

Company Registration No. 31498R (England and Wales)

**SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED**  
**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**Registered under the Co-operative and Community Benefit Societies  
Act 2014 - Registration number 31498R**

# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr P E H Kelly Mr D J Butcher Mr E J C Chapman Mr R J T Chapman Mr M S Duckworth Mr R Hancock Mr F G Macnaughton	(Appointed 15 November 2016)
<b>Secretary</b>	Mr E J C Chapman	
<b>Company number</b>	31498R	
<b>Registered office</b>	School House Totnes Road South Brent Devon TQ10 9BP	
<b>Accountants</b>	Hammett Audit 13 West Street Exeter Devon UK EX1 1BB	

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# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

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# **SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 MARCH 2017**

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The directors present their annual report and financial statements for the year ended 31 March 2017.

### **Principal activities**

The principal activity of the society continues to be the generation of electricity from its wind turbine and solar array in the community of South Brent.

### **Review of activities**

The Society's principal activity is the generation of electricity from its 225kW Vestas V27 wind turbine and 9.88kW solar PV array. For the year ended 31st March 2017 the wind turbine generated 328,271kWh, down one third from the previous year. The PV system generated 9067kWh, down 505kWh. The fall in output from the wind turbine was due primarily to light winds in the autumn and first part of the winter, although in May it was necessary for WindCare, our maintainers, to attend to a faulty yaw motor contactor, which had been causing some unexpected shutdowns and a few days loss of production. The lower PV output was due to cloudy weather in June, September and March.

The high generation in the previous year, 2015-16, had enabled the Society to allocate £37,150 to the internal Community Energy Fund, from which charitable donations totaling £27,975 had been paid out in this financial year. These were £14,000 to South Brent Village Hall for a 10kW PV array, £9,975 to the South Brent Parochial Church Council towards the installation of LED lighting in St Petroc's Church and the separate Church Rooms and a further £4,000 to the PCC to replace the ancient and inefficient gas boilers in the church with more efficient units. These donations were in line with the Societies aim to benefit the community of South Brent by making it more energy efficient.

The Society paid interest of 6% to members in the summer of 2016, at the top end of the 4 to 6% range given in the share prospectus, at a cost of £25,510. Because both this and the donations of almost £28,000 were paid in respect of the previous, exceptional, year they were paid with monies put aside that year but appear for accounting purposes as expenditure in the Income and Expenditure account to March 2017, leading to the apparent loss of £8,060. Without these two items, there would be a surplus for the year, after depreciation, in the order of £45,000. From this sum, the Directors expect to recommend another interest payment to be paid in the summer of 2017 and set aside a further significant sum for community energy saving measures.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P E H Kelly  
Mr D J Butcher  
Mr E J C Chapman  
Mr R J T Chapman  
Mr M S Duckworth  
Mr R Hancock  
Mr F G Macnaughton

(Appointed 15 November 2016)

### **Results and dividends**

The results for the year are set out on page 5.

### **Society interests**

Under the rules of the society a member can hold a maximum of £20,000 shares in the society. Members have one vote at meetings irrespective of their shareholding. Members may receive interest based on the value of their shareholding. They can apply to have shares withdrawn after three years.

# **SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2017***

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### **Risk management**

The directors have considered the major risks to which the society is exposed and systems or procedures have been established to manage those risks.

On behalf of the board

Mr P E H Kelly

**Director**

11 July 2017

# **SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2017***

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

The Co-operative and Community Benefit Societies Act 2014 requires the directors to prepare financial statements for each financial year. 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). 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 accounting estimates that are reasonable and prudent;
- 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 the Co-operative and Community Benefit Societies Act 2014. 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.

# **SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED**

## **REPORTING ACCOUNTANT'S REPORT TO THE MEMBERS ON THE UNAUDITED FINANCIAL STATEMENTS OF SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED**

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We report on the financial statements for the year ended 31 March 2017 which comprise the Revenue Account, the Balance Sheet, the Statement of Changes in Equity and the related notes.

This report is made solely to the members of the society, as a body, in accordance with Section 85 of the Co-operative and Community Benefit Societies Act 2014. Our work has been undertaken so that we might state to the members of the society those matters we are required to state to them in our report and for no other purpose. In those circumstances, to the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the society and the members of the society as a body for our work, for the report, or for the opinions we form.

### **RESPECTIVE RESPONSIBILITIES OF OFFICERS AND REPORTING ACCOUNTANTS**

The society's board of directors are responsible for the preparation of the financial statements and they consider that the society is entitled to opt out of an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

### **BASIS OF OPINION**

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the society, and making such limited enquiries of the officers of the society as we considered necessary for the purposes of this report. These procedures provide the only assurance expressed in our opinion.

### **OPINION**

In our opinion:

- The accounts, including the Revenue Account and Balance Sheet, are in agreement with the accounting records kept by the society under s75 of the Co-operative and Community Benefit Societies Act 2014;
- Having regard only to, and on the basis of, the information contained in those accounting records the Revenue Account and Balance Sheet comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- For the preceding year of account, the financial criteria for the exercise of the power conferred by section 84 were met in relation to the year.

**Hammett Audit**

12 July 2017

**Chartered Accountants**

13 West Street  
Exeter  
Devon  
UK  
EX1 1BB

# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## REVENUE ACCOUNT (INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2017

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	Notes	2017 £	2016 £
<b>Turnover</b>		80,236	118,207
Administrative expenses		(35,800)	(43,255)
		<hr/>	<hr/>
<b>Operating profit</b>		44,436	74,952
Interest receivable and similar income		989	584
Interest payable and similar expenses		(25,510)	(16,833)
Grants payable		(27,975)	(6,500)
		<hr/>	<hr/>
<b>(Loss)/profit before taxation</b>		(8,060)	52,203
Taxation		-	-
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>		<u>(8,060)</u>	<u>52,203</u>



# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2017

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	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	3		359,540		380,698
Investments	4		200		200
			<u>359,740</u>		<u>380,898</u>
<b>Current assets</b>					
Debtors	5	23,896		37,282	
Cash at bank and in hand		131,267		112,633	
		<u>155,163</u>		<u>149,915</u>	
<b>Creditors: amounts falling due within one year</b>	6	(4,985)		(6,135)	
<b>Net current assets</b>			150,178		143,780
<b>Total assets less current liabilities</b>			<u>509,918</u>		<u>524,678</u>
<b>Capital and reserves</b>					
Called up share capital	7		424,614		431,314
Profit and loss reserves			85,304		93,364
<b>Total equity</b>			<u>509,918</u>		<u>524,678</u>

For the financial year ended 31 March 2017 the company was entitled to exemption from audit under section 84 of the Co-operative and Community Benefit Societies Act 2014 relating to smaller societies.

The financial statements were approved by the board of directors and authorised for issue on 11 July 2017 and are signed on its behalf by:

Mr P E H Kelly  
Director

Mr D J Butcher  
Director

Mr E J C Chapman  
Director

Company Registration No. 31498R

# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2015</b>		431,314	41,161	472,475
<b>Year ended 31 March 2016:</b>				
Profit and total comprehensive income for the year		-	52,203	52,203
<b>Balance at 31 March 2016</b>		431,314	93,364	524,678
<b>Year ended 31 March 2017:</b>				
Loss and total comprehensive income for the year		-	(8,060)	(8,060)
Redemption of shares	7	(6,700)	-	(6,700)
<b>Balance at 31 March 2017</b>		424,614	85,304	509,918

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# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

#### Company information

South Brent Community Energy Society Limited is a society limited by shares registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014. The registered office is School House, Totnes Road, South Brent, Devon, TQ10 9BP.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2017 are the first financial statements of South Brent Community Energy Society Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

#### 1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for the generation of electricity provided in the normal course of activity, and is shown net of VAT and other sales related taxes.

#### 1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Turbine	20 years straight line
Computers	3 years straight line
PV Project	20 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### 1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received.

### 2 Taxation

On the basis of these financial statements, no provision has been made for corporation tax.

The company has total tax losses of £43,550 (2016: £8,082) available to carry forward to future accounting periods.

### 3 Tangible fixed assets

	Turbine £	Computers £	PV Project £	Total £
<b>Cost</b>				
At 1 April 2016	409,034	236	13,839	423,109
Additions	-	96	-	96
At 31 March 2017	409,034	332	13,839	423,205
<b>Depreciation and impairment</b>				
At 1 April 2016	40,902	125	1,384	42,411
Depreciation charged in the year	20,452	110	692	21,254
At 31 March 2017	61,354	235	2,076	63,665
<b>Carrying amount</b>				
At 31 March 2017	347,680	97	11,763	359,540
At 31 March 2016	368,132	111	12,455	380,698

# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 4 Fixed asset investments

	2017 £	2016 £
Investments	200	200

Fixed asset investments relate to an investment in Totnes Renewable Energy Society Limited.

### Movements in fixed asset investments

	Investments other than loans £
<b>Cost or valuation</b> At 1 April 2016 & 31 March 2017	200
<b>Carrying amount</b> At 31 March 2017	200
At 31 March 2016	200

### 5 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Other debtors	23,896	37,282

### 6 Creditors: amounts falling due within one year

	2017 £	2016 £
Other taxation and social security	1,214	-
Other creditors	3,021	5,135
Accruals and deferred income	750	1,000
	4,985	6,135

### 7 Called up share capital

	2017 £	2016 £
<b>Ordinary share capital</b> <b>Issued and fully paid</b> 424,614 shares of £1 each	424,614	431,314

# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

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		2017		2016
	£	£	£	£
<b>Turnover</b>				
Sales		80,236		118,207
<b>Administrative expenses</b>		(35,800)		(43,255)
<b>Operating profit</b>		<u>44,436</u>		<u>74,952</u>
<b>Investment revenues</b>				
Bank interest received	989		584	
		989		584
<b>Interest payable and similar expenses</b>				
Interest payable		(25,510)		(16,833)
<b>Other expenditure</b>				
Grants payable		(27,975)		(6,500)
<b>(Loss)/profit before taxation</b>	10.05%	<u>(8,060)</u>	44.16%	<u>52,203</u>

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# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2017

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	2017	2016
	£	£
<b>Administrative expenses</b>		
Ground rent	3,544	3,954
Electricity charges	230	586
Maintenance	4,544	9,281
Software costs	150	134
Travelling expenses	-	183
Room hire	9	19
Membership fees	95	95
Regulatory fees	255	255
Accountancy	750	1,000
Insurance	4,820	4,664
Printing and stationery	171	69
Website costs	18	97
Pre-commencement costs	(40)	1,696
Depreciation	21,254	21,222
	<hr/>	<hr/>
	35,800	43,255
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