

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 2023**

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

COMPANY INFORMATION

Directors	Mr P E H Kelly Mr E J C Chapman Mr R Hancock Mr F G Macnaughton Mrs Y Elliott Mr J Aust	(Appointed 29 June 2022)
Secretary	Mr E J C Chapman	
Company number	31498R	
Registered office	School House Totnes Road South Brent Devon TQ10 9BP	
Accountants	Hammett Spire 21 Heavitree Road Exeter Devon EX1 2LD	

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

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SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

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 Recreation Ground pavilion in South Brent.

Review of activities

The society's Vestas V27 wind turbine generated 326,912kWh for the 12 months ending 31st March 2023 down from the previous year's figure of 358,436 kWh. The PV array on the Recreation Ground Pavilion generated 9,609kWh, up from 9402kWh.

The year saw significant turmoil in the global and UK energy market, with wholesale electricity prices reaching record levels. This gave the society a higher than expected income. However, consumer prices also rose sharply and despite central government intervention many householders faced unaffordable energy bills.

In September the Board decided that it should donate £12,000 of its "windfall" income to South Brent & District Caring (SB&DC), a local charity, which enabled it to extend its winter lunch club and maintain a warm room in partnership with the South Brent Old School Community Centre and Sustainable South Brent. A further grant of £7,500 was made in March 2023 so that SB&DC could plan to repeat the service next winter. These grants were an exception to the society's usual grant awarding criteria in direct response to the energy price crises.

The society also granted £5,179 to Diptford C of E Primary School for a 6kWp PV array, which was installed by Good Heat (also of Diptford) over the school's Christmas holiday. Finally, a grant of £894 was awarded to Sustainable South Brent towards an "Energy Cafe" event and a series of energy awareness workshops.

In November the wind turbine was repeatedly shutting itself down until we discovered that the main switch-fuse and mains isolator in our grid connection cabinet had overheated. Following discussion with our maintainers Natural Generation Ltd we agreed that a completely new set of switchgear and a new FIT meter should be installed, which was completed in early January. The turbine experienced further problems at the end of March which were not resolved by the end of this reporting period.

In compliance with usual accounting convention, these financial statements include all "accrued" income and expenditure up to 31st March 2023. Last year the full accruals basis was not applied with the result that the society's income this year includes that for March 2022, invoiced in April 2023, as well as that accrued for March 2023.

We also note that for the first time part of the net profit will be subject to corporation tax because the society's capital allowances entitlement in the year does not exceed taxable profit.

Of the year end cash balance of £302,368, a sum of £55,000 is the society's ringed-fenced contingency fund held against future turbine problems and £127,257 is the "sinking fund", following the annual addition of 5% of the original share capital, to pay for share withdrawals. All of the remainder, subject to differences between creditors and debtors, is our combined General & Community Energy Fund.

On 31st March 2023 the society had 165 members including 39 joint members.

At our 2022 AGM Jack Aust was elected to the board and Liz Kennerley decided to resign. In the autumn Richard Hoyland then decided to stand down. Our thanks to Richard and Liz for their support during the difficult years of the major turbine problems and we wish them well for the future.

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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 E J C Chapman	
Mr R Hancock	
Mr F G Macnaughton	
Mr R Hoyland	(Resigned 2 November 2022)
Mrs E Kennerley	(Resigned 29 June 2022)
Mrs Y Elliott	
Mr J Aust	(Appointed 29 June 2022)

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

27/07/2023

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED FOR THE YEAR ENDED 31 MARCH 2023

We report on the financial statements for the year ended 31 March 2023 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

Reporting Accountants
Registered Auditor

27 JULY 2023

21 Heavitree Road
Exeter
Devon
EX1 2LD

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

REVENUE ACCOUNT (INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover		145,499	143,870
Administrative expenses		(47,311)	(68,352)
Operating profit		98,188	75,518
Interest receivable and similar income		2,111	863
Interest payable and similar expenses		(20,195)	(55)
Grants payable		(25,573)	-
Profit before taxation		54,531	76,326
Taxation		(8,909)	-
Profit for the financial year		45,622	76,326

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	3		232,683		253,827
Investments	4		200		200
			<u>232,883</u>		<u>254,027</u>
Current assets					
Debtors	5	24,993		4,930	
Cash at bank and in hand		302,413		242,126	
		<u>327,406</u>		<u>247,056</u>	
Creditors: amounts falling due within one year	6	(23,912)		(6,178)	
Net current assets			<u>303,494</u>		<u>240,878</u>
Total assets less current liabilities			<u>536,377</u>		<u>494,905</u>
Capital and reserves					
Called up share capital	7	342,914		347,064	
Profit and loss reserves		193,463		147,841	
Total equity			<u>536,377</u>		<u>494,905</u>

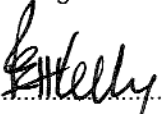
For the financial year ended 31 March 2023 the company was entitled to exemption from audit under section 84 of the Co-operative and Community Benefit Societies Act 2014 relating to smaller societies.

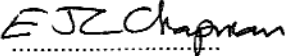
The directors acknowledge their responsibilities for complying with the requirements of the Co-operative and Community Benefit Societies Act 2014 with respect to accounting records and the preparation of financial statements.

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 27/07/23 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 2023

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2021		348,064	71,515	419,579
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	76,326	76,326
Redemption of shares	7	(1,000)	-	(1,000)
Balance at 31 March 2022		347,064	147,841	494,905
Year ended 31 March 2023:				
Profit and total comprehensive income for the year		-	45,622	45,622
Redemption of shares	7	(4,150)	-	(4,150)
Balance at 31 March 2023		342,914	193,463	536,377

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 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.

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.

1.6 Cash and cash equivalents

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.

1.7 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 2023

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.

1.8 Equity instruments

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

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Tangible fixed assets

	Turbine £	Computers £	PV Project £	Total £
Cost				
At 1 April 2022 and 31 March 2023	409,034	332	13,839	423,205
Depreciation and impairment				
At 1 April 2022	163,614	332	5,432	169,378
Depreciation charged in the year	20,452	-	692	21,144
At 31 March 2023	184,066	332	6,124	190,522
Carrying amount				
At 31 March 2023	224,968	-	7,715	232,683
At 31 March 2022	245,420	-	8,407	253,827

4 Fixed asset investments

	2023 £	2022 £
Other investments other than loans	200	200

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

5 Debtors			2023	2022
			£	£
Amounts falling due within one year:				
Trade debtors			19,276	4,775
Other debtors			5,717	155
			<u>24,993</u>	<u>4,930</u>
6 Creditors: amounts falling due within one year			2023	2022
			£	£
Trade creditors			10,591	5,428
Corporation tax			8,909	-
Other taxation and social security			4,412	-
Accruals and deferred income			-	750
			<u>23,912</u>	<u>6,178</u>
7 Called up share capital			2023	2022
	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital issued and fully paid shares of £1 each				
	342,914	347,064	342,914	347,064
	<u>342,914</u>	<u>347,064</u>	<u>342,914</u>	<u>347,064</u>

Share capital amounting to £4,150 (2022: £1,000) was withdrawn and repaid to members at par value during the year in accordance with the Society's Rules.