the year ended 30 April 2021	For the period from 11 September 2019 to 30 April 2020
	£'s	£'s
Loss before tax	(277,159)	(127,860)
Loss multiplied by standard rate of corporation tax in the UK of 19%	(52,660)	24,293
Effects of:		
Movement in unrecognised Deferred Tax	52,660	(24,293)
Total tax charge for the year	<u>-</u>	<u>-</u>

The deferred tax asset has not been recognised to the extent that it is not probable that taxable profits will be available against which the unused tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 2021

9. Debtors

	2021	2020
	£'s	£'s
Amounts falling due within one year:		
Amounts owed by related party	43,897	-
Other debtors	202,490	200,000
Prepayments and accrued income	24,212	-
	<u>270,599</u>	<u>200,000</u>

10. Creditors

	2021	2020
	£'s	£'s
Amounts falling due within one year:		
Trade creditors	-	2,250
Other creditors	-	12,240
Amounts owed to related party	461,618	106,371
Accruals and deferred income	14,000	7,000
	<u>475,618</u>	<u>127,860</u>

Amounts owed to related party represents general expenses of £385,031 (FY20: £110,462) owing to The Midcounties Co-operative Limited and £76,589 (FY20: £nil) to Octopus Energy Limited.

11. Called-Up Share Capital

	2021	2020
	£'s	£'s
Allotted, called-up and paid		
'A' Ordinary shares of £1 each	100,000	100,000
'B' Ordinary shares of £1 each	100,000	100,000
	<u>200,000</u>	<u>200,000</u>

12. Retirement benefit schemes

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company under the control of trustees. Contributions accrue to the scheme for qualifying employees during the dates of their contracts of employment.

Contributions are usually made as a percentage of an individual employee's gross annual salary. The total costs charged to the Profit and loss of £3,043 represents contributions payable to the scheme by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 2021

13. Joint venture parties and ultimate controlling party

The Company is a joint venture between Octopus Energy Group Limited and The Midcounties Co-operative Limited.

Octopus Energy Group Limited is incorporated in the United Kingdom and registered in England and Wales, copies of these financial statements can be obtained from the registered office: Company Secretary, 6th Floor, 33 Holborn, London, EC1N 2HT.

The Midcounties Co-operative Limited is a registered society, copies of these financial statements can be obtained from registered office: Co-operative House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.

Name of joint venture party	Description of shares held	Proportion of nominal value of ordinary shares held	Accounting year end
Octopus Energy Group Limited	Ordinary	50%	30 April
The Midcounties Co-operative Limited	Ordinary	50%	26 January

14. Related Party Transactions

Identity of the related parties with which the Company has transacted:

At 30 April 2021, the Company owed £385,031 (FY20: £110,462) to The Midcounties Co-operative Limited and £76,589 (FY20: £nil) to Octopus Energy Limited.

15. Subsequent events

Since the reporting date of 30 April 2021, the directors are not aware of any matters or circumstances that have significantly or may significantly affect the Company.