

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 2020

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

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

COMPANY INFORMATION

Directors Mr P E H Kelly
 Mr E J C Chapman
 Mr R J T Chapman
 Mr R Hancock
 Mr F G Macnaughton

Secretary Mr E J C Chapman

Company number 31498R

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

Accountants Hammett Audit
 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 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

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

For the year ended 31st March 20²⁰~~19~~ the 225kW wind turbine generated 256,523kWh, significantly lower than previous years due to a prolonged outage over the winter following a hydraulics failure and the discovery of a damaged torque arm system. The PV system generated 9,743kWh, slightly more than in the previous year.

In June 2019 the Society was able to pay its members interest of 5% on their shareholdings (and pay out interest to members for previous years who had lost or not presented their cheques) at a cost of £19,306 and, as for preceding years, a sum equal to 5% of the original share capital was added to the sinking (share withdrawal) fund, which at year-end stood at £71,944. After these allocations £35,573 was added to the society's Community Energy Fund. In February 2020 £6,222 of unspent grant was returned to the Society.

Grants totalling £4,348 were paid out from the Community Energy Fund. These were £3,052 to St Petroc's PCC for modern night storage heaters and associated re-wiring for the Church Rooms, £1,000 to Sustainable South Brent to support the Climate Fair (which has been postponed due to the virus pandemic) and £296 to the Vicarage Road Allotment Association as the first instalment towards a PV charging station for electric tools. With the addition of members' waived interest the Fund stood at £80,287 at year end.

It should be noted that the interest and grants payable listed in the detailed trading account to March 2020 were paid from the retained surplus put aside in the 2018-19 accounting year. Without these two items there would be a surplus for the year, after depreciation, of £32,656.

The failure of the wind turbine over the winter, and the reduced income, means that the Board is likely to recommend only a modest interest payment and commit funds to enhance the Society's contingency fund.

On 31st March 2020 the society had 177 members including 42 joint members.

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 J T Chapman
Mr R Hancock
Mr F G Macnaughton
Mrs K Reville

(Resigned 9 March 2020)

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.

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

On behalf of the board


.....
Mr P E H Kelly
Director
21 May 2020
.....

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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

We report on the financial statements for the year ended 31 March 2019 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

Chartered Accountants

20 July 2020

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 2020

	Notes	2020 £	2019 £
Turnover		73,294	97,080
Administrative expenses		(48,415)	(42,907)
Operating profit		24,879	54,173
Interest receivable and similar income		1,555	1,272
Interest payable and similar expenses		(19,306)	(23,230)
Grants payable		1,874	(12,064)
Profit before taxation		9,002	20,151
Taxation		-	-
Profit for the financial year		<u>9,002</u>	<u>20,151</u>

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	3	296,115		317,259	
Investments	4	200		200	
		<u>296,315</u>		<u>317,459</u>	
Current assets					
Debtors	5	14,276		25,556	
Cash at bank and in hand		204,477		181,538	
		<u>218,753</u>		<u>207,094</u>	
Creditors: amounts falling due within one year	6	(4,692)		(7,379)	
Net current assets		<u>214,061</u>		<u>199,715</u>	
Total assets less current liabilities		<u>510,376</u>		<u>517,174</u>	
Capital and reserves					
Called up share capital	7	373,864		389,664	
Profit and loss reserves		136,512		127,510	
Total equity		<u>510,376</u>		<u>517,174</u>	

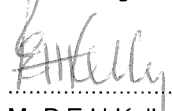
For the financial year ended 31 March 2020 the company was entitled to exemption from audit under section 84 of the Co-operative and Community Benefit Societies Act 2014.

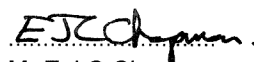
The directors acknowledge their responsibilities for complying with the requirements of the Co-operative and Community Benefit Societies Act 2014 with respect to accounting records and the preparation of financial statements.

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 21 May 2020 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 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2018		390,414	107,359	497,773
Year ended 31 March 2019:				
Profit and total comprehensive income for the year		-	20,151	20,151
Redemption of shares	7	(750)	-	(750)
Balance at 31 March 2019		389,664	127,510	517,174
Year ended 31 March 2020:				
Profit and total comprehensive income for the year		-	9,002	9,002
Redemption of shares	7	(15,800)	-	(15,800)
Balance at 31 March 2020		<u>373,864</u>	<u>136,512</u>	<u>510,376</u>

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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.

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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

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.

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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.

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.

2 Taxation

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

The company has total tax losses of £28,175 (2019: £31,543) available to carry forward to future accounting periods.

3 Tangible fixed assets

	Turbine £	Computers £	PV Project £	Total £
Cost				
At 1 April 2019 and 31 March 2020	409,034	332	13,839	423,205
Depreciation and impairment				
At 1 April 2019	102,258	332	3,356	105,946
Depreciation charged in the year	20,452	-	692	21,144
At 31 March 2020	122,710	332	4,048	127,090
Carrying amount				
At 31 March 2020	286,324	-	9,791	296,115
At 31 March 2019	306,776	-	10,483	317,259

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Fixed asset investments

	2020 £	2019 £
Other investments other than loans	200	200

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 April 2019 & 31 March 2020	200
Carrying amount	
At 31 March 2020	200
At 31 March 2019	200

5 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	12,569	25,556
Other debtors	1,359	-
Prepayments and accrued income	348	-
	14,276	25,556

6 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	3,942	3,895
Taxation and social security	-	2,734
Accruals and deferred income	750	750
	4,692	7,379

7 Called up share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
373,864 (2019: 389,664) shares of £1 each	373,864	389,664

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

7 Called up share capital

(Continued)

2020	2019
£	£

Share capital amounting to £15,800 (2019: £750) was withdrawn and repaid to members at par value during the year in accordance with the Society's Rules.

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	£	2020 £	£	2019 £
Turnover				
Wind turbine		71,777		95,432
Photovoltaics		1,517		1,648
		<u>73,294</u>		<u>97,080</u>
Administrative expenses				
Ground rent	4,304		4,294	
Rates	848		753	
Electricity charges	225		267	
Maintenance	15,950		10,094	
Travelling expenses	25		-	
Membership fees and subscriptions	597		289	
Regulatory fees	-		273	
Accountancy	750		1,355	
Insurance	4,514		4,280	
Printing and stationery	18		107	
Website costs	24		18	
Sundry expenses	16		-	
Depreciation	21,144		21,177	
		<u>(48,415)</u>		<u>(42,907)</u>
Operating profit		<u>24,879</u>		<u>54,173</u>
Interest receivable and similar income				
Bank interest received	1,555		1,272	
		<u>1,555</u>		<u>1,272</u>
Interest payable and similar expenses				
Interest payable		(19,306)		(23,230)
Other gains and losses				
Grants payable	(4,348)		(12,064)	
Grants refunded	6,222		-	
		<u>1,874</u>		<u>(12,064)</u>
Profit before taxation	12.28%	<u><u>9,002</u></u>	20.76%	<u><u>20,151</u></u>