

Colorado Energy Limited

Annual Report and Unaudited Financial Statements
for the Year Ended 31 March 2022

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Colorado Energy Limited

Contents

Balance Sheet	<u>1</u>
Notes to the Unaudited Financial Statements	<u>2</u> to <u>6</u>

Colorado Energy Limited

(Registration number: 11042663)
Balance Sheet as at 31 March 2022

	Note	31 March 2022 £	31 March 2021 £
Current assets			
Debtors		1,233,558	556,321
Cash at bank and in hand		<u>1,884,418</u>	<u>903</u>
		3,117,976	557,224
Creditors: Amounts falling due within one year		<u>(6,035,894)</u>	<u>(3,775,180)</u>
Net liabilities		<u>(2,917,918)</u>	<u>(3,217,956)</u>
Capital and reserves			
Called up share capital	<u>6</u>	10	10
Profit and loss account		<u>(2,917,928)</u>	<u>(3,217,966)</u>
Shareholders' deficit		<u>(2,917,918)</u>	<u>(3,217,956)</u>

For the financial year ending 31 March 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 25 October 2022 and signed on its behalf by:

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Olatunde Alegbe
Director

Colorado Energy Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022

1 General information

The company is a private company limited by share capital, incorporated in United Kingdom.

The address of its registered office is:

86-90 Paul Street
London
EC2A 4NE
England

These financial statements were authorised for issue by the Board on 25 October 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The financial statements have been prepared on a going concern basis. However, whilst Colorado has continued to operate as a gas shipper during 2021 and 2022, there is significant uncertainty around the future shape of the business. The Directors continue to take professional advice regarding the possible outcomes and work to maximise the value of the assets within the company and minimise any impact on creditors.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

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

Colorado Energy Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Colorado Energy Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 9 (2021 - 0).

4 Debtors

	31 March 2022 £	31 March 2021 £
Trade debtors	118,704	118,704
Deferred tax	684,452	-
Other debtors	315,615	437,617
VAT Control account	114,787	-
	<u>1,233,558</u>	<u>556,321</u>
Less non-current portion	<u>(684,452)</u>	<u>-</u>
	<u><u>549,106</u></u>	<u><u>556,321</u></u>

Details of non-current trade and other receivables

£684,452 (2021 -£Nil) of Deferred tax is classified as non current. The deferred tax asset relates to tax losses carried forward.

5 Creditors

Creditors: amounts falling due within one year

	Note	31 March 2022 £	31 March 2021 £
Due within one year			
Trade creditors		1,154,891	114,535
Amounts owed to associates	<u>7</u>	1,306,980	993,417
PAYE and NIC		17,097	-
Accruals and deferred income		1,945,864	1,413,887
Other creditors		<u>1,611,062</u>	<u>1,253,341</u>
		<u><u>6,035,894</u></u>	<u><u>3,775,180</u></u>

Other creditors relates to the net balance resulting from the difference between over and under payments received from customers in respect of the supply of gas and electricity.

Colorado Energy Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022

6 Share capital

Allotted, called up and fully paid shares

	31 March 2022		31 March 2021	
	No.	£	No.	£
Ordinary Shares of £1 each	10	10	10	10

7 Related party transactions

Loans from related parties

	Parent £	Total £
2022		
At start of period	993,417	993,417
Advanced	313,563	313,563
At end of period	1,306,980	1,306,980
2021		
At start of period	966,578	966,578
Advanced	26,839	26,839
At end of period	993,417	993,417

Terms of loans from related parties

The loan from the company's parent company is the balance resulting from the collection of revenues and payment of direct costs and overhead costs (including systems costs) incurred by or on behalf of Colorado Energy Limited. It is non interest bearing and repayable on demand. The outstanding balance is secured by way of a debenture entered into between Lawdeck Limited and Colorado Energy Limited. Under the terms of the debenture, Colorado Energy Limited has granted the following security to Lawdeck Limited: 1) a first legal mortgage over all estates or interests in any freehold, leasehold or commonhold property currently owned by it, including real property; 2) a first floating rate charge over all property, assets and rights including present and future goodwill.

8 Parent and ultimate parent undertaking

The company's immediate parent is Lawdeck Limited, incorporated in United Kingdom.

Colorado Energy Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2022

9 Non adjusting events after the financial period

Over the second half of 2021, wholesale energy costs, especially gas costs, reached levels never seen in the UK market. These cost increases caused many similar retail suppliers to exit the market. Amidst all the uncertainty, Colorado entered the so called "Supplier of Last Resort" process in October 2021. At 31 March 2022, £3.7 million was owed to customers who had prepaid for gas and electricity supplied through their monthly payment contracts. This is offset against other balances owed by customers to Colorado of approximately £2.1 million (which Colorado is in the process of collecting) and the net balance included with Creditors falling due within one year.

As part of the SOLR process, the bulk of the £3.7 million owing on consumer credit balances was transferred to the designated SOLR receiver, Shell Energy. This was completed on 2 April 2022 when the transfer arrangement legally took effect. The financial impact of this arrangement will be reflected in the Financial Statements for the year ended 31 March 2023.

In May 2022 Colorado received confirmation from Ofgem that the accruals made for obligations in respect of the Cost of Sale for Feed In Tariff (FIT) and Renewable Obligation Certificates (ROCs) for the obligation period 1 April 2021 to 31 March 2022 could be released, as Ofgem would not be raising a charge, due to the revocation of Colorado's electricity supply licence in October 2021. These adjustments will also be reflected in the Financial Statements for the year ended 31 March 2023.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.