

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 2021

**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 Mr R Hoyland L Kennerley	(Appointed 10 September 2020) (Appointed 10 September 2020)
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 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

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 was out of action for much of the year and only generated 94,285kWh. The PV system generated 9,875kWh, which in contrast to the wind turbine was its best year so far. In financial terms, this resulted in an operating loss of £63,079, our worst year ever.

Although the wind turbine was operating at the start of April 2020 the Board had been dissatisfied with the slow response of WindCare Ltd to repair the damaged torque arm assembly and had already made approaches to other maintenance providers. Following a visit to their offices and workshops in Cornwall just before the first national lockdown, we invited Natural Generation Ltd ("NatGen") to inspect the turbine with a view to them taking on responsibility for its operation and maintenance. Their report was pretty damning so we decided to initiate the remedial action necessary to bring the machine up to standard to ensure it could continue to operate for many more years and signed a new 5-year O & M contract with them.

Unfortunately the deeper NatGen delved into the turbine the more problems they found. Between May 2020 and March 2021 they had to replace or realign the whole torque arm mechanism, gearbox, main shaft, pitch control mechanism, blades, yaw spring packs and much else. Apart from a few weeks in the Spring of 2020 and late winter 2020-21 the machine was out of service. Although we are awaiting a detailed causation report we can speculate that it was misalignment of the blades at installation back in 2013 that was the cause of all these problems. By mid- February the turbine was operating again but the notorious V27 "slip clutch" started slipping and needed adjustment or replacement. As of 31 March 2021 the clutch had been removed and NatGen were in the process of fitting a replacement fixed hub.

No interest was paid to members and only those grants for projects that had already been approved were awarded: £2304.31 to the Vicarage Road Allotment Association for their PV tool charging station and £540 to Rattery Village Hall for LED lighting. It should be noted that the grants payable listed in the detailed trading account to March 2021 were paid from the retained surplus put aside in the 2019-20 accounting year.

The lack of income and high cost of repairs has eaten deeply into the Society's savings, so we have had to close our Community Energy Fund for the foreseeable future. The cash reserves shown in the balance sheet are fully spoken for: £67,709.90 is reserved for funding share withdrawals and £50,000 is reserved for contingencies. The remainder is likely to be used up in paying the final bill for the wind turbine repairs.

The greenhouse gas emissions resulting from the operation and maintenance of the wind turbine were 2.54 tonnes CO₂e (carbon dioxide equivalent), calculated using UK government emissions figures, giving an emissions intensity for the electricity generated of 0.027kgCO₂e/kWh, still well below the national average. The emissions intensity for the PV generated electricity was almost zero. These figures do not include whole life-cycle greenhouse gas costs.

Looking ahead, the Director's priority is to ensure continued operation of the wind turbine, allocate £21,565.70 (5% of the original share capital) to the share withdrawal fund and rebuild the contingency reserve. The Board cannot recommend any interest payment in 2021 but looks forward to being able to do so in 2022.

On 31st March 2021 the Society had 171 members including 41 joint members.

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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

Mr R Hoyland

(Appointed 10 September 2020)

L Kennerley

(Appointed 10 September 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.

On behalf of the board



Mr P E H Kelly

Director

.09/06/2021..

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

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 2021

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of South Brent Community Energy Society Limited for the year ended 31 March 2021 set out on pages 5 to 12 from the company's accounting records and from information and explanations you have given us.

As a practising member firm 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 dated 1 May 2017. 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 loss 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 Spire LLP

Hammett Spire

Accountants

11/06/2021
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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 2021

	Notes	2021 £	2020 £
Turnover		26,094	73,294
Administrative expenses		(99,173)	(48,415)
Other operating income		10,000	-
Operating (loss)/profit		(63,079)	24,879
Interest receivable and similar income		926	1,555
Interest payable and similar expenses		-	(19,306)
Grants payable		(2,844)	1,874
(Loss)/profit before taxation		(64,997)	9,002
Taxation		-	-
(Loss)/profit for the financial year		(64,997)	9,002

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	4	274,971		296,115	
Investments	5	200		200	
		<u>275,171</u>		<u>296,315</u>	
Current assets					
Debtors	6	3,103		14,276	
Cash at bank and in hand		142,830		204,477	
		<u>145,933</u>		<u>218,753</u>	
Creditors: amounts falling due within one year	7	<u>(1,525)</u>		<u>(4,692)</u>	
Net current assets			144,408		214,061
Total assets less current liabilities			<u>419,579</u>		<u>510,376</u>
Capital and reserves					
Called up share capital	8	348,064		373,864	
Profit and loss reserves		71,515		136,512	
Total equity			<u>419,579</u>		<u>510,376</u>

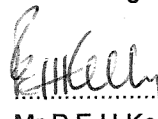
For the financial year ended 31 March 2021 the company was entitled to exemption from audit under section 84 of the Co-operative and Community Benefit Societies Act 2014.

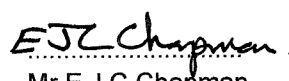
The directors acknowledge their responsibilities for complying with the requirements of the Co-operative and Community Benefit Societies Act 2014 with respect to accounting records and the preparation of financial statements.

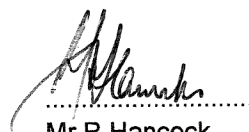
The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with rule 113.

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 09/06/2021... 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 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 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	8	(15,800)	-	(15,800)
Balance at 31 March 2020		373,864	136,512	510,376
Year ended 31 March 2021:				
Loss and total comprehensive income for the year		-	(64,997)	(64,997)
Redemption of shares	8	(25,800)	-	(25,800)
Balance at 31 March 2021		348,064	71,515	419,579

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2021

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 2021

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.

1.9 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.10 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.

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3 Taxation

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

The company has total tax losses of £93,486 (2020: £28,175) available to carry forward to future accounting periods.

4 Tangible fixed assets

	Turbine £	Computers £	PV Project £	Total £
Cost				
At 1 April 2020 and 31 March 2021	409,034	332	13,839	423,205
Depreciation and impairment				
At 1 April 2020	122,710	332	4,048	127,090
Depreciation charged in the year	20,452	-	692	21,144
At 31 March 2021	143,162	332	4,740	148,234
Carrying amount				
At 31 March 2021	265,872	-	9,099	274,971
At 31 March 2020	286,324	-	9,791	296,115

5 Fixed asset investments

	2021 £	2020 £
Other investments other than loans	200	200

6 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	2,640	12,569
Other debtors	463	1,359
Prepayments and accrued income	-	348
	3,103	14,276

SOUTH BRENT COMMUNITY ENERGY SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

7 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	1,025	3,942
Accruals and deferred income	500	750
	<u>1,525</u>	<u>4,692</u>

8 Called up share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital issued and fully paid shares of £1 each	348,064	373,864	348,064	373,864
	<u>348,064</u>	<u>373,864</u>	<u>348,064</u>	<u>373,864</u>

Share capital amounting to £25,800 (2020: £15,800) was withdrawn and repaid to members at par value during the year in accordance with the Society's Rules.