

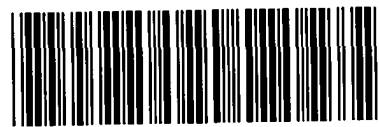
REGISTERED NUMBER: 06993470  
England and Wales

# CO-OPERATIVE ENERGY LIMITED

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 27 JANUARY 2018

SATURDAY



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22/09/2018  
COMPANIES HOUSE

**Co-operative Energy Limited**

**Directors' report and financial statements for the 52 weeks ended 27 January 2018**

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## Co-operative Energy Limited

### Strategic report for the 52 weeks ended 27 January 2018

#### Review of the business

Despite a challenging year for the business and the energy industry as a whole, the company is pleased to be reporting an increase in gross sales.

As well as supplying our customers gas and electricity, we can also provide them with energy saving advice to help them reduce their household consumption. Additionally, through our Warm Home Discount scheme, we have provided over £4 million of support to 19,000 of our most vulnerable customers who are at risk of, or experiencing, fuel poverty.

The company is very pleased that 100% of the electricity we supply now comes from renewable sources, including a number of local generators. We have made our offices more environmentally-friendly too, with Co-operative Energy Saving installing LED lighting across all four of our offices, saving over £29,000 of electricity and more than 110 tonnes of CO<sub>2</sub>. Other projects include, for example, the installation of solar panels at The Midcounties Co-operative Limited childcare nursery in Stroud, saving around £1,000 year

The company is delighted to win Utility Week's prestigious Customer Care Award in recognition of our customer-focused approach when we took on GB Energy Supply. We were commended by the judges for the way we "took on a high-risk project, providing a retailer of last resort for customers who had nowhere else to turn".

Results for the period are set out on page 6.

#### Key performance indicators

	2018	2017
Gross sales	£400m	£281m
Gross margin	9.43%	10.14%
Net margin (before tax)	(0.91)%	(2.71)%
Customers on supply	333,000	424,000

#### Dividends

A dividend of £nil (2017: £nil) was paid during the period.

#### Subsequent event

On 1 May 2018 the company acquired Flow Energy Limited, a domestic electricity and gas supplier with around 130,000 customers. The acquisition will allow the company to accelerate its growth plans and reduce its cost to serve at a very competitive price.

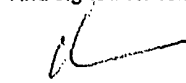
Co-operative Energy Limited

Strategic report for the 52 weeks ended 27 January 2018

Principal risks and uncertainties

Risk	Category	Mitigating actions
Brand positioning	Brand and reputation	Ongoing review of the Co-operative Energy Limited brand following the rebranding by Co-operative Group.
Implementation of General Data Protection Regulation (GDPR)	Legal and regulatory	Significant level of activity to ensure compliance by the implementation date of 25 May 2018.
Reputational damage	Brand and reputation	Controls at operational level; policies in place to protect legal and regulatory requirements.
Uncertainty arising from Brexit	Legal and regulatory	Monitor regulation and policies as they are formulated, engage with Co-operative MPs and key decision makers to influence where possible.
Serious breach of regulatory requirements	Legal and regulatory	Compliance teams and activity in place for all key areas.
Serious health and safety breach	Legal and regulatory	Robust Health & Safety framework, policies and procedures in place; monitoring through a risk-based audit programme.
Commodity price risk	Finance	Management monitors energy prices and will initiate instruments to manage exposure when it is deemed appropriate.
Cash flow risk	Finance	Management monitors working capital movements for seasonality.
Customer credit risk	Finance	Management has a policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

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



Edward Parker  
Secretary  
23 July 2018

**Co-operative Energy Limited**

**Directors' report for the 52 weeks ended 27 January 2018**

**Principal activity**

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

**Political donations**

The company made no political donations during the period (2017: £nil).

**Charitable donations**

The company made no charitable donations during the period (2017: £nil).

**Modern Slavery Act**

For the Company Modern Slavery Act Disclosure go to [www.midcounties.coop](http://www.midcounties.coop).

**Directors**

The directors of the Company as at 27 January 2018, all of whom had held office for the whole of the period unless otherwise stated, were:

S Allsopp	O Birch	C Booker	J Feeney	E Freeman
P H Gray OBE	I Kirkman	M Lane	D Morrison	J Nunn-Price MBE
B Rainford	H R Wiseman	V S Woodell		
B Connor	resigned	20 October 2017		
R FitzJohn	resigned	20 October 2017		
L Pevreal	resigned	20 October 2017		
M Cook	appointed	20 October 2017		
G Hayes	appointed	20 October 2017		
H Richardson	appointed	20 October 2017		

**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 auditor is 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 auditor is 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**



**Edward Parker**  
Secretary  
23 July 2018

Registered office: Co-operative House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.

**Co-operative Energy Limited**  
**Statement of Directors' Responsibilities In respect of the Strategic Report, Directors' Report and the Financial Statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board.



**Edward Parker, Secretary**  
23 July 2018

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

### Opinion

We have audited the financial statements of Co-operative Energy Limited ("the company") for the year ended 27 January 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 January 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion [those reports have]/[that report has] been prepared in accordance with the Companies Act 2006.

### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

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.



Simon Purkess (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

23 July 2018



**Co-operative Energy Limited**  
**Statement of Comprehensive Income for the 52 weeks ended 27 January 2018**

	Note	2018 £'000	2017 £'000
<b>Turnover</b>	<b>2</b>	<b>399,666</b>	<b>281,458</b>
<b>Cost of sales</b>		<b>(361,996)</b>	<b>(252,931)</b>
<b>Gross profit</b>		<u><b>37,670</b></u>	<u><b>28,527</b></u>
<b>Administrative expenses (including significant items of £nil (2017: £3,716,000 – note 6))</b>		<b>(41,295)</b>	<b>(36,158)</b>
<b>Operating loss</b>		<u><b>(3,625)</b></u>	<u><b>(7,631)</b></u>
<b>Interest payable and similar charges</b>	<b>7</b>	<b>(16)</b>	<b>-</b>
<b>Loss on ordinary activities before taxation</b>	<b>3</b>	<u><b>(3,641)</b></u>	<u><b>(7,631)</b></u>
<b>Tax on loss on ordinary activities</b>	<b>8</b>	<b>1,287</b>	<b>1,646</b>
<b>Loss for the financial year</b>		<u><u><b>(2,354)</b></u></u>	<u><u><b>(5,985)</b></u></u>

The results for 2018 and 2017 relate wholly to continuing operations.  
The notes on pages 10 to 18 form an integral part of the financial statements.

**Co-operative Energy Limited**  
**Statement of Financial Position as at 27 January 2018**  
Registered no. 06993470

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible assets	9	35,793	24,103
Tangible assets	10	3,370	4,073
Investments	11	-	-
		<u>39,163</u>	<u>28,176</u>
<b>Current assets</b>			
Stocks	12	120	-
Debtors	13	80,262	84,087
Cash at bank and in hand		654	235
		<u>81,036</u>	<u>84,322</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(124,176)</u>	<u>(114,030)</u>
<b>Net current liabilities</b>		<u>(43,140)</u>	<u>(29,708)</u>
<b>Total assets less current liabilities</b>		<u>(3,977)</u>	<u>(1,532)</u>
<b>Provisions for liabilities and charges</b>			
Deferred tax liability	15	(88)	(179)
<b>Net liabilities</b>		<u>(4,065)</u>	<u>(1,711)</u>
<b>Capital and reserves</b>			
Called up share capital	16	-	-
Profit and loss account		<u>(4,065)</u>	<u>(1,711)</u>
<b>Shareholders' deficit</b>		<u>(4,065)</u>	<u>(1,711)</u>

The notes on pages 10 to 18 form an integral part of the financial statements.

Signed on behalf of the board of directors



Helen Wiseman  
Director

Approved by the board: 23 July 2018

**Co-operative Energy Limited**  
**Statement of Changes in Equity for the 52 weeks ended 27 January 2018**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 23 January 2016	-	4,274	4,274
Loss for the period	-	(5,985)	(5,985)
Total comprehensive income for the period	-	(5,985)	(5,985)
Balance at 28 January 2017	-	(1,711)	(1,711)
Loss for the period	-	(2,354)	(2,354)
Total comprehensive income for the period	-	(2,354)	(2,354)
Balance at 27 January 2018	<u>-</u>	<u>(4,065)</u>	<u>(4,065)</u>

The notes on pages 10 to 18 form an integral part of the financial statements.

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 27 January 2018**

**1. Accounting policies**

**Basis of preparation**

**i) Statement of compliance**

Co-operative Energy Limited is a limited company domiciled in the United Kingdom. The financial statements for the period ended 27 January 2018 have been prepared in accordance with UK Accounting Standards – Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

**ii) Basis of preparation**

The 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 thousand.

The financial statements have been prepared on a going concern basis, notwithstanding the net liability position at the end of the period, as the Company's parent society has given an undertaking that sufficient funds will be made available for the Company to continue to meet its financial obligations as they fall due for the foreseeable future.

In determining the appropriate basis of the financial statements the directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

The financial statements are prepared on a historical cost basis.

**iii) Use of estimates and judgements**

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

- a) Measurement of the recoverable amounts from cash generating units containing goodwill;
- b) Valuation of financial instruments.

**iv) UK Accounting Standards – Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) - exemptions**

The Company's ultimate parent undertaking, The Midcounties Co-operative Limited includes the Company in its consolidated financial statements. The consolidated financial statements of The Midcounties Co-operative Limited are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the Secretary, Co-operative House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA. Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- (a) a Cash Flow Statements and related notes;
- (b) comparative period reconciliations for Intangible assets;
- (c) disclosure in respect of transactions with wholly owned subsidiaries;
- (d) disclosures in respect of capital management;
- (e) the effects of new but not yet effective IFRSs;
- (f) disclosures in respect of the compensation of Key Management Personnel.

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 27 January 2018**

**1. Accounting policies (continued)**

As the consolidated financial statements of The Midcounties Co-operative Limited include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- (a) certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- (b) certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in prior periods including the comparative period reconciliation for goodwill; and
- (c) certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**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 52 weeks ended 27 January 2018 and are compared with a 53 week period to 28 January 2017.

**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. Revenue is recognised at point of delivery to end user.

**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.

**Consolidation**

The Company has taken advantage of Section 400 Companies Act 2006 exempting it from the requirement to produce consolidated financial statements on the grounds that the Company is included in consolidated financial statements for a larger group established under the law of a member state of the European Union, those of The Midcounties Co-operative Limited. These financial statements, therefore, present information about Co-operative Energy Limited as an individual Company and not as a group.

**Taxation**

Income tax expense comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity through other comprehensive income, in which case it is recognised as in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not recognised; the initial recognition of goodwill; the initial recognition of assets and liabilities that affect neither accounting or taxable profit other than in a business combination, and the differences relating to the investment in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 27 January 2018**

**1. Accounting policies (continued)**

**Taxation (continued)**

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Plant, Fixtures and Fittings      5% to 33.3% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

**Intangible assets, goodwill and negative goodwill**

*Goodwill*

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

*Negative goodwill*

Negative goodwill arising on business combinations in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered, whether through depreciation or sale. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

*Other intangible assets*

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

*Amortisation*

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Licences	10 years
Customer relationships	5 years

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 27 January 2018**

**1. Accounting policies (continued)**

**Financial Instruments**

Within its regular course of business, the Company routinely enters into sale and purchase derivative contracts for the commodities electricity and gas. These contracts are entered into and continue to be held for the purpose of receipt and delivery in accordance with the Company's expected sale, purchase or usage requirements. The contracts are designated as 'own use' contracts under IAS39 and are all measured at cost. Where surplus energy is purchased it is sold back to the open market and the related contractual commitments are then held at an appropriate fair value.

**Non-derivative financial instruments**

*Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

*Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

*Investments in debt and equity securities*

Investments in unlisted investments are carried at cost.

*Cash and cash equivalents*

Cash and cash equivalents comprise of cash balances and call deposits. Bank overdrafts that are payable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

**2. Turnover**

Turnover represents amounts receivable for good and services net of VAT.

**3. Profit on ordinary activities before taxation**

The audit fee is met by the ultimate parent undertaking.

**4. 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.

**5. Employees**

All staff including directors are employed by the ultimate holding society The Midcounties Co-operative Limited from which staff costs of £13,375,000 (2017: £12,900,000) are recharged. The emoluments of the directors are borne by the ultimate holding Society.

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 27 January 2018**

**6. Significant Items**

	2018 £'000	2017 £'000
Energy customer experience costs	<u>-</u>	<u>3,716</u>

The Company incurred significant one off costs in relation to improving the experience of energy customers and the payment of compensation to customers affected by a reduction in service. The reduction in service was the result of the introduction of a new IT system in March 2015. Since then, Ofgem have reported the Company has worked well with them and has restored customer service levels.

**7. Interest payable and similar charges**

	2018 £'000	2017 £'000
Total interest expense on financial liabilities at amortised cost	<u>16</u>	<u>-</u>

**8. Taxation**

	2018 £'000	2017 £'000
<b>Recognised in the profit and loss account</b>		
UK corporation tax		
Current tax on income for the period	(1,196)	(1,977)
Adjustments in respect of prior periods	-	56
<b>Total current tax</b>	<u>(1,196)</u>	<u>(1,921)</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(261)	(44)
Recognition of previously unrecognised tax losses	170	330
Reduction in tax rate	-	(11)
<b>Total deferred tax</b>	<u>(91)</u>	<u>275</u>
<b>Taxation on profit on ordinary activities</b>	<u>(1,287)</u>	<u>(1,646)</u>
<b>Reconciliation of effective tax rate</b>		
Loss for the year	(2,354)	(5,985)
<b>Total tax expense</b>	<u>(1,287)</u>	<u>(1,646)</u>
Loss excluding taxation	(3,641)	(7,631)
Tax using the UK corporation tax rate of 19.17% (2017: 20.00%)	(698)	(1,526)
Reduction in tax rate on deferred tax balances	-	(11)
Non-deductible expenses	(759)	(495)
Over provided in prior years	-	56
Recognition of previously unrecognised tax losses	170	330
<b>Total tax credit</b>	<u>(1,287)</u>	<u>(1,646)</u>

**Factors affecting future tax changes**

A reduction in the UK corporation tax rate from 20% (effective from 1 April 2015) to 17% (effective from 1 April 2020) with an interim reduction to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015 and 15 September 2016. This will change the Company's future current tax charge accordingly. The deferred tax assets at 27 January 2018 have been calculated based on the rate of 17% substantively enacted at the balance sheet date.



**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 27 January 2018**

**8. Taxation (continued)**

The Company will respect all tax laws and will not structure transactions in a way which does not reflect genuine commercial reasons. This includes establishing operations in other jurisdictions for the purpose of evading or avoiding the tax laws of the United Kingdom.

**9. Intangible fixed assets**

	Note	Purchased goodwill £'000	Licences £'000	Customer relationships £'000	Total £'000
<b>Cost</b>					
At 23 January 2016		-	140	-	140
Additions		-	3,029	-	3,029
Acquisition		6,311	1,226	8,346	15,883
Transfer		-	6,465	-	6,465
At 28 January 2017		<u>6,311</u>	<u>10,860</u>	<u>8,346</u>	<u>25,517</u>
Additions		<u>8,148</u>	<u>6,470</u>	-	<u>14,618</u>
At 27 January 2018		<u>14,459</u>	<u>17,330</u>	<u>8,346</u>	<u>40,135</u>
<b>Accumulated amortisation</b>					
At 23 January 2016		-	-	-	-
Charge for the year		-	615	-	615
Transfer		-	799	-	799
At 28 January 2017		-	<u>1,414</u>	-	<u>1,414</u>
Charge for the year		-	986	1,942	2,928
At 27 January 2018		-	<u>2,400</u>	<u>1,942</u>	<u>4,342</u>
<b>Carrying amount</b>					
At 28 January 2017		<u>6,311</u>	<u>9,446</u>	<u>8,346</u>	<u>24,103</u>
At 27 January 2018		<u>14,459</u>	<u>14,930</u>	<u>6,404</u>	<u>35,793</u>

**10. Tangible fixed assets**

	Plant, fixtures & fittings £'000
<b>Cost</b>	
At 23 January 2016	11,180
Additions	884
Disposals	(33)
Transfer	(6,465)
Transfer from the The Midcounties Co-operative Limited	842
At 28 January 2017	<u>6,408</u>
Additions	<u>713</u>
At 27 January 2018	<u>7,121</u>
<b>Accumulated depreciation</b>	
At 23 January 2016	1,701
Provided in the year	1,165
Disposals	(34)
Transfer	(834)
Transfer from the The Midcounties Co-operative Limited	337
At 28 January 2017	<u>2,335</u>
Provided in the year	<u>1,416</u>
At 27 January 2018	<u>3,751</u>
<b>Carrying amount</b>	
At 28 January 2017	<u>4,073</u>
At 27 January 2018	<u>3,370</u>

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 27 January 2018**

**11. Investments**

	2018 £	2017 £
Energy Coop Limited	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

Name	Registered office address	Place of incorporation and operation	Nature of business	Proportion of ownership interest (%)	Proportion of voting power held (%)
Energy Coop Limited	Co-operative House, Warwick Technology Park, Gallows Hill, Warwick. CV34 6DA.	England & Wales	Dormant	100	100

**12. Stocks**

	2018 £'000	2017 £'000
Goods for resale	<u>120</u>	<u>-</u>
	<u>120</u>	<u>-</u>

All stock is expected to be realised within 12 months.

Goods bought for resale recognised as a cost of sale amounted to £52,745 (2017: £nil).

The year-end stock provision is £nil (2017: £nil).

Stock writedowns in the year were £nil (2017: £nil).

**13. Debtors**

	2018 £'000	2017 £'000
Trade debtors	39,202	43,258
Other debtors	-	159
Prepayments and accrued income	41,060	40,601
Financial asset	-	69
	<u>80,262</u>	<u>84,087</u>

**14. Creditors: amounts falling due within one year**

	2018 £'000	2017 £'000
Trade creditors	66,823	59,204
Accruals and deferred income	21,919	33,392
Onerous contracts	705	16,492
Amounts owed to group undertakings	34,729	4,942
	<u>124,176</u>	<u>114,030</u>

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 27 January 2018**

**15. Deferred tax assets and liabilities**

	Assets		Liabilities		Net	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Accelerated capital allowances	-	-	440	207	440	207
Other	(352)	(28)	-	-	(352)	(28)
Net tax (assets) / liabilities	<u>(352)</u>	<u>(28)</u>	<u>440</u>	<u>207</u>	<u>88</u>	<u>179</u>

There are £nil unrecognised deferred tax liabilities (2017: £nil).

**16. Share capital**

	2018 £	2017 £
Allotted, called up and fully paid:		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

**17. Acquisitions**

In 2016 the Company acquired 156,000 GB Energy customers in a supplier of last resort process. Consideration of £1,550,000 was paid and the following balances recognised within the accounts, Other Intangibles £9,572,000, Debtors of £22,563,000 and Creditors of £36,867,000. During 2017 further information became available so the fair values were reconsidered within the hindsight period. An additional £8,148,000 of goodwill has been recognised due to a change in value to be received from a debtor and a change in the credit balance on customer accounts.

	Recognised values on acquisition £'000
Acquiree's net assets at the acquisition date:	
Intangible assets	9,572
Trade and other debtors	22,563
Trade and other creditors	(36,867)
Net liabilities	<u>(4,732)</u>
Goodwill	6,282
Purchase price	<u>1,550</u>
Consideration	
Purchase price	<u>1,550</u>

**18. Operating leases**

At 27 January 2018 the Company had the following annual commitments under non-cancellable plant and equipment leases expiring as follows:

	2018 £'000	2017 £'000
Less than one year	<u>29</u>	<u>45</u>
	<u>29</u>	<u>45</u>

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 27 January 2018**

**19. Capital commitments**

	2018 £'000	2017 £'000
Expenditure contracted but not provided for	<u>945</u>	<u>6,011</u>
	<u>945</u>	<u>6,011</u>

**20. Contingent liability**

The Company is party to a cross guarantee secured on the assets of the Company and other companies and societies in the group in respect of amounts owed by the group, at 27 January 2018 £54,120,000 (2017: £58,582,000). Details of group bank borrowings are disclosed in the group accounts of The Midcounties Co-operative Limited, copies of which may be obtained from the Secretary, Co-operative House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.

**21. Subsequent event**

On 1 May 2018 the Company acquired Flow Energy Limited, a 100% owned subsidiary of Flow Energy Group Plc. Flow Energy Limited is a domestic energy supplier with around 130,000 customers. The acquisition will support the ongoing development strategy of the Company. The headline purchase price was £9.25 million, subject to adjustments to reflect the crystallisation of payments to suppliers, working capital and other matters.

**22. 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.

As the company is a wholly owned subsidiary of The Midcounties Co-operative Limited, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.