

REGISTERED NUMBER: 06993470  
England and Wales

# CO-OPERATIVE ENERGY LIMITED

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 23 JANUARY 2016

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**Co-operative Energy Limited**

**Directors' report and financial statements for the 52 weeks ended 23 January 2016**

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## Co-operative Energy Limited

### Strategic report for the 52 weeks ended 23 January 2016

#### Review of the business

Sales increased by 10.5% to £241 million in the period mostly as a consequence of increased customer numbers. Gross margin has also improved in the year from 13.80% to 14.80% as the result of a strong electricity performance.

During the year a new customer billing system was introduced to provide a more stable platform for future growth and to provide a much better service to our customers; the launch of the system was met with a number of unforeseen issues resulting in levels of customer service below the high standards that Co-operative Energy strives to reach. As at 23 January 2016 the issues have been brought under control and since the balance sheet date, significant improvement has been made in the delivery of higher levels of customer service.

Net margin has decreased from last year as a direct consequence of the launch of the new billing system, resulting in additional personal costs in order to ensure sufficient resource was in place to resolve customer and billing system issues.

Results for the period are set out on page 6.

#### Key performance indicators

	2016	2015
Gross sales	£241m	£218m
Gross margin	14.80%	13.80%
Net margin (before tax)	0.42%	2.93%
Customers on supply	229,000	213,000

#### Dividends

A dividend of £nil (2015: £nil) was paid during the period.

#### Principal risks and uncertainties

To tackle the dominance of the big six energy suppliers Co-operative Energy Limited continues to engage with policy makers and influencers at the highest level, campaigning for more transparency in the energy sector. In a bid to offer customers a wider choice of products, we offer a range of fixed-term tariffs to new and existing customers, which guarantee prices for one, two and three years.

Co-operative Energy Limited in common with other energy companies buys in the wholesale market where prices fluctuate with supply and demand. This presents a risk that if we buy off the wholesale market as and when we require supply to our customers, and wholesale prices rise sharply, we may be selling below cost. In order to mitigate this we operate a hedging strategy that we believe is broadly in line with other energy companies and smoothes the peaks and troughs of the wholesale market, enables us to predict with sufficient notice our supply cost so that we can adjust our selling price and also maintains buying competitiveness with other energy companies. This is achieved by buying power and gas up to 2 years into the future in tranches so that in the near future we have brought all of our forecast power and gas, and in the medium and longer term we have brought only a proportion of our forecast power and gas.

Cash flow risk arises from the difference in demand and payment. The majority of customers pay by an equal amount each month by direct debit, but demand and usage is seasonal based on the weather. This creates peaks and troughs in working capital where at the end of winter working capital is at its lowest point. With customer growth, wholesale price volatility and weather variations, the working capital movements are difficult to forecast and therefore difficult to manage.

**Co-operative Energy Limited**

**Strategic report for the 52 weeks ended 24 January 2015**

**Principal risks and uncertainties (continued)**

Credit risk arises from the possibility of customers failing to meet their obligations to the Company. Management has a credit 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  
25 July 2016**

**Co-operative Energy Limited**

**Directors' report for the 52 weeks ended 23 January 2016**

**Principal activity**

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

**Political donations**

The company made no political donations during the period (2015: £nil).

**Charitable donations**

The company made no charitable donations during the period (2015: £nil).

**Directors**

O Birch  
E Freeman  
J Nunn-Price MBE

I Burbidge  
P H Gray OBE  
L Pevreal

B Connor  
M Jarvis  
B Rainford

J Feeney  
M Lane  
H R Wiseman

R FitzJohn  
D Morrison  
V S Woodell

On 22 October 2015, H Gray resigned as a director. S Allsopp was appointed as a director.

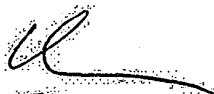
**Disclosure of information to auditors**

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  
25 July 2016

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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 its result for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then use and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board.



**Edward Parker, Secretary**  
25 July 2016

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

We have audited the financial statements of Co-operative Energy Limited for the 52 weeks ended 23 January 2016 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101, Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 23 January 2016 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


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

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

25 July 2016.

**Co-operative Energy Limited**  
**Statement of Comprehensive Income for the 52 weeks ended 23 January 2016**

	Note	2016 £'000	Restated* 2015 £'000
Turnover		240,666	217,750
Cost of sales		(204,889)	(187,766)
<b>Gross profit</b>		<u>35,777</u>	<u>29,984</u>
Administrative expenses		(34,836)	(23,686)
<b>Operating profit</b>		<u>941</u>	<u>6,298</u>
<b>Profit on ordinary activities before taxation</b>	2	<u>941</u>	<u>6,298</u>
Tax on profit on ordinary activities	5	678	(51)
<b>Profit for the financial year</b>		<u><u>1,619</u></u>	<u><u>6,247</u></u>

The results for 2016 and 2015 relate wholly to continuing operations.  
The notes on pages 9 to 20 form an integral part of the financial statements.

\*Refer to note 1 for an explanation of the restatement in the prior year.

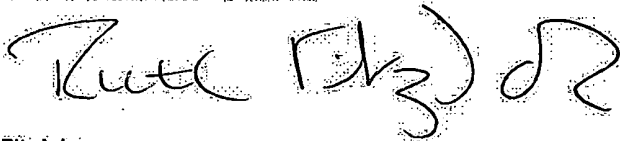


**Co-operative Energy Limited**  
**Statement of Financial Position as at 23 January 2016**  
**Registered no. 06993470**

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Intangible assets	6	140	140
Tangible assets	7	9,479	-
Investments	8	-	-
		<u>9,619</u>	<u>140</u>
<b>Current assets</b>			
Debtors	9	57,184	44,157
Cash at bank and in hand		972	4,536
		<u>58,156</u>	<u>48,693</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(63,501)</u>	<u>(46,178)</u>
<b>Net current (liabilities) / assets</b>		<u>(5,345)</u>	<u>2,515</u>
<b>Total assets less current liabilities</b>		<u>4,274</u>	<u>2,655</u>
<b>Net assets</b>		<u>4,274</u>	<u>2,655</u>
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account		4,274	2,655
<b>Shareholders' funds</b>		<u>4,274</u>	<u>2,655</u>

The notes on pages 9 to 20 form an integral part of the financial statements.

Signed on behalf of the board of directors



**Ruth FitzJohn**  
**Director**

Approved by the board: 25 July 2016

**Co-operative Energy Limited**  
**Statement of Changes In Equity for the 52 weeks ended 23 January 2016**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 25 January 2014	-	(3,592)	(3,592)
Profit for the period	-	6,247	6,247
Total comprehensive income for the period	-	6,247	6,247
Balance at 24 January 2015	-	2,655	2,655
Profit for the period	-	1,619	1,619
Total comprehensive income for the period	-	1,619	1,619
Balance at 23 January 2016	<u>-</u>	<u>4,274</u>	<u>4,274</u>

The notes on pages 9 to 20 form an integral part of the financial statements.

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 23 January 2016**

**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 23 January 2016 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. 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) Adoption of FRS 101**

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 17.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- (a) business combinations – business combinations that took place prior to 25 January 2014 have not been restated.

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').

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 23 January 2016**

**1. Accounting policies (continued)**

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.

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 Company proposes to continue the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 25 January 2014 for the purposes of the transition to FRS 101 Adopted IFRSs.

**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 23 January 2016 and are compared with a 52 week period to 24 January 2015.

**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.

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 23 January 2016**

**1. Accounting policies (continued)**

**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.

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.

**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.

**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.

**Recognition of commissions paid to energy switching sites**

The Company has changed its accounting policy for the recognition of commissions paid to energy switching sites. The Company no longer considers these costs to be a significant item due to the ongoing expenditure on switching site commissions forming part of the underlying expenses of the Company. In the comparative period £1,350,000 of costs were charged to significant items and £288,000 was credited to tax in significant items. As a result of this change, the prior year results have been restated, recognising the expenses of switching costs within operating expenses rather than significant items, thereby reducing operating profit before significant items for that period. The tax credit has also been recognised within income tax expense before significant items rather than an income tax expense with significant items.

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 23 January 2016**

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

	2016	2015
	£'000	£'000
The operating profit is stated after charging:		
Charge from The Midcounties Co-operative Limited for use of assets	-	417
Depreciation of owned assets	1,701	-
Hire of land and buildings – operating leases	105	31
Hire of plant and equipment – operating leases	52	21

The audit fee is met by the ultimate parent undertaking.

**3. 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.

**4. Employees**

All staff including directors are employed by the ultimate holding society The Midcounties Co-operative Limited from which staff costs of £9,948,000 (2015: £7,596,000) are recharged. The emoluments of the directors are borne by the ultimate holding Society.

**5. Taxation**

	2016	Restated* 2015
	£'000	£'000
<b>Recognised in the profit and loss account</b>		
UK corporation tax		
Current tax on income for the period	(800)	188
Total current tax	(800)	188
Deferred tax		
Origination and reversal of temporary differences	70	(101)
Recognition of previously unrecognised tax losses	42	(36)
Reduction in tax rate	10	-
Total deferred tax	122	(137)
Taxation on profit on ordinary activities	(678)	51

**Reconciliation of effective tax rate**

	2016	Restated* 2015
	£'000	£'000
Profit for the year	1,619	6,247
Total tax expense	(678)	51
Profit excluding taxation	941	6,298
Tax using the UK corporation tax rate of 20.18% (2015: 21.35%)	190	1,345
Reduction in tax rate on deferred tax balances	10	-
Non-deductible expenses	-	(46)
Transfer pricing computational adjustment	(920)	(1,212)
Recognition of previously unrecognised tax losses	42	(36)
Total tax expense	(678)	51

\*refer to note 1 Accounting policies - Recognition of commissions paid to energy switching sites.

**Co-operative Energy Limited**  
**Notes to the financial statements for the 52 weeks ended 23 January 2016**

**5. Taxation (continued)**

**Factors affecting future tax changes**

A reduction in the UK corporation tax rate from 20% (effective from 1 April 2015) to 18% (effective from 1 April 2020) with an interim reduction to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. This will change the Company's future current tax charge accordingly. The deferred tax assets at 23 January 2016 have been calculated based on the rate of 18% substantively enacted at the balance sheet date.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 23 January 2016 by £5,316.

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.

**6. Intangible fixed assets**

	<b>Licences</b>
	<b>£'000</b>
<b>Cost and net book value</b>	
At beginning and end of the year	140

**7. Tangible fixed assets**

	<b>Plant, fixtures &amp; fittings</b>
	<b>£'000</b>
<b>Cost</b>	
Transfer from the The Midcounties Co-operative Limited	11,180
At 23 January 2016	11,180
<b>Accumulated depreciation</b>	
Provided in the year	1,701
At 23 January 2016	1,701
<b>Carrying amount</b>	
At 23 January 2016	9,479

**8. Investments**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Energy Coop Limited	2	2
	2	2

Name	Place of incorporation and operation	Nature of business	Proportion of ownership interest (%)	Proportion of voting power held (%)
Energy Coop Limited	England & Wales	Dormant	100	100

**Co-operative Energy Limited**  
**Notes to the financial statements for the period ended 23 January 2016**

**9. Debtors**

	2016 £'000	2015 £'000
Trade debtors	27,203	15,714
Other debtors	3,789	2,645
Prepayments and accrued income	26,095	25,579
Deferred taxation (note 10)	97	219
	<u>57,184</u>	<u>44,157</u>

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

	2016 £'000	2015 £'000
Trade creditors	30,467	2,628
Other creditors	-	25,833
Accruals and deferred income	23,800	17,202
Financial liability	61	378
Amounts owed to group undertakings	9,173	137
	<u>63,501</u>	<u>46,178</u>

**11. Deferred tax assets and liabilities**

	Assets		Liabilities		Net	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Accelerated capital allowances	(110)	(171)	-	-	(110)	(171)
Other	-	(48)	13	-	13	(48)
Net tax (assets) / liabilities	<u>(110)</u>	<u>(219)</u>	<u>13</u>	<u>-</u>	<u>(97)</u>	<u>(219)</u>

There are £nil unrecognised deferred tax liabilities (2015: £nil).

**12. Share capital**

	2016 £	2015 £
Allotted, called up and fully paid:		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

**13. Operating leases**

At 23 January 2016 the Company had the following annual commitments under non-cancellable plant and equipment leases expiring as follows:

	2016 £	2015 £
Less than one year	<u>30,065</u>	<u>21,068</u>
	<u>30,065</u>	<u>21,068</u>

**14. Capital commitments**

	2016 £'000	2015 £'000
Expenditure contracted but not provided for	<u>-</u>	<u>5,123</u>
	<u>5,123</u>	<u>5,123</u>



**Co-operative Energy Limited**  
**Notes to the financial statements for the period ended 23 January 2016**

**15. 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 23 January 2016 £55,538,000 (2014: £71,162,000). 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.

**16. 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.

**Co-operative Energy Limited**  
**Notes to the financial statements for the period ended 23 January 2016**

**17. Transition to FRS 101**

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 23 January 2016, the comparative information presented in these financial statements for the period ended 24 January 2015 and in the preparation of an opening FRS 101 balance sheet at 25 January 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UKGAAP). An explanation of how the transition from UKGAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

The tables contain two columns for presentation differences and measurement and recognition differences. Presentational differences relate to reclassifications of balances from "old UKGAAP" to FRS 101. Measurement and recognition differences relate to items previously not recognised under "old UKGAAP" but are now under FRS 101.

**i. Financial Instruments**

FRS 101 states that all financial instruments are accounted for at fair value with movements in the year to be recognised through the statement of comprehensive income.

Co-operative Energy Ltd hold Energy contracts and a relevant asset and liability have been recognised in the Balance Sheet and the movement in 2015 has been recognised in the statement of comprehensive income.

**ii. Deferred taxation**

Under FRS101 deferred tax now relates specifically to temporary differences rather than timing differences as under UK GAAP.

**iii. Presentation differences**

Several reclassification adjustments have been made to bring the presentation of certain balances in line with IFRS. These are in respect of the treatment of group balances and the reclassification of goodwill as licences.

**Co-operative Energy Limited**  
**Notes to the financial statements for the period ended 23 January 2016**

**17. Transition to FRS101 (continued)**

**Reconciliation of the UK GAAP Consolidated Income statement for the year ended 24 January 2015**

	Notes	UK GAAP	Presentation differences	Measurement and recognition differences	FRS 101
		£'000	£'000	£'000	£'000
<b>Turnover</b>		<b>217,750</b>	-	-	<b>217,750</b>
<b>Cost of sales</b>	(i)	<b>(187,694)</b>	-	<b>(72)</b>	<b>(187,766)</b>
<b>Gross profit</b>		<b>30,056</b>	-	<b>(72)</b>	<b>29,984</b>
<b>Administrative expenses</b>		<b>(23,686)</b>	-	-	<b>(23,686)</b>
<b>Operating profit</b>		<b>6,370</b>	-	<b>(72)</b>	<b>6,298</b>
<b>Profit on ordinary activities before taxation</b>		<b>6,370</b>	-	<b>(72)</b>	<b>6,298</b>
<b>Tax on profit on ordinary activities</b>	(ii)	<b>(119)</b>	-	<b>68</b>	<b>(51)</b>
<b>Profit for the financial year</b>		<b>6,251</b>	-	<b>(4)</b>	<b>6,247</b>

**Co-operative Energy Limited**  
**Notes to the financial statements for the period ended 23 January 2016**

**17. Transition to FRS101 (continued)**

**Reconciliation of the UK GAAP Balance Sheet as at 25 January 2014**

	Notes	UK GAAP	Presentation differences	Measurement and recognition differences	FRS 101
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets – goodwill	(iii)	140	(140)	-	-
Intangible assets – licences	(iii)	-	140	-	140
Investments		-	-	-	-
		<u>140</u>	<u>-</u>	<u>-</u>	<u>140</u>
<b>Current assets</b>					
<b>Debtors</b>					
Trade debtors		12,719	-	-	12,719
Other debtors		297	-	-	297
Prepayments and accrued income		26,247	-	-	26,247
Deferred taxation	(ii)	102	-	(20)	82
		<u>39,365</u>	<u>-</u>	<u>(20)</u>	<u>39,345</u>
Cash at bank and in hand		383	-	-	383
<b>Current liabilities</b>					
Trade creditors		(1,317)	-	-	(1,317)
Other creditors		(9,938)	-	-	(9,938)
Accruals and deferred income		(8,642)	-	-	(8,642)
Financial liability	(i)	-	-	(306)	(306)
Amounts owed to group undertakings	(iii)	-	(23,257)	-	(23,257)
		<u>(19,897)</u>	<u>(23,257)</u>	<u>(306)</u>	<u>(43,460)</u>
<b>Long term liabilities</b>					
Amounts owed to group undertakings	(iii)	(23,257)	23,257	-	-
<b>Net liabilities</b>		<u><b>(3,266)</b></u>	<u><b>-</b></u>	<u><b>(326)</b></u>	<u><b>(3,592)</b></u>
<b>Capital and reserves</b>					
Called up share capital		-	-	-	-
Profit and loss account	(i), (ii)	(3,266)	-	(326)	(3,592)
Shareholders' deficit		<u><b>(3,266)</b></u>	<u><b>-</b></u>	<u><b>(326)</b></u>	<u><b>(3,592)</b></u>

**Co-operative Energy Limited**  
**Notes to the financial statements for the period ended 23 January 2016**

**17: Transition to FRS101 (continued)**

**Reconciliation of the UK GAAP Balance Sheet as at 24 January 2015**

	Notes	UK GAAP £'000	Presentation differences £'000	Measurement and recognition differences £'000	FRS 101 £'000
<b>Fixed assets</b>					
Intangible assets – goodwill	(iii)	140	(140)	-	-
Intangible assets – licences	(iii)	-	140	-	140
Investments		-	-	-	-
		<u>140</u>			<u>140</u>
<b>Current assets</b>					
<b>Debtors</b>					
Trade debtors		15,714	-	-	15,714
Other debtors		2,645	-	-	2,645
Prepayments and accrued income		25,579	-	-	25,579
Deferred taxation	(ii)	171	-	48	219
		<u>44,109</u>		<u>48</u>	<u>44,157</u>
Cash at bank and in hand		4,536	-	-	4,536
<b>Current liabilities</b>					
Trade creditors		(2,628)	-	-	(2,628)
Other creditors		(25,833)	-	-	(25,833)
Accruals and deferred income		(17,202)	-	-	(17,202)
Financial liability	(i)	-	-	(378)	(378)
Amounts owed to group undertakings	(iii)	-	(137)	-	(137)
		<u>(45,663)</u>	<u>(137)</u>	<u>(378)</u>	<u>(46,178)</u>
<b>Long term liabilities</b>					
Amounts owed to group undertakings	(iii)	(137)	137	-	-
<b>Net assets</b>		<u>2,985</u>		<u>(330)</u>	<u>2,655</u>
<b>Capital and reserves</b>					
Called up share capital		-	-	-	-
Profit and loss account	(i), (ii)	2,985	-	(330)	2,655
Shareholders' funds		<u>2,985</u>		<u>(330)</u>	<u>2,655</u>

**Co-operative Energy Limited**  
**Notes to the financial statements for the period ended 23 January 2016**

**17. Transition to FRS101 (continued)**

**Reconciliation of Reserves**

	£'000
2014 reserves as originally stated	(3,266)
IFRS transitional adjustments as explained above	(326)
Restated 2014 reserves under FRS101	(3,592)
2015 profit for the year as originally stated	6,251
Adjustments to profits for the 2015 year explained above	(4)
2015 restated result for the year	6,247
Reserve movements for the year as previously stated:	
Dividends and distributions (net of tax)	-
Movement in share capital	-
	-
2015 closing reserves restated under FRS101	2,655