

Registration number: 30960R

Bath and West Community Energy Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2017

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

Company Information

Directors	P J Capener J P Kenna M Bess P M R Penkman J S Bateman J Stephenson J S M Laurie
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 2017

The directors present their report and the audited financial statements for the year ended 31 March 2017.

Directors of the group

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

P J Capener

J P Kenna

M Bess

C J Crookall-Fallon (resigned 29 June 2016)

P M R Penkman

J S Bateman

J Stephenson

J S M Laurie

D A L Bunker - Company secretary and director (resigned 29 June 2016)

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 company'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 11 August 2017 and signed on its behalf by:

.....
J Stephenson
Director

Bath and West Community Energy Limited

Directors' Report for the Year Ended 31 March 2017

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 surrounding area.

Brief Overview of the Year

During the year we:

- Built and successfully commissioned a 250kW solar array near Stowey, west of Bath
- Built and successfully commissioned BWCE's first ever hydro scheme, a modern water wheel at Old Mill Hotel in Bathampton.
- Raised just under £1 million from a community share offer and £1.7 million from BWCE's second bond offer, primarily to acquire the Crewkerne 5MW solar array. The balance of funds for the project was raised from debt provided by Triodos Bank.
- Completed several phases of a feasibility study looking at the potential for battery storage at Bath Spa University, working with partners including Immersa and Cooperative Futures.
- Carried out a review of potential cost savings with our key partner Mongoose Energy, particularly looking to procure services across multiple community enterprises. As a result, for example, reducing project insurance by 14% and now with plans in place to reduce the cost of capital through re-financing debt at lower interest rates.

As with the Portworthy project last year, we took the Crewkerne solar array into community ownership before government support schemes closed and the opportunity was lost. The project was financed with the support of an existing local community energy enterprise, who will look to buy into the project when BWCE's bond matures next year.

By the end of the year, the total capacity of our projects was 12.35MW of solar PV plus one small hydro scheme, generating enough electricity in a full year to meet the equivalent annual electricity demand from approx 4,000 typical UK homes and reduce carbon dioxide emissions by the equivalent of the full carbon footprint of nearly 1,250 B&NES residents.

Sunshine levels in the year were below average for the second year running, though this year they were significantly lower. 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 also supported a range of excellent community projects through last year's community fund contribution. See <http://www.bwce.coop/communityfund/> for more details.

National Context

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.

Changes within key government departments and a lack of clarity around the role of community energy within wider energy policy has created uncertainty. However, new opportunities are emerging for community energy organisations like BWCE as the electricity network adapts to increasing intermittent generation resulting from the growth in renewables. This shift from a total reliance on centralised generation from large power plants is forcing a rethink around electricity markets and increases the potential for battery storage, consumer owned generation and the need for balancing demand and supply at a more local level.

Bath and West Community Energy Limited

Directors' Report for the Year Ended 31 March 2017

These opportunities and how we will look to maximize them locally are outlined within our latest business plan overview, downloadable from our website.

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' investment 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 2016/17 relate to performance in 2015/16
- BWCE's board assesses its ability to pay interest to members and make contributions to its community fund based on its available cash reserves, after considering its existing commitments
- 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. BWCE Group now has fixed assets worth £16.5 million and annual income of over £1 million, with an operating profit of just over £300,000. BWCE is no longer generating any development income as this is an activity with all its risks and liabilities, which Mongoose Energy now carries out on behalf of BWCE. The accounts for 2015-16 show income for development but also significant costs on development under 'Cost of Sales'.

'Other operating costs' are significantly higher than last year due to increased loan costs and accrued interest payments on the bonds. During this year there was a full year of interest on the loans and accrued for the bonds on the Portworthy solar array (rather than only for one quarter in the previous year). There was also interest on the new loans and accrued for the bonds for the Crewkerne solar array, added this year.

The added loans and bonds taken on this year are also reflected in increased 'Long-term liabilities'.

'Net current assets' stand at just under £635,000. This is lower than last year but only because last year's net current assets included significant funds raised for Old Mill hydro and Stowey solar array built during 2016-17.

Below forecast project performance, as outlined above, together with lower than expected income from electricity sales reduced profits by around £100,000.

Bath and West Community Energy Limited

Directors' Report for the Year Ended 31 March 2017

These accounts cover the operation of the Crewkerne array from 1st October 2016 to 31st March 2017 only. The period between commissioning of the project in June 2016 and the end of September 2016 is covered in Crewkerne Community Solar CIC's 2015-2016 accounts, which had a September year end. BWCE acquired Crewkerne CIC in December 2016. The profit for the June to September period amounted to £189,901. Whilst this value is not represented in the consolidated P&L, it is represented in the 'Net current assets' and the reserves and so has a positive impact on BWCE's overall financial position. The financial year for Crewkerne has now been aligned with the rest of the BWCE group.

The losses shown in the profit and loss account to date are offset by the revaluation reserve, generated as outlined above, and the added value generated by the Crewkerne solar array, leaving shareholder funds well in excess of member investment in the community enterprise.

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

We have audited the financial statements of Bath and West Community Energy Limited for the year ended 31 March 2017, set out on pages 9 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society's members, as a body, in accordance with Section 87 of 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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the society's affairs as at 31 March 2017 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.

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.

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

Bath and West Community Energy Limited

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

Matters on which we are required to report by exception

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 society or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

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

PO Box 258
Stroud
Gloucestershire
GL6 8WZ

11 August 2017

Bath and West Community Energy Limited

Consolidated Profit and Loss Account for the Year Ended 31 March 2017

		Total 31 March 2017 £	(As restated) Total 31 March 2016 £
Turnover	3	1,055,010	1,119,606
Cost of sales		<u>(304,404)</u>	<u>(712,643)</u>
Gross profit		750,606	406,963
Depreciation		(410,102)	(243,560)
Administrative expenses		(91,234)	(127,105)
Other operating income	4	<u>40,440</u>	<u>69,071</u>
Operating profit	5	<u>289,710</u>	<u>105,369</u>
Other interest receivable and similar income	6	18,420	32,396
Interest payable and similar expenses	7	<u>(688,647)</u>	<u>(252,858)</u>
		<u>(670,227)</u>	<u>(220,462)</u>
Loss before tax		(380,517)	(115,093)
Taxation	9	<u>11,791</u>	<u>(1,019)</u>
Loss for the financial year		<u><u>(368,726)</u></u>	<u><u>(116,112)</u></u>
Profit/(loss) attributable to:			
The group		(364,804)	(113,496)
Minority interests		<u>(3,922)</u>	<u>(2,616)</u>
		<u><u>(368,726)</u></u>	<u><u>(116,112)</u></u>

The notes on pages 16 to 27 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 2017

		(As restated)	
	Note	2017 £	2016 £
Loss for the year		(368,726)	(116,112)
Surplus/(deficit) on property, plant and equipment revaluation		-	16,525
Surplus/(deficit) on revaluation of other assets		593,462	277,600
		<u>593,462</u>	<u>294,125</u>
Total comprehensive income for the year		<u>224,736</u>	<u>178,013</u>
Total comprehensive income attributable to:			
The group		228,658	180,629
Minority interests		(3,922)	(2,616)
		<u>224,736</u>	<u>178,013</u>

The notes on pages 16 to 27 form an integral part of these financial statements.

Bath and West Community Energy Limited
(Registration number: 30960R)
Consolidated Balance Sheet as at 31 March 2017

		(As restated)	
	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	16,528,358	9,741,019
Other financial assets	12	<u>10,000</u>	<u>10,000</u>
		<u>16,538,358</u>	<u>9,751,019</u>
Current assets			
Stocks	13	1,549	11,598
Debtors	14	764,900	1,789,199
Investments		-	1
Cash at bank and in hand		<u>907,775</u>	<u>284,536</u>
		1,674,224	2,085,334
Creditors: Amounts falling due within one year	15	<u>(1,039,233)</u>	<u>(1,336,067)</u>
Net current assets		<u>634,991</u>	<u>749,267</u>
Total assets less current liabilities		17,173,349	10,500,286
Creditors: Amounts falling due after more than one year	15	(10,593,805)	(5,327,536)
Provisions for liabilities		-	(11,791)
Net assets		<u>6,579,544</u>	<u>5,160,959</u>
Capital and reserves			
Called up share capital	16	5,722,320	4,727,420
Revaluation reserve		1,244,721	651,259
Non distributable reserve	11	198,949	-
Profit and loss account		<u>(607,234)</u>	<u>(242,430)</u>
Funds attributable to the group		6,558,756	5,136,249
Minority interests		<u>20,788</u>	<u>24,710</u>
Total group funds		<u>6,579,544</u>	<u>5,160,959</u>

The notes on pages 16 to 27 form an integral part of these financial statements.

Bath and West Community Energy Limited
(Registration number: 30960R)
Consolidated Balance Sheet as at 31 March 2017

Approved and authorised by the Board on 11 August 2017 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 2017

		(As restated)	
	Note	2017 £	2016 £
Fixed assets			
Investments	11	553,066	553,065
Other financial assets	12	<u>10,000</u>	<u>10,000</u>
		<u>563,066</u>	<u>563,065</u>
Current assets			
Stocks	13	1,549	-
Debtors	14	8,832,700	5,813,208
Cash at bank and in hand		<u>144,660</u>	<u>63,600</u>
		8,978,909	5,876,808
Creditors: Amounts falling due within one year	15	<u>(394,257)</u>	<u>(112,353)</u>
Net current assets		<u>8,584,652</u>	<u>5,764,455</u>
Total assets less current liabilities		9,147,718	6,327,520
Creditors: Amounts falling due after more than one year	15	<u>(3,436,500)</u>	<u>(1,682,000)</u>
Net assets		<u>5,711,218</u>	<u>4,645,520</u>
Capital and reserves			
Called up share capital		5,722,320	4,727,420
Profit and loss account		<u>(11,102)</u>	<u>(81,900)</u>
Total society funds		<u>5,711,218</u>	<u>4,645,520</u>

The company made a profit after tax for the financial year of £70,798 (2016 - profit of £11,311).

Approved and authorised by the Board on 11 August 2017 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 2017 Equity attributable to the parent company

	Share capital £	Revaluation reserve £	Non-distributable reserve £	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 movements in reserves	-	-	198,949	-	198,949	-	198,949
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>

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £	Non- controlling interests £	Total society funds £
At 1 April 2015	3,448,770	373,659	(145,459)	3,676,970	-	3,676,970
(Loss)/profit for the year	-	-	(113,496)	(113,496)	24,710	(88,786)
Other comprehensive income	-	277,600	16,525	294,125	-	294,125
Total comprehensive income	-	277,600	(96,971)	180,629	24,710	205,339
New share capital subscribed	1,278,650	-	-	1,278,650	-	1,278,650
At 31 March 2016	<u>4,727,420</u>	<u>651,259</u>	<u>(242,430)</u>	<u>5,136,249</u>	<u>24,710</u>	<u>5,160,959</u>

The notes on pages 16 to 27 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 2017

	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>
	Share capital	Profit and loss	Total
	£	£	£
At 1 April 2015	3,448,770	(93,211)	3,355,559
Profit for the year	-	11,311	11,311
Total comprehensive income	-	11,311	11,311
New share capital subscribed	1,278,650	-	1,278,650
At 31 March 2016	<u>4,727,420</u>	<u>(81,900)</u>	<u>4,645,520</u>

The notes on pages 16 to 27 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 2017

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

These financial statements were authorised for issue by the Board on 11 August 2017.

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 2017

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2017.

A subsidiary is an entity controlled by the company. Control is achieved where the company 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 company 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 of goods 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 deferred 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

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 installations under construction	Not depreciated until completion
Solar installations	20 to 30 years straight line to residual value

Revaluation

A full independent valuation of the solar 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.

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.

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

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 merchandise 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.

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. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

3 Revenue

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

	2017	2016
	£	£
Supply of electricity	1,016,097	496,047
Rendering of services	38,913	623,559
	1,055,010	1,119,606

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2017	2016
	£	£
Miscellaneous other operating income	40,440	69,071
	40,440	69,071

Other operating income for the period includes £23,500 in respect of the release of the balance of an unconditional grant to revenue as a result of the completion of the relevant project. The balance represents compensation receivable from a supplier.

5 Operating profit

Arrived at after charging/(crediting)

	2017	2016
	£	£
Depreciation expense	410,102	243,560
	410,102	243,560

6 Other interest receivable and similar income

	2017	2016
	£	£
Interest income on bank deposits	495	180
Other finance income	17,925	32,216
	18,420	32,396

7 Interest payable and similar expenses

(As restated)

	2017	2016
	£	£
Interest on bank overdrafts and borrowings	181,580	23,295
Interest payable on shares	257,859	153,060
Interest expense on other finance liabilities	249,208	76,503
	688,647	252,858

The interest payable on other liabilities includes £164,728 payable to bondholders (2016 £22,500).

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	(As restated)	
	2017	2016
	£	£
Remuneration	<u>33,244</u>	<u>44,533</u>

The above figures include project management fees amounting to £18,244 (2016 - £32,533), which have been included in cost of sales.

9 Taxation

Tax charged/(credited) in the income statement

	2017	2016
	£	£
Current taxation		
UK corporation tax	-	1,019
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(11,791)</u>	<u>-</u>
Tax (receipt)/expense in the income statement	<u>(11,791)</u>	<u>1,019</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 2017

10 Tangible assets

Group

	Other property, plant and equipment £	Total £
Cost or valuation		
At 1 April 2016	10,216,626	10,216,626
Revaluations	541,631	541,631
Additions	6,286,130	6,286,130
At 31 March 2017	17,044,387	17,044,387
Depreciation		
At 1 April 2016	105,928	105,928
Charge for the year	410,101	410,101
At 31 March 2017	516,029	516,029
Carrying amount		
At 31 March 2017	16,528,358	16,528,358
At 31 March 2016	9,741,019	9,741,019

11 Investments

Company

	(As restated)	
	2017 £	2016 £
Investments in subsidiaries	553,066	553,065
Subsidiaries		£
Cost or valuation		
At 1 April 2016		553,065
Additions		1
At 31 March 2017		553,066
Provision		
Carrying amount		
At 31 March 2017		553,066
At 31 March 2016		553,065

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

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 principal activity of BWCE Development Limited is solar electricity project development

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. Crewkerne Community Solar CIC was acquired on 8th December 2016 and its pre-acquisition reserves of £198,949 are shown as a non distributable reserve in the balance sheet. BWCE Development Ltd ceased to trade immediately after the period end.

12 Other financial assets

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

13 Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Work in progress	<u>1,549</u>	<u>11,598</u>	<u>1,549</u>	<u>-</u>

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

14 Debtors

	Note	Group		Company (As restated)	
		2017 £	2016 £	2017 £	2016 £
Trade debtors		68,408	69,703	31,699	39,000
Amounts owed by related parties		-	-	8,712,095	5,354,672
Other debtors		176,422	1,308,868	86,924	404,000
Prepayments		140,612	192,513	1,982	15,536
Accrued income		379,458	218,115	-	-
Total current trade and other debtors		764,900	1,789,199	8,832,700	5,813,208

15 Creditors

	Note	Group		Company	
		2017 £	2016 £	2017 £	2016 £
Due within one year					
Loans and borrowings	17	188,120	930,262	-	-
Trade creditors		157,375	79,782	47,253	67,069
Social security and other taxes		7,713	14,435	7,713	10,775
Other payables		24,148	111,427	-	-
Accrued expenses		661,877	200,161	339,291	34,509
		1,039,233	1,336,067	394,257	112,353
Due after one year					
Loans and borrowings	17	7,157,305	3,622,036	-	-
Deferred income		-	23,500	-	-
Bonds		3,436,500	1,682,000	3,436,500	1,682,000
		10,593,805	5,327,536	3,436,500	1,682,000

16 Share capital

A total of 994,900 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.

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.

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

17 Loans and borrowings

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Non-current loans and borrowings				
Bank borrowings	5,951,215	2,471,169	-	-
Other borrowings	<u>1,206,090</u>	<u>1,150,867</u>	<u>-</u>	<u>-</u>
	<u><u>7,157,305</u></u>	<u><u>3,622,036</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Current loans and borrowings				
Bank borrowings	95,022	638,400	-	-
Bank overdrafts	-	1,556	-	-
Other borrowings	<u>93,098</u>	<u>290,306</u>	<u>-</u>	<u>-</u>
	<u><u>188,120</u></u>	<u><u>930,262</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

Notes to the Financial Statements for the Year Ended 31 March 2017

18 Transition to FRS 102

The group adopted FRS102 1A for the period commencing 1st April 2016. Although this has not required a restatement of net assets, society funds or the consolidated results for the prior period, the opportunity has been taken to recategorise certain assets, liabilities and expenditure for that period in order to match the categorisation adopted for the accounts for the current year.

Cost of sales now covers all project specific operating costs, and administrative expenses covers all of the society overheads including the community fund.

Consolidated Balance Sheet at 31 March 2016

Note	As originally reported £	Reclassification £	Remeasurement £	As restated £
Current assets				
Debtors	1,710,952	78,247	-	1,789,199
Cash at bank and in hand	<u>255,280</u>	<u>28,956</u>	<u>-</u>	<u>284,236</u>
	1,966,232	107,203	-	2,073,435
Creditors: Amounts falling due within one year	<u>(1,228,864)</u>	<u>(107,203)</u>	<u>-</u>	<u>(1,336,067)</u>
Net assets	<u>737,368</u>	<u>-</u>	<u>-</u>	<u>737,368</u>
Capital and reserves				
Total equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Bath and West Community Energy Limited

Notes to the Financial Statements for the Year Ended 31 March 2017

Consolidated Profit and Loss Account for the year ended 31 March 2016

Note	As originally reported £	Reclassification £	Remeasurement £	As restated £
Turnover	1,119,606	-	-	1,119,606
Cost of sales	<u>(612,261)</u>	<u>(100,382)</u>	-	<u>(712,643)</u>
Gross profit/(loss)	507,345	(100,382)	-	406,963
Administrative expenses	(471,047)	100,382	-	(370,665)
Other operating income	<u>69,071</u>	-	-	<u>69,071</u>
Operating profit	<u>105,369</u>	-	-	<u>105,369</u>
Other interest receivable and similar income	32,396	-	-	32,396
Interest payable and similar expenses	<u>(252,858)</u>	-	-	<u>(252,858)</u>
	<u>(220,462)</u>	-	-	<u>(220,462)</u>
Loss before tax	(115,093)	-	-	(115,093)
Taxation	<u>(1,019)</u>	-	-	<u>(1,019)</u>
Loss for the financial year	<u><u>(116,112)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(116,112)</u></u>

Parent society

The parent society and its subsidiaries adopted FRS 102 1A for the period commencing 1st April 2016. Together with the incoming auditors, the directors have reviewed the treatment of the parent society's financing of its subsidiary Portworthy Solar CIC's part built solar array in the previous period. They have concluded that the transaction is better shown as a balance due from the subsidiary rather than an investment in that subsidiary.

This has not necessitated a restatement in the Group accounts.

Balance Sheet at 31 March 2016

Note	As originally reported £	Reclassification £	Remeasurement £	As restated £
Fixed assets				
Investments	1,736,064	(1,183,000)	-	553,064
Current assets				
Debtors	<u>4,630,428</u>	<u>1,183,000</u>	-	<u>5,813,428</u>
Net assets	<u><u>6,366,492</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>6,366,492</u></u>
Capital and reserves				
Total equity	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Bath and West Community Energy Limited

Detailed Consolidated Profit and Loss Account for the Year Ended 31 March 2017

	(As restated)	
	2017	2016
	£	£
Turnover (analysed below)	1,055,010	1,119,606
Cost of sales (analysed below)	<u>(304,404)</u>	<u>(712,643)</u>
Gross profit	<u>750,606</u>	<u>406,963</u>
Gross profit (%)	71.15%	36.35%
Depreciation (analysed below)	<u>(410,102)</u>	<u>(243,560)</u>
Administrative expenses		
Employment costs (analysed below)	(15,000)	(12,000)
Establishment costs (analysed below)	(1,164)	(3,044)
General administrative expenses (analysed below)	(72,975)	(111,660)
Finance charges (analysed below)	<u>(2,095)</u>	<u>(401)</u>
	(91,234)	(127,105)
Other operating income (analysed below)	<u>40,440</u>	<u>69,071</u>
Operating profit	<u>289,710</u>	<u>105,369</u>
Other interest receivable and similar income (analysed below)	18,420	32,396
Interest payable and similar expenses (analysed below)	<u>(688,647)</u>	<u>(252,858)</u>
	<u>(670,227)</u>	<u>(220,462)</u>
Loss before tax	<u><u>(380,517)</u></u>	<u><u>(115,093)</u></u>

Bath and West Community Energy Limited

Detailed Consolidated Profit and Loss Account for the Year Ended 31 March 2017

	2017 £	2016 £
Turnover		
Feed in tariff	643,700	348,833
Energy export income	372,397	147,214
Consultancy and similar services	32,949	617,735
Other sales	5,964	5,824
	1,055,010	1,119,606
Cost of sales		
Opening work in progress	11,598	108,606
Purchases	2,520	435,115
Direct costs	212	-
Closing work in progress	(1,549)	(11,598)
Directors remuneration	18,244	32,533
Rent	60,470	36,893
Rates	34,132	19,745
Water rates	1,351	209
Insurance	19,026	8,059
Repairs and maintenance	81,398	33,667
Asset management and similar fees	77,002	49,414
	304,404	712,643
Depreciation		
Depreciation of plant and machinery	410,102	243,560
Employment costs		
Directors remuneration	15,000	12,000
Establishment costs		
Insurance	1,164	3,044
General administrative expenses		
Computer software and maintenance costs	-	212
Trade subscriptions	1,130	1,175
Community fund	30,000	50,000
Sundry expenses	1,964	2,702
Accountancy fees	40,467	15,067
Management fees	-	41,068
Legal and professional fees	(586)	1,436
	72,975	111,660
Finance charges		
Bank charges	2,095	401

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 2017

Other operating income		
Other operating income	40,440	69,071
	<u>40,440</u>	<u>69,071</u>
Other interest receivable and similar income		
Bank interest receivable	495	180
Other interest receivable	17,925	32,216
	<u>18,420</u>	<u>32,396</u>
	<u>18,420</u>	<u>32,396</u>
Interest payable and similar expenses		
Bank loan interest payable	181,580	23,295
Interest payable on shares	257,859	153,060
Other loan interest	84,480	54,003
Interest on bonds	164,728	22,500
	<u>688,647</u>	<u>252,858</u>
	<u>688,647</u>	<u>252,858</u>