

Registration number: 30960R

Bath and West Community Energy Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2018

Alanbrookes Ltd
Chartered Accountants
PO Box 258
Stroud
Gloucestershire
GL6 8WZ

Bath and West Community Energy Limited

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Bath and West Community Energy Limited

Society Information

Directors	P J Capener J P Kenna M Bess P M R Penkman J S Bateman J Stephenson J Orchard S Bedford
Company secretary	Mongoose Energy Limited
Registered office	Mulberry House 19 Maple Grove Bath BA2 3AF
Auditors	Alanbrookes Ltd Chartered Accountants PO Box 258 Stroud Gloucestershire GL6 8WZ

Bath and West Community Energy Limited

Directors' Report for the Year Ended 31 March 2018

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

Directors of the group

The directors who held office during the year were as follows:

P J Capener

J P Kenna

M Bess

P M R Penkman

J S Bateman

J Stephenson

J S M Laurie (resigned 31 March 2018)

J Orchard (appointed 27 September 2017)

S Bedford (appointed 27 September 2017)

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the society's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on and signed on its behalf by:

.....
J Stephenson
Director

Bath and West Community Energy Limited

Directors' Report for the Year Ended 31 March 2018

BWCE Board Report 2017-2018

Principal Activities

The principal activities of the Bath & West Community Energy (BWCE) Ltd group include the financing and operation of community solar PV, wind and hydro projects, working for the benefit of communities in Bath and the surrounding area.

Brief Overview of the Year

During the year we:

- Developed and launched our new business plan to 2021
- Developed a partnership with the not-for-profit energy supplier, Our Power, and played a key role in the development of a new local energy supply tariff procured by B&NES Council. The new tariff will supply electricity generated from local renewables, including our community owned projects
- Developed and secured funding for an innovative new neighbourhood pilot, testing community approaches to peak demand management and domestic solar and battery storage.
- Raised just under £1 million from BWCE's third bond offer
- Completed the first phase of BWCE's debt refinancing with Triodos, worth around £5.5 million, and fully redeemed BWCE's first bond worth £1.68 million. Re-financing debt at lower interest rates reduces our cost of capital.
- Worked with our asset management provider, Mongoose Energy, to re-procure our Operations and Maintenance service provider for our larger ground mounted solar schemes. The procurement process was part of a larger exercise across multiple community energy groups and as a result secured services from British Solar Renewables against a wider scope of services at a lower cost.
- Engaged with national policy through government consultations and independent lobbying activities.

Both the new local energy tariff and the innovation pilot were launched in the first half of 2018-19

We were unable to develop any new renewable energy projects during the year as a result of cuts in government subsidies for renewable energy. We remain hopeful that it will become possible to develop new projects again as installation costs fall to the point that subsidy free projects become financially viable.

The total capacity of our projects remains at 12.35MW of solar PV, plus one small hydro scheme.

During the year our projects generated just over 12,000kWh, enough electricity to meet the equivalent annual electricity demand from nearly 4,000 typical UK homes (1) and reduce carbon dioxide emissions by the equivalent of the full carbon footprint of nearly 1,000 B&NES residents (2).

The carbon emission reductions from our projects are assessed in comparison to the carbon intensity of grid. As the carbon intensity of UK electricity supplied by the grid continues to fall, so the comparative carbon impact of our projects is lower than last year.

1 Assumes 3,100 kWh per year consumed by a typical home without electric storage heaters. From Ofgem <https://www.ofgem.gov.uk/gas/retail-market/monitoring-data-and-statistics/typical-domestic-consumption-values>

2 Assumes 3.9 tonnes CO2 emissions/capita for residents in Bath & North East Somerset. From DECC <https://www.gov.uk/government/statistics/uk-local-authority-and-regional-carbon-dioxide-emissions-national-statistics-2005-2016>

Bath and West Community Energy Limited

Directors' Report for the Year Ended 31 March 2018

Solar irradiation levels in the year were below average for the third year running. A more detailed analysis of project performance and the impact of lower than average sunshine levels can be found on our website, here <http://www.bwce.coop/resources/bwce-documents>.

We again supported a range of excellent community projects through last year's community fund contribution. See <http://www.bwce.coop/communityfund/bwce-fund-2018-allocations/> for more details.

We continue to take an active involvement in national policy debates, responding to government consultations and engaging through sector associations as a board member of Community Energy England and a member of Regen SW.

Background to BWCE Finances

The following principles underlie our finances and are useful to consider when reviewing BWCE's accounts.

- BWCE is an asset owning community enterprise, generating secure long term, index linked income streams, subject to performance and market conditions
- BWCE commits to paying interest on members' investments and repaying members' capital as finances allow, as well as recycling surplus cash back into local community action on fuel poverty and carbon reduction
- BWCE's assets are subject to depreciation at a rate that significantly undervalues these assets in the early years and that has a considerable impact on the profit and loss account
- BWCE generates significantly more cash in a year than the profit shown in its consolidated accounts due to the impact of depreciation
- BWCE adopts a recognised approach to re-valuing its assets in line with their market value, based on an analysis of its discounted future cashflow using independently verified discount rates
- BWCE's accounts show member interest and community fund payments made in that financial year, but which relate to the previous year's performance, i.e. payments made in 2017/18 relate to generation in 2016/17
- BWCE's board assesses its ability to pay interest to members and make contributions to its community fund based on the gross profit/loss made by its projects compared to budget.
- BWCE generates significant cashflow headroom in the first 6 months of the financial year as this coincides with the most productive summer months for generating solar electricity.

Commentary on BWCE Accounts

We believe BWCE is in a strong financial position with a significant portfolio of solar PV projects generating a healthy cash surplus. Across its portfolio, BWCE now has fixed assets worth £16.7 million and annual income of over £1.5 million, with an operating profit of just over £300,000.

Both income for the year and gross profit have gone up significantly this year on the back of a full year of project operation for BWCE's newest projects, the Crewkerne & Stowey solar arrays and Old Mill Hydro.

However as noted above, sunshine levels were below average last year for the third year running. As a result, our profits against budget have been reduced by around £75,000.

Each year, BWCE's projects are revalued based on the net present value of future cashflows, before financing costs.

Bath and West Community Energy Limited

Directors' Report for the Year Ended 31 March 2018

This year the revaluation considered the impact of our refinancing. Our debt provider requires us to take a more conservative approach to unplanned project maintenance by making an annual contribution to a separate maintenance reserve account. Whilst these funds will only be used if projects do need additional unplanned maintenance, the payments are regarded as a project cost in the accounts and so have a negative impact on the revaluation of the projects.

Where existing revaluation reserves can soak up the negative impact of this allowance they do. However, on projects where there is insufficient revaluation reserve, the reduction in value is represented as a direct impact on the P&L as an impairment, included in the depreciation cost, see also note 4 to the accounts.

Depreciation this year is higher because of this and the full year of depreciation on BWCE's new projects. Higher depreciation generates a larger accounting loss when compared to last year.

The value of BWCE's fixed assets has gone up due to the capitalisation of the costs of re-financing nearly £5.5 million and raising nearly £1 million in bonds. These costs are then amortised over the life of the projects, or the five year life of the bond. BWCE will be re-financing a further £4.7 million during the first half of 2018-19.

On the balance sheet the impact of the re-finance can be seen in the significant increase in cash at bank and in net current assets. Cash at bank includes £490k in debt service and maintenance reserve accounts, as well as around £470k of additional capital generated from fundraising and the first phase of the re-finance by the end of March 2018.

Some of these funds, together with the second phase of the re-finance, were used to redeem over £850k of BWCE's second bond in July 2018.

BWCE monitors the level of additional capital it holds as a matter of course to ensure that it is used only for investment in new projects or the business. As the organisation has grown, it has been increasingly helpful to retain some working capital to allow the organisation to better cope with cashflow demands during the year.

The losses shown in the profit and loss account to date are offset by the revaluation reserve, generated as outlined above.

Bath and West Community Energy Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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. Under that law 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). Under the Co-operative and Community Benefit Societies Act 2014 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 society and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society 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 society and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bath and West Community Energy Limited

Independent Auditor's Report to the Members of Bath and West Community Energy Limited

Opinion

We have audited the financial statements of Bath and West Community Energy Limited (the 'parent society') and its subsidiaries (the 'group') for the year ended 31 March 2018, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent society's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Bath and West Community Energy Limited

Independent Auditor's Report to the Members of Bath and West Community Energy Limited

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Co-operative and Community Benefit Societies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent society and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent society, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent society financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 6], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Bath and West Community Energy Limited

Independent Auditor's Report to the Members of Bath and West Community Energy Limited

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

.....
Mr A S Fisher (Senior Statutory Auditor)
For and on behalf of Alanbrookes Ltd, Statutory Auditor

PO Box 258
Stroud
Gloucestershire
GL6 8WZ

Date:.....

Bath and West Community Energy Limited

Consolidated Profit and Loss Account for the Year Ended 31 March 2018

	Note	Total 31 March 2018 £	Total 31 March 2017 £
Turnover	3	1,520,992	1,055,010
Cost of sales		<u>(403,127)</u>	<u>(304,404)</u>
Gross profit		1,117,865	750,606
Depreciation		(702,650)	(410,102)
Administrative expenses		(99,565)	(91,234)
Other operating income		<u>-</u>	<u>40,440</u>
Operating profit	4	<u>315,650</u>	<u>289,710</u>
Other interest receivable and similar income	5	11,650	18,420
Interest payable and similar expenses	6	<u>(888,702)</u>	<u>(688,647)</u>
		<u>(877,052)</u>	<u>(670,227)</u>
Loss before tax		(561,402)	(380,517)
Taxation	8	<u>-</u>	<u>11,791</u>
Loss for the financial year		<u>(561,402)</u>	<u>(368,726)</u>
Profit/(loss) attributable to:			
The group		(559,386)	(364,804)
Minority interests		<u>(2,016)</u>	<u>(3,922)</u>
		<u>(561,402)</u>	<u>(368,726)</u>

The notes on pages 18 to 28 form an integral part of these financial statements.

Bath and West Community Energy Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Loss for the year		(561,402)	(368,726)
Surplus/(deficit) on revaluation of other assets		<u>585,819</u>	<u>593,462</u>
Total comprehensive income for the year		<u><u>24,417</u></u>	<u><u>224,736</u></u>
Total comprehensive income attributable to:			
The group		26,433	228,658
Minority interests		<u>(2,016)</u>	<u>(3,922)</u>
		<u><u>24,417</u></u>	<u><u>224,736</u></u>

The notes on pages 18 to 28 form an integral part of these financial statements.

Bath and West Community Energy Limited
(Registration number: 30960R)
Consolidated Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	9	225,762	-
Tangible assets	10	16,457,420	16,528,358
Other financial assets	12	10,000	10,000
		<u>16,693,182</u>	<u>16,538,358</u>
Current assets			
Stocks	13	1,540	1,549
Debtors	14	483,045	764,900
Cash at bank and in hand		1,188,058	907,775
		<u>1,672,643</u>	<u>1,674,224</u>
Creditors: Amounts falling due within one year	15	<u>(616,908)</u>	<u>(1,039,233)</u>
Net current assets		<u>1,055,735</u>	<u>634,991</u>
Total assets less current liabilities		17,748,917	17,173,349
Creditors: Amounts falling due after more than one year	15	<u>(11,193,220)</u>	<u>(10,593,805)</u>
Net assets		<u>6,555,697</u>	<u>6,579,544</u>
Capital and reserves			
Called up share capital	16	5,674,600	5,722,320
Revaluation reserve		1,830,540	1,244,721
Capital reserve on consolidation		81,301	198,949
Profit and loss account		<u>(1,049,516)</u>	<u>(607,234)</u>
Funds attributable to the group		6,536,925	6,558,756
Minority interests		<u>18,772</u>	<u>20,788</u>
Total group funds		<u>6,555,697</u>	<u>6,579,544</u>

Bath and West Community Energy Limited
(Registration number: 30960R)
Consolidated Balance Sheet as at 31 March 2018

Approved and authorised by the Board on and signed on its behalf by:

.....

J P Kenna

Director

.....

J Stephenson

Director

Bath and West Community Energy Limited

(Registration number: 30960R) Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	9	31,679	-
Investments	11	2,362,950	553,066
Other financial assets	12	10,000	10,000
		<u>2,404,629</u>	<u>563,066</u>
Current assets			
Stocks	13	1,540	1,549
Debtors	14	5,879,235	8,832,700
Cash at bank and in hand		184,828	144,660
		<u>6,065,603</u>	<u>8,978,909</u>
Creditors: Amounts falling due within one year	15	<u>(101,156)</u>	<u>(394,257)</u>
Net current assets		<u>5,964,447</u>	<u>8,584,652</u>
Total assets less current liabilities		8,369,076	9,147,718
Creditors: Amounts falling due after more than one year	15	<u>(2,668,319)</u>	<u>(3,436,500)</u>
Net assets		<u>5,700,757</u>	<u>5,711,218</u>
Capital and reserves			
Called up share capital		5,674,600	5,722,320
Profit and loss account		26,157	(11,102)
Total society funds		<u>5,700,757</u>	<u>5,711,218</u>

The company made a profit after tax for the financial year of £37,259 (2017 - profit of £70,798).

Approved and authorised by the Board on and signed on its behalf by:

.....
J P Kenna
Director

.....
J Stephenson
Director

Bath and West Community Energy Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2018 Equity attributable to the parent company

	Share capital £	Revaluation reserve £	Capital reserve on consolidation £	Profit and loss account £	Total £	Non- controlling interests £	Total society funds £
At 1 April 2017	5,722,320	1,244,721	198,949	(607,234)	6,558,756	20,788	6,579,544
Loss for the year	-	-	-	(559,386)	(559,386)	(2,016)	(561,402)
Other comprehensive income	-	585,819	-	-	585,819	-	585,819
Total comprehensive income	-	585,819	-	(559,386)	26,433	(2,016)	24,417
New share capital subscribed	500	-	-	-	500	-	500
Purchase of own share capital	(48,220)	-	-	-	(48,220)	-	(48,220)
Other movements in reserves	-	-	(544)	-	(544)	-	(544)
Transfer between reserves	-	-	(117,104)	117,104	-	-	-
At 31 March 2018	<u>5,674,600</u>	<u>1,830,540</u>	<u>81,301</u>	<u>(1,049,516)</u>	<u>6,536,925</u>	<u>18,772</u>	<u>6,555,697</u>

	Share capital £	Revaluation reserve £	Capital reserve on consolidation £	Profit and loss account £	Total £	Non- controlling interests £	Total society funds £
At 1 April 2016	4,727,420	651,259	-	(242,430)	5,136,249	24,710	5,160,959
Loss for the year	-	-	-	(364,804)	(364,804)	(3,922)	(368,726)
Other comprehensive income	-	593,462	-	-	593,462	-	593,462
Total comprehensive income	-	593,462	-	(364,804)	228,658	(3,922)	224,736
New share capital subscribed	994,900	-	-	-	994,900	-	994,900
Other capital reserve movements	-	-	198,949	-	198,949	-	198,949

The notes on pages 18 to 28 form an integral part of these financial statements.

Bath and West Community Energy Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2018
Equity attributable to the parent company

	Share capital	Revaluation	Capital reserve	Profit and loss	Total	Non-	Total society
	£	reserve	on	account	£	controlling	funds
		£	consolidation	£		interests	£
			£			£	
At 31 March 2017	<u>5,722,320</u>	<u>1,244,721</u>	<u>198,949</u>	<u>(607,234)</u>	<u>6,558,756</u>	<u>20,788</u>	<u>6,579,544</u>

The notes on pages 18 to 28 form an integral part of these financial statements.

Bath and West Community Energy Limited

Statement of Changes in Equity for the Year Ended 31 March 2018

	Share capital	Profit and loss	Total
	£	£	£
At 1 April 2017	5,722,320	(11,102)	5,711,218
Profit for the year	-	37,259	37,259
Total comprehensive income	-	37,259	37,259
New share capital subscribed	500	-	500
Purchase of own share capital	(48,220)	-	(48,220)
At 31 March 2018	<u>5,674,600</u>	<u>26,157</u>	<u>5,700,757</u>

	Share capital	Profit and loss	Total
	£	£	£
At 1 April 2016	4,727,420	(81,900)	4,645,520
Profit for the year	-	70,798	70,798
Total comprehensive income	-	70,798	70,798
New share capital subscribed	994,900	-	994,900
At 31 March 2017	<u>5,722,320</u>	<u>(11,102)</u>	<u>5,711,218</u>

The notes on pages 18 to 28 form an integral part of these financial statements.

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

1 General information

The company is a private company limited by share capital incorporated in England and Wales, and is constituted as a Registered Society under the Co-operative and Community Benefit Societies Act 2014.

The address of its registered office is:

Mulberry House

19 Maple Grove

Bath

BA2 3AF

[Authorised for issue date](#)

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the society and its subsidiary undertakings drawn up to 31 March 2018.

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the society and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale off electricity and provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the group's activities.

Tax

The tax expense for the period comprises tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Solar and hydro installations	20 to 30 years straight line to residual value

Revaluation

A full independent valuation of the solar and hydro-electric installations is carried out every five years and interim valuations are carried out by the directors as required. In either case, revaluations are prepared on a discounted cash flow basis using discount rates agreed with the independent valuer. Surpluses or deficits are transferred to the revaluation reserve unless a deficit, or its reversal, is expected to be permanent, in which case it is recognised in the profit and loss account for the year. Deferred tax is provided for on revaluation surpluses except where offsetting tax losses are available.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Capitalised finance costs	Straight line over the remaining useful life of the related asset, except for bonds which are amortised straight line over the life of the bond

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for electricity sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Share capital

Ordinary shares are classified as equity. Under the society rules, shares can only be issued for a cash consideration, payment of which cannot be deferred. Accordingly, the shares are shown at par value.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2018 £	2017 £
Supply of electricity	1,525,046	1,016,097
Rendering of services	(4,054)	38,913
	<u>1,520,992</u>	<u>1,055,010</u>

4 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	585,546	410,102
Amortisation expense	5,204	-
Impairment loss	117,104	-
	<u>117,104</u>	<u>-</u>

5 Other interest receivable and similar income

	2018 £	2017 £
Interest income on bank deposits	992	495
Other finance income	10,658	17,925
	<u>11,650</u>	<u>18,420</u>

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

6 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and borrowings	322,473	181,580
Interest payable on shares	327,657	257,859
Interest expense on other finance liabilities	238,572	249,208
	<u>888,702</u>	<u>688,647</u>

The interest payable on other liabilities includes £215,118 payable to bondholders (2017 £164,728).

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	<u>25,673</u>	<u>33,244</u>

The prior year figure includes project management fees amounting to £18,244 which were included in cost of sales.

The group had no employees other than the directors (2017- none).

8 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
Deferred taxation		
Arising from origination and reversal of timing differences	<u>-</u>	<u>(11,791)</u>
Deferred tax		

No deferred tax has been provided on the revaluations owing to the existence of offsetting tax losses.

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

9 Intangible assets

Group

	Capitalised finance costs £	Total £
Cost or valuation		
Additions in the period	230,966	230,966
At 31 March 2018	230,966	230,966
Amortisation		
Amortisation charge	5,204	5,204
At 31 March 2018	5,204	5,204
Carrying amount		
At 31 March 2018	225,762	225,762

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2017 - £Nil).

Company

	Other intangible assets £	Total £
Cost or valuation		
Additions in the period	36,553	36,553
At 31 March 2018	36,553	36,553
Amortisation		
Amortisation charge	4,874	4,874
At 31 March 2018	4,874	4,874
Carrying amount		
At 31 March 2018	31,679	31,679

The aggregate amount of research and development expenditure recognised as an expense during the period is £Nil (2017 - £Nil).

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

10 Tangible assets

Group

	Other property, plant and equipment £	Total £
Cost or valuation		
At 1 April 2017	17,218,323	17,218,323
Revaluations	468,715	468,715
Additions	45,893	45,893
	<u>17,732,931</u>	<u>17,732,931</u>
At 31 March 2018	<u>17,732,931</u>	<u>17,732,931</u>
Depreciation		
At 1 April 2017	689,965	689,965
Charge for the year	585,546	585,546
	<u>1,275,511</u>	<u>1,275,511</u>
At 31 March 2018	<u>1,275,511</u>	<u>1,275,511</u>
Carrying amount		
At 31 March 2018	<u>16,457,420</u>	<u>16,457,420</u>
At 31 March 2017	<u>16,528,358</u>	<u>16,528,358</u>

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

11 Investments

Company

	2018	2017
	£	£
Investments in subsidiaries	<u>2,362,950</u>	<u>553,066</u>

Subsidiaries

Cost or valuation

	£
At 1 April 2017	553,066
Additions	<u>1,809,884</u>
At 31 March 2018	<u>2,362,950</u>

Provision

Carrying amount

At 31 March 2018	<u>2,362,950</u>
At 31 March 2017	<u>553,066</u>

Details of undertakings

The principal activity of Bath and West Community Solar Limited is solar electricity generation

The principal activity of Bath & West Community Solar 2 Limited is solar electricity generation

The principal activity of Hartham Park Community Solar Limited is solar electricity generation

The principal activity of Portworthy Solar CIC is solar electricity generation

The principal activity of Wilmington Community Solar Limited is solar electricity generation

The principal activity of Crewkerne Community Solar CIC is solar electricity generation

The principal activity of Old Mill Community Hydro Limited is hydro electricity generation

The parent company owns 100% of the share capital of the above companies except in the case of Hartham Park Community Energy Limited where the holding is 90%. All the above subsidiaries have been included in the group's consolidated results and the minority interest in Hartham Park Community Energy Limited is shown separately in the primary financial statements. The company also owns 100% of the share capital of BWCE Development Ltd, a dormant company.

12 Other financial assets

The other financial assets comprise shares in Mongoose Energy Ltd, an unlisted company.

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

13 Stocks

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Work in progress	1,540	1,549	1,540	1,549

14 Debtors

	Note	Group		Company	
		2018 £	2017 £	2018 £	2017 £
Trade debtors		71,847	68,408	20,933	31,699
Amounts owed by related parties		-	-	5,842,015	8,712,095
Other debtors		77,807	176,422	15,097	86,924
Prepayments		80,854	140,612	1,190	1,982
Accrued income		252,537	379,458	-	-
Total current trade and other debtors		483,045	764,900	5,879,235	8,832,700

15 Creditors

	Note	Group		Company	
		2018 £	2017 £	2018 £	2017 £
Due within one year					
Loans and borrowings	17	340,800	188,120	-	-
Trade creditors		67,796	157,375	3,081	47,253
Social security and other taxes		1,491	7,713	676	7,713
Other payables		3,566	24,148	937	-
Accrued expenses		203,255	661,877	96,462	339,291
		616,908	1,039,233	101,156	394,257
Due after one year					
Loans and borrowings	17	8,524,901	7,157,305	-	-
Bonds		2,668,319	3,436,500	2,668,319	3,436,500
		11,193,220	10,593,805	2,668,319	3,436,500

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

16 Share capital

A total of 500 fully paid £1 ordinary shares were allotted at par during the period.

Shares may be withdrawn by members at the discretion of the directors, at a maximum of par value. Shares are not transferable except in the case of death or bankruptcy of a member. During the period a total of 48,220 were redeemed at par.

It is the intention of the directors to pay members an average annual return of 3% to 4% above the long run average retail price index over the life of the business.

17 Loans and borrowings

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Non-current loans and borrowings				
Bank borrowings	8,378,586	5,951,215	-	-
Other borrowings	<u>146,315</u>	<u>1,206,090</u>	<u>-</u>	<u>-</u>
	<u><u>8,524,901</u></u>	<u><u>7,157,305</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Current loans and borrowings				
Bank borrowings	337,629	95,022	-	-
Other borrowings	<u>3,171</u>	<u>93,098</u>	<u>-</u>	<u>-</u>
	<u><u>340,800</u></u>	<u><u>188,120</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

The bank borrowings and the majority of the other borrowings are secured by fixed and floating charges over the group's assets.

Bath and West Community Energy Limited

Detailed Consolidated Profit and Loss Account for the Year Ended 31 March 2018

	2018	2017
	£	£
Turnover (analysed below)	1,520,992	1,055,010
Cost of sales (analysed below)	<u>(403,127)</u>	<u>(304,404)</u>
Gross profit	<u>1,117,865</u>	<u>750,606</u>
Gross profit (%)	73.5%	71.15%
Depreciation (analysed below)	<u>(702,650)</u>	<u>(410,102)</u>
Administrative expenses		
Employment costs (analysed below)	(25,673)	(15,000)
Establishment costs (analysed below)	(1,169)	(1,164)
General administrative expenses (analysed below)	(59,133)	(72,975)
Finance charges (analysed below)	(8,386)	(2,095)
Amortisation costs (analysed below)	<u>(5,204)</u>	<u>-</u>
	(99,565)	(91,234)
Other operating income (analysed below)	<u>-</u>	<u>40,440</u>
Operating profit	<u>315,650</u>	<u>289,710</u>
Other interest receivable and similar income (analysed below)	11,650	18,420
Interest payable and similar expenses (analysed below)	<u>(888,702)</u>	<u>(688,647)</u>
	<u>(877,052)</u>	<u>(670,227)</u>
Loss before tax	<u><u>(561,402)</u></u>	<u><u>(380,517)</u></u>

Bath and West Community Energy Limited

Detailed Consolidated Profit and Loss Account for the Year Ended 31 March 2018

	2018 £	2017 £
Turnover		
Feed in tariff	931,957	643,700
Energy export income	573,533	372,397
On site usage	19,556	-
Other sales	(5,759)	5,964
Consultancy and similar income	1,705	32,949
	1,520,992	1,055,010
Cost of sales		
Opening work in progress	-	11,598
Purchases	-	2,520
Direct costs	1,828	212
Closing work in progress	-	(1,549)
Directors remuneration	-	18,244
Legal and professional (COS)	17,948	-
Rent	76,333	60,470
Rates	28,418	34,132
Water rates	-	1,351
Light, heat and power	16,261	-
Insurance	25,702	19,026
Repairs and maintenance	131,985	81,398
Asset management and similar fees	104,652	77,002
	403,127	304,404
Depreciation		
Depreciation of plant and machinery	585,546	410,102
Impairment loss on plant and machinery	117,104	-
	702,650	410,102
Employment costs		
Directors remuneration	25,673	15,000
Establishment costs		
Insurance	1,169	1,164

This page does not form part of the statutory financial statements.

Bath and West Community Energy Limited

Detailed Consolidated Profit and Loss Account for the Year Ended 31 March 2018

General administrative expenses		
Telephone and fax	3,026	-
Computer software and maintenance costs	252	-
Trade subscriptions	1,451	1,130
Community fund	30,000	30,000
Sundry expenses	6,903	1,964
Travel and subsistence	2,058	-
Advertising	966	-
Accountancy fees	10,400	40,467
Legal and professional fees	4,077	(586)
	<u>59,133</u>	<u>72,975</u>
Finance charges		
Bank charges	<u>8,386</u>	<u>2,095</u>
Amortisation costs		
Amortisation of capitalised finance costs	<u>5,204</u>	<u>-</u>
Other operating income		
Other operating income	<u>-</u>	<u>40,440</u>
Other interest receivable and similar income		
Bank interest receivable	992	495
Other interest receivable	<u>10,658</u>	<u>17,925</u>
	<u>11,650</u>	<u>18,420</u>
Interest payable and similar expenses		
Bank loan interest payable	322,473	181,580
Interest payable on shares	327,657	257,859
Other loan interest	23,454	84,480
Interest on bonds	<u>215,118</u>	<u>164,728</u>
	<u>888,702</u>	<u>688,647</u>

This page does not form part of the statutory financial statements.