

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 2018**

**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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**Directors** Mr P E H Kelly  
Mr E J C Chapman  
Mr R J T Chapman  
Mr R Hancock  
Mr F G Macnaughton  
Mrs K Reville (Appointed 10 October 2017)

**Secretary** Mr E J C Chapman

**Company number** 31498R

**Registered office** School House  
Totnes Road  
South Brent  
Devon  
TQ10 9BP

**Accountants** Hammett Audit  
13 West Street  
Exeter  
Devon  
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 2018**

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The directors present their annual report and financial statements for the year ended 31 March 2018.

#### **Principal activities**

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

#### **Review of activities**

For the year ended 31st March 2018 the 225kW wind turbine generated 374,771kWh, the second highest accounting-year output so far. The PV system generated 9,273kWh, which is a similar figure to the previous two years. During routine servicing in April 2017, a gearbox support bracket in the wind turbine was found to have failed resulting in a month long shut-down while replacement parts were procured and fitted by our maintainers, Windcare Ltd. Fortunately winds were light during this period so loss of generation was not severe. Nevertheless, this episode is a reminder to members that investment in the Society is and remains a risk investment with no guarantees of final outcomes.

Our contract to sell electricity from the wind turbine to Good Energy expired at the end of July 2017 and a new Power Purchase Agreement was signed with Co-operative Energy. Electricity from the PV panels on the pavilion continues to be sold to Good Energy.

The lower generation for the previous financial year, 2016-17, together with a decision to build a £15k contingency and to set aside the necessary 5% of the original share capital, £21,565.70, into the ring-fenced sinking or share withdrawal fund, meant that the Society was able to pay its members interest of 4% on their shareholdings at a cost of £17,630. At year end, following a number of share withdrawals, the sinking fund stood at £45,362.80. After these allocations £23,218 was added to the society's Community Energy Fund.

Grants totaling £22,254.48 have been paid out from the Community Energy Fund, supporting further energy saving and generation in the village. These were £3,500 for LED lighting in the South Brent Old School Centre, a final installment of £2,800 for the PV installation on the Village Hall and £15,954.28 to the South Brent Health Centre for a PV system and LED lighting. We are grateful to the Health Centre for giving us a refund equal to a £1,407 grant they received from the Carbon Trust, which went back into our Community Energy Fund. At the year end this Fund stood at £17,528.

It should be noted that the interest and grant payments listed in the income and expenditure account to March 2018 were in fact paid from the retained surplus put aside in the previous accounting year. Without these two items there would be a surplus for the year, after depreciation, of just over £62,000. From this sum the Board expects to recommend an interest payment to be made in the summer of 2018 and to set aside another significant sum to the Community Energy Fund.

On 31st March 2018 the society had 179 members of which 44 were joint members.

Directors Martin Duckworth and David Butcher stood down from the board at the AGM in October 2017 and Katie Reville was elected. David was a founder director of the society and we wish to record our thanks him and to Martin for their support, guidance and wise advice.

#### **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	(Retired 10 October 2017)
Mr E J C Chapman	
Mr R J T Chapman	
Mr M S Duckworth	(Retired 10 October 2017)
Mr R Hancock	
Mr F G Macnaughton	
Mrs K Reville	(Appointed 10 October 2017)

# **SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED**

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

***FOR THE YEAR ENDED 31 MARCH 2018***

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### **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.

### **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.

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

On behalf of the board

Mr P E H Kelly

**Director**

24 May 2018

# **SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2018***

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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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In order to assist you to fulfil your duties under the Co-operative and Community Benefit Societies Act 2014, we have prepared for your approval the financial statements of South Brent Community Energy Society Limited for the year ended 31 March 2018 set out on pages 5 to 11 from the company's accounting records and from information and explanations you have given us.

We have carried out this engagement in accordance with the guidance issued by the institute of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of South Brent Community Energy Society Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of South Brent Community Energy Society Limited and state those matters that we have agreed to state to the Board of Directors of South Brent Community Energy Society Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than South Brent Community Energy Society Limited and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that South Brent Community Energy Society Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of South Brent Community Energy Society Limited. You consider that South Brent Community Energy Society Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of South Brent Community Energy Society Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

**Hammett Audit**

24 May 2018

**Chartered Accountants**

13 West Street  
Exeter  
Devon  
EX1 1BB

# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## REVENUE ACCOUNT (INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2018

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	Notes	2018 £	2017 £
<b>Turnover</b>		100,600	80,236
Administrative expenses		(41,040)	(35,800)
		<hr/>	<hr/>
<b>Operating profit</b>		59,560	44,436
Interest receivable and similar income		972	989
Interest payable and similar expenses		(17,630)	(25,510)
Grants payable		(20,847)	(27,975)
		<hr/>	<hr/>
<b>Profit/(loss) before taxation</b>		22,055	(8,060)
Taxation		-	-
		<hr/>	<hr/>
<b>Profit/(loss) for the financial year</b>		<u>22,055</u>	<u>(8,060)</u>

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# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2018

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	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	3		338,436		359,540
Investments	4		200		200
			<u>338,636</u>		<u>359,740</u>
<b>Current assets</b>					
Debtors	5	11,548		23,896	
Cash at bank and in hand		154,165		131,267	
		<u>165,713</u>		<u>155,163</u>	
<b>Creditors: amounts falling due within one year</b>	6	(6,576)		(4,985)	
<b>Net current assets</b>			<u>159,137</u>		<u>150,178</u>
<b>Total assets less current liabilities</b>			<u>497,773</u>		<u>509,918</u>
<b>Capital and reserves</b>					
Called up share capital	7		390,414		424,614
Profit and loss reserves			107,359		85,304
<b>Total equity</b>			<u>497,773</u>		<u>509,918</u>

For the financial year ended 31 March 2018 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 directors acknowledge their responsibilities for complying with the requirements of the Co-operative and Community Benefit Societies Act 2014 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with rule 113.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 24 May 2018 and are signed on its behalf by:

Mr P E H Kelly  
Director

Mr E J C Chapman  
Director

Mr R Hancock  
Director

Company Registration No. 31498R

# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

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	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 April 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>		<u>424,614</u>	<u>85,304</u>	<u>509,918</u>
<b>Year ended 31 March 2018:</b>				
Profit and total comprehensive income for the year		-	22,055	22,055
Redemption of shares	7	(34,200)	-	(34,200)
<b>Balance at 31 March 2018</b>		<u><u>390,414</u></u>	<u><u>107,359</u></u>	<u><u>497,773</u></u>

# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2018**

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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.

#### 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 2018

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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 at bank and in hand

Cash at bank and in hand 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, if present, 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 2018

### 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 £40,215 (2017: £43,550) available to carry forward to future accounting periods.

### 3 Tangible fixed assets

	Turbine £	Computers £	PV Project £	Total £
<b>Cost</b>				
At 1 April 2017 and 31 March 2018	409,034	332	13,839	423,205
<b>Depreciation and impairment</b>				
At 1 April 2017	61,354	235	2,076	63,665
Depreciation charged in the year	20,452	64	588	21,104
At 31 March 2018	81,806	299	2,664	84,769
<b>Carrying amount</b>				
At 31 March 2018	327,228	33	11,175	338,436
At 31 March 2017	347,680	97	11,763	359,540

### 4 Fixed asset investments

	2018 £	2017 £
Investments	200	200

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

# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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<b>5 Debtors</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Other debtors	11,548	23,896
	<u>11,548</u>	<u>23,896</u>
<b>6 Creditors: amounts falling due within one year</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	210	-
Other taxation and social security	1,676	1,214
Other creditors	3,916	3,021
Accruals and deferred income	774	750
	<u>6,576</u>	<u>4,985</u>
	<u>6,576</u>	<u>4,985</u>
<b>7 Called up share capital</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital Issued and fully paid</b>		
390,414 shares of £1 each	390,414	424,614
	<u>390,414</u>	<u>424,614</u>
	<u>390,414</u>	<u>424,614</u>

# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

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		2018		2017
	£	£	£	£
<b>Turnover</b>				
Wind turbine		98,991		78,934
Photovoltaics		1,559		1,302
Other		50		-
		<u>100,600</u>		<u>80,236</u>
<b>Administrative expenses</b>		<u>(41,040)</u>		<u>(35,800)</u>
<b>Operating profit</b>		59,560		44,436
<b>Investment revenues</b>				
Bank interest received	972		989	
	<u>972</u>	972	<u>989</u>	989
<b>Interest payable and similar expenses</b>				
Interest payable		(17,630)		(25,510)
<b>Other income and expenditure</b>				
Grants receivable	1,407		-	
Grants payable	(22,254)		(27,975)	
	<u>1,407</u>	(20,847)	<u>(27,975)</u>	(27,975)
<b>Profit/(loss) before taxation</b>	21.92%	<u>22,055</u>	10.05%	<u>(8,060)</u>

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# SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

*FOR THE YEAR ENDED 31 MARCH 2018*

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	2018	2017
	£	£
<b>Administrative expenses</b>		
Training and conferences	160	-
Ground rent	4,455	3,544
Electricity charges	339	230
Maintenance	9,353	4,544
Software costs	-	150
Room hire	-	9
Membership fees and subscriptions	95	95
Regulatory fees	265	255
Accountancy	1,100	750
Insurance	4,053	4,820
Printing and stationery	19	171
Website costs	97	18
Pre-commencement costs	-	(40)
Depreciation	21,104	21,254
	<hr/>	<hr/>
	41,040	35,800
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