

Registration number: 30960R

# Bath and West Community Energy Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2019

Draft 03

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

# Bath and West Community Energy Limited

## Contents

Company Information	1
Directors' Report	2 to 6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 10
Consolidated Profit and Loss Account	11
Consolidated Statement of Comprehensive Income	12
Consolidated Balance Sheet	13
Balance Sheet	14
Consolidated Statement of Changes in Equity	15 to 16
Statement of Changes in Equity	17
Notes to the Financial Statements	18 to 27
Detailed Consolidated Profit and Loss Account	28 to 30

# **Bath and West Community Energy Limited**

## **Society Information**

<b>Directors</b>	P J Capener J P Kenna M Bess P M R Penkman J S Bateman J Stephenson J Orchard S Bedford P Harvey
<b>Company secretary</b>	Community Owned Asset Management Ltd (trading as Bright Renewables)
<b>Registered office</b>	Mulberry House 19 Maple Grove Bath BA2 3AF
<b>Auditors</b>	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 2019**

The directors present their report and the financial statements for the year ended 31 March 2019.

#### **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 Orchard

S Bedford

P Harvey

#### **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 2019

### BWCE Board Report 2018-2019

#### Principal Activities

The principal activities of Bath & West Community Energy (BWCE) Ltd include the development, financing and operation of community solar PV, wind and hydro projects and the delivery of low carbon services, working for the benefit of the community.

#### Brief Overview of the Year

During the year we:

- Launched Solar Streets, an innovative pilot project to reduce peak demand for electricity through the installation of domestic solar PV and batteries and household demand management within a small neighbourhood in Bath;
- Launched a new share offer with a lower minimum investment to increase the number and diversity of members. The share offer will raise capital to create an innovation fund, support the installation of community solar roofs and to ease the process of share withdrawals for existing members;
- Recruited a full time community outreach and communications co-ordinator;
- Established a supporters' network from within our membership, with the aim of increasing awareness about climate change and community energy within local communities;
- Completed the second phase of BWCE's debt refinancing with Triodos, worth around £4 million;
- Partially redeemed BWCE's second bond, including meeting in full all bondholder redemption requests;
- Supported the transition of Mongoose Energy into a fully community client owned renewable energy asset manager, Bright Renewables. BWCE was one of the founding members of the new organisation.
- Engaged with national policy through government consultations and independent lobbying activities.

#### Renewable Energy Assets

We were unable to develop any larger 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. We are investigating potential sites for both community solar PV and ground mounted solar on this basis.

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 12,600MWh, enough electricity to meet the equivalent annual electricity demand from over 4,000 typical UK homes (1) and reduce carbon dioxide emissions by the equivalent of the carbon footprint of nearly 1,000 B&NES residents (2).

Sunshine levels during the year were above average with excellent summer months, offset by poor sunshine levels in April and August. Project performance was hampered by technical problems at some of the smaller sites.

(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 3.8 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-to-2017>

# **Bath and West Community Energy Limited**

## **Directors' Report for the Year Ended 31 March 2019**

### Low Carbon Services

In line with our business strategy we have been developing our capacity to deliver low carbon services, as well as renewable energy assets.

Our first target has been to test what role we can play as a community enterprise in supporting 'Demand Side Response' or the ability of electricity consumers to shift when they use electricity, away from peak hours, as well as how much they use. This is going to be increasingly important as electricity demand goes up with the rapid increase in electric vehicles and the electrification of space heating.

Solar Streets has been our first practical pilot. But we are also developing partnerships that will enable us to simplify the ability of householders to shift electricity demand, as well as to sell solar generated electricity to their neighbours.

### Community Engagement

Offering services to householders requires us to change how we engage with local people and this year we have recruited Nick Bird full time to lead on community outreach and communications.

We need to raise awareness of the services we offer and increase the active support for new renewable energy projects, including wind turbines. We believe that the best way for us to do this is to build an active network of members and supporters able to increase both the flow of information within local communities and the level of debate about climate change and community energy.

This year our supporters' network has made an excellent start and has already actively involved members in a number of successful initiatives, from public events to drafting briefings on wind turbines and the production of display boards. We'd like to thank all our members who have got involved for their time and commitment.

For information on the excellent range of community projects supported through last year's community fund contribution, see <https://www.bwce.coop/communityfund/bwce-fund-2019-allocations>.

### Local energy supply

This year we also developed a partnership with community owned energy supplier Our Power, to deliver a local electricity tariff that enabled us to sell electricity from our projects to local people. Unfortunately, the volatile electricity market has put a number of energy suppliers into administration during the year, including Our Power who ceased trading in January 2019. We are still committed to the idea of a local electricity tariff that enables people to buy local community energy and we are reviewing our options with regard to energy supply partners.

### Networking and Policy work

We continue to participate actively 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. We are active members of the Wessex Community Energy Network and are working with community energy groups in Somerset to understand how we can collaborate more effectively. Our MD has been chairing central government's local energy advisory group and is an advisor to B&NES Council's Environmental Sustainability Partnership.

### **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 income streams, subject to performance and market conditions;

# Bath and West Community Energy Limited

## Directors' Report for the Year Ended 31 March 2019

- 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 commits to paying interest on members' investments and repaying members' capital over the life of its projects, as finances allow, as well as recycling surplus cash back into local community action on fuel poverty and carbon reduction;
- 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 2018/19 relate to generation in 2017/18; and
- 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 and the cash surplus generated by projects during the year, alongside consideration of investments required to continue developing the company to meet its strategic objective.

### 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 £16.3 million and annual income of nearly £1.8 million, with an operating profit of just over £630,000.

Both income for the year and gross and operating profits have gone up significantly this year on the back of good solar project performance.

The board has taken the prudent view that the projected yield for the Portworthy project should be reduced by 5% in light of project performance over the last couple of years. This decision is taken into account in this year's revaluation.

Each year, BWCE's projects are revalued based on the net present value of future cashflows, before financing costs. As part of this, we use a forecast of wholesale electricity prices drawn from third party industry standard forecasts. These forecasts have reduced this year. Independent market analysts suggest that this is due to a view that assumes higher fossil fuel supply and lower fossil fuel prices for longer. Though of course this could change again, not least depending on how Brexit unfolds.

The change to the yield forecast for Portworthy and the reduced wholesale electricity price forecast, depresses the revaluation figure presented in the accounts.

On the balance sheet, a presentational change in approach from last year sees the re-finance costs that were held as intangible assets shifted to prepayments, where they will still be amortised over the life of the relevant loans and bonds and so there is no change in the impact on the profit and loss account. The change in approach does increase significantly the debtors figure in the consolidated balance sheet; note 14 provides a more detailed breakdown.

Trade debtors (note 14) are also high for the year. This is due to higher than normal outstanding FIT income payments, all of which were paid soon after year end.

Cash at bank position includes £550k in debt service and maintenance reserve accounts. £220k of the just over £600k of the remaining cash is a capital reserve generated by the re-finance for investment and/or repayment of share capital.

## **Bath and West Community Energy Limited**

### **Directors' Report for the Year Ended 31 March 2019**

During the year, nearly £250k of shares were withdrawn, representing all requests met in full, and over £120k of new shares were allocated.

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

The impact of the second phase of the debt re-finance, completed this year, can be seen in note 15 with an increase in loans held and a decrease in bonds. Overall, the refinance undertaken over the last 2 years has reduced our cost of capital from an average of 5.8% to 5%. This has the effect of adding a net £1.5 million into our cashflow over the life of our current portfolio of renewable energy projects, providing a significant increase to our lifetime community benefit.

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## **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 2019, 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 2019 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 7], 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.

.....  
Andrew Fisher BA FCA (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 2019

	Note	2019 £	2018 £
Turnover	3	1,781,756	1,520,991
Cost of sales		<u>(382,267)</u>	<u>(403,127)</u>
Gross profit		1,399,489	1,117,864
Depreciation		(585,381)	(585,546)
Administrative expenses		<u>(174,806)</u>	<u>(216,668)</u>
Operating profit	4	<u>639,302</u>	<u>315,650</u>
Other interest receivable and similar income	5	2,799	992
Interest payable and similar expenses	6	<u>(831,229)</u>	<u>(878,044)</u>
		<u>(828,430)</u>	<u>(877,052)</u>
Loss before tax		<u>(189,128)</u>	<u>(561,402)</u>
Loss for the financial year		<u><u>(189,128)</u></u>	<u><u>(561,402)</u></u>
<b>Profit/(loss) attributable to:</b>			
The group		(186,420)	(559,386)
Minority interests		<u>(2,708)</u>	<u>(2,016)</u>
		<u><u>(189,128)</u></u>	<u><u>(561,402)</u></u>

The notes on pages 18 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 2019

	Note	2019 £	2018 £
Loss for the year		(189,128)	(561,402)
Surplus/(deficit) on revaluation of other assets		<u>455,780</u>	<u>585,819</u>
Total comprehensive income for the year		<u><u>266,652</u></u>	<u><u>24,417</u></u>
<b>Total comprehensive income attributable to:</b>			
The group		269,360	26,433
Minority interests		<u>(2,708)</u>	<u>(2,016)</u>
		<u><u>266,652</u></u>	<u><u>24,417</u></u>

## Bath and West Community Energy Limited

### (Registration number: 30960R) Consolidated Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	9	-	225,762
Tangible assets	10	16,333,533	16,457,420
Other financial assets	12	-	10,000
		16,333,533	16,693,182
<b>Current assets</b>			
Stocks	13	54,298	1,540
Debtors	14	1,030,728	483,045
Cash at bank and in hand		1,153,636	1,188,057
		2,238,662	1,672,642
<b>Creditors: Amounts falling due within one year</b>	15	(786,024)	(616,907)
<b>Net current assets</b>		1,452,638	1,055,735
<b>Total assets less current liabilities</b>		17,786,171	17,748,917
<b>Creditors: Amounts falling due after more than one year</b>	15	(11,088,472)	(11,193,220)
<b>Net assets</b>		6,697,699	6,555,697
<b>Capital and reserves</b>			
Called up share capital	16	5,549,950	5,674,600
Revaluation reserve		2,286,320	1,830,540
Capital reserve on consolidation		81,301	81,301
Profit and loss account		(1,235,936)	(1,049,516)
Funds attributable to the group		6,681,635	6,536,925
Minority interests		16,064	18,772
<b>Total group funds</b>		6,697,699	6,555,697

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

.....  
P J Capener  
Director

.....  
J Stephenson  
Director

The notes on pages 18 to 27 form an integral part of these financial statements.

# Bath and West Community Energy Limited

## (Registration number: 30960R) Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	9	-	31,679
Investments	11	2,362,950	2,362,950
Other financial assets	12	-	10,000
		<u>2,362,950</u>	<u>2,404,629</u>
<b>Current assets</b>			
Stocks	13	54,298	1,540
Debtors	14	4,900,987	5,879,235
Cash at bank and in hand		180,740	184,828
		<u>5,136,025</u>	<u>6,065,603</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(128,345)</u>	<u>(101,156)</u>
<b>Net current assets</b>		<u>5,007,680</u>	<u>5,964,447</u>
<b>Total assets less current liabilities</b>		7,370,630	8,369,076
<b>Creditors: Amounts falling due after more than one year</b>	15	<u>(1,809,319)</u>	<u>(2,668,319)</u>
<b>Net assets</b>		<u>5,561,311</u>	<u>5,700,757</u>
<b>Capital and reserves</b>			
Called up share capital		5,549,950	5,674,600
Profit and loss account		11,361	26,157
Total society funds		<u>5,561,311</u>	<u>5,700,757</u>

The company made a loss after tax for the financial year of £14,796 (2018 - profit of £37,259).

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

.....  
P J Capener  
Director

.....  
J Stephenson  
Director

The notes on pages 18 to 27 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 2019 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 2018	5,674,600	1,830,540	81,301	(1,049,516)	6,536,925	18,772	6,555,697
Loss for the year	-	-	-	(186,420)	(186,420)	(2,708)	(189,128)
Other comprehensive income	-	455,780	-	-	455,780	-	455,780
Total comprehensive income	-	455,780	-	(186,420)	269,360	(2,708)	266,652
New share capital subscribed	122,850	-	-	-	122,850	-	122,850
Purchase of own share capital	(247,500)	-	-	-	(247,500)	-	(247,500)
At 31 March 2019	5,549,950	2,286,320	81,301	(1,235,936)	6,681,635	16,064	6,697,699

  

	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 including transfers	-	-	(117,648)	117,104	(544)	-	(544)

The notes on pages 18 to 27 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 2019**  
**Equity attributable to the parent company**

	<b>Share capital</b>	<b>Revaluation</b>	<b>Capital reserve</b>	<b>Profit and loss</b>	<b>Total</b>	<b>Non-</b>	<b>Total society</b>
	<b>£</b>	<b>reserve</b>	<b>on</b>	<b>account</b>	<b>£</b>	<b>controlling</b>	<b>funds</b>
		<b>£</b>	<b>consolidation</b>	<b>£</b>		<b>£</b>	<b>£</b>
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>

The notes on pages 18 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 2019

	Share capital £	Profit and loss account £	Total £
At 1 April 2018	5,674,600	26,157	5,700,757
Loss for the year	-	(14,796)	(14,796)
Total comprehensive income	-	(14,796)	(14,796)
New share capital subscribed	122,850	-	122,850
Purchase of own share capital	(247,500)	-	(247,500)
At 31 March 2019	<u>5,549,950</u>	<u>11,361</u>	<u>5,561,311</u>

	Share capital £	Profit and loss account £	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>

The notes on pages 18 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 2019

### 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 2019**

#### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the society and its subsidiary undertakings drawn up to 31 March 2019.

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.

#### **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:

## Bath and West Community Energy Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

<b>Asset class</b>	<b>Depreciation method and rate</b>
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.

#### **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.

# Bath and West Community Energy Limited

## Notes to the Financial Statements for the Year Ended 31 March 2019

### 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. 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:

	2019 £	2018 £
Supply of electricity	1,702,399	1,525,045
Rendering of services	3,884	(4,054)
Grants received	75,473	-
	<u>1,781,756</u>	<u>1,520,991</u>

## Bath and West Community Energy Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 4 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	585,381	585,546
Amortisation expense	-	5,204
Impairment loss	4,287	117,104
Research and development cost	953	-

#### 5 Other interest receivable and similar income

	2019 £	2018 £
Interest income on bank deposits	2,799	992

#### 6 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and borrowings	388,653	322,473
Interest payable on shares	342,067	327,657
Interest expense on other finance liabilities	100,509	227,914

The interest payable on other liabilities includes £89,020 payable to bondholders (2018 £215,118).

#### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	45,508	25,673

The group had one employee other than the directors (2018- none).

#### 8 Auditors' remuneration

	2019 £	2018 £
Audit of these financial statements	10,400	10,400



## Bath and West Community Energy Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 9 Intangible assets

##### Group

	<b>Capitalised finance costs £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 April 2018	230,966	230,966
Additions in the period	340,272	340,272
Transferred to prepayments	(571,238)	(571,238)
	-	-
At 31 March 2019	-	-
<b>Amortisation</b>		
At 1 April 2018	5,204	5,204
Transferred to prepayments	(5,204)	(5,204)
	-	-
At 31 March 2019	-	-
<b>Carrying amount</b>		
At 31 March 2019	-	-
At 31 March 2018	225,762	225,762

##### Company

	<b>Other intangible assets £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 April 2018	36,553	36,553
Transferred to prepayments	(36,553)	(36,553)
	-	-
At 31 March 2019	-	-
<b>Amortisation</b>		
At 1 April 2018	4,874	4,874
Transferred to prepayments	(4,874)	(4,874)
	-	-
At 31 March 2019	-	-
<b>Carrying amount</b>		
At 31 March 2019	-	-
At 31 March 2018	31,679	31,679

## Bath and West Community Energy Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 10 Tangible assets

##### Group

	Solar and hydro installations £	Total £
<b>Cost or valuation</b>		
At 1 April 2018	17,732,931	17,732,931
Revaluations	461,493	461,493
At 31 March 2019	<u>18,194,424</u>	<u>18,194,424</u>
<b>Depreciation</b>		
At 1 April 2018	1,275,511	1,275,511
Charge for the year	585,380	585,380
At 31 March 2019	<u>1,860,891</u>	<u>1,860,891</u>
<b>Carrying amount</b>		
At 31 March 2019	<u>16,333,533</u>	<u>16,333,533</u>
At 31 March 2018	<u>16,457,420</u>	<u>16,457,420</u>

## Bath and West Community Energy Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 11 Investments

##### Company

	2019 £	2018 £
Investments in subsidiaries	<u>2,362,950</u>	<u>2,362,950</u>

##### Subsidiaries

##### Cost or valuation

At 1 April 2018		<u>2,362,950</u>
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##### Provision

##### Carrying amount

At 31 March 2019		<u>2,362,950</u>
At 31 March 2018		<u>2,362,950</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 comprises shares in Mongoose Energy Ltd, an unlisted company, which were written down to their recoverable value of £nil during the period..

## Bath and West Community Energy Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 13 Stocks

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Work in progress	54,298	1,540	54,298	1,540

#### 14 Debtors

	Note	Group		Company	
		2019 £	2018 £	2019 £	2018 £
Trade debtors		236,383	71,847	22,089	20,933
Amounts owed by related parties		-	-	4,840,230	5,842,015
Other debtors		23,649	77,807	13,837	15,097
Prepayments		606,787	80,854	24,831	1,190
Accrued income		163,909	252,537	-	-
		1,030,728	483,045	4,900,987	5,879,235

Group prepayments include £532,683 in respect of prepaid finance and refinance fees (2018 - £Nil).

Company prepayments include £24,368 in respect of prepaid finance and refinance fees (2018 - £Nil).

#### 15 Creditors

	Note	Group		Company	
		2019 £	2018 £	2019 £	2018 £
<b>Due within one year</b>					
Loans and borrowings	17	385,093	340,800	-	-
Trade creditors		96,140	67,796	(2,111)	3,081
Social security and other taxes		9,599	1,491	-	676
Other payables		23,006	3,565	1,653	937
Accrued expenses		196,859	203,255	53,476	96,462
Deferred income		75,327	-	75,327	-
		786,024	616,907	128,345	101,156
<b>Due after one year</b>					
Loans and borrowings	17	9,279,153	8,524,901	-	-
Bonds		1,809,319	2,668,319	1,809,319	2,668,319
		11,088,472	11,193,220	1,809,319	2,668,319

## Bath and West Community Energy Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 16 Share capital

A total of 122,850 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 247,500 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	
	2019 £	2018 £	2019 £	2018 £
<b>Non-current loans and borrowings</b>				
Bank borrowings	9,140,871	8,378,586	-	-
Other borrowings	138,282	146,315	-	-
	<u>9,279,153</u>	<u>8,524,901</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
<b>Current loans and borrowings</b>				
Bank borrowings	376,434	337,629	-	-
Other borrowings	8,659	3,171	-	-
	<u>385,093</u>	<u>340,800</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 2019

	2019 £	2018 £
Turnover (analysed below)	1,781,756	1,520,991
Cost of sales (analysed below)	<u>(382,267)</u>	<u>(403,127)</u>
Gross profit	<u>1,399,489</u>	<u>1,117,864</u>
Gross profit (%)	78.55%	73.5%
Depreciation (analysed below)	<u>(585,381)</u>	<u>(585,546)</u>
<b>Administrative expenses</b>		
Employment costs (analysed below)	(65,618)	(25,673)
Establishment costs (analysed below)	(17,225)	(13,207)
General administrative expenses (analysed below)	(44,063)	(47,094)
Finance charges (analysed below)	(43,613)	(8,386)
Amortisation and impairment costs (analysed below)	<u>(4,287)</u>	<u>(122,308)</u>
	<u>(174,806)</u>	<u>(216,668)</u>
Operating profit	<u>639,302</u>	<u>315,650</u>
Other interest receivable and similar income (analysed below)	2,799	992
Interest payable and similar expenses (analysed below)	<u>(831,229)</u>	<u>(878,044)</u>
	<u>(828,430)</u>	<u>(877,052)</u>
Loss before tax	<u><u>(189,128)</u></u>	<u><u>(561,402)</u></u>

## Bath and West Community Energy Limited

### Detailed Consolidated Profit and Loss Account for the Year Ended 31 March 2019

	2019 £	2018 £
<b>Turnover</b>		
Feed in tariff	1,007,232	931,957
Energy export income	661,719	573,533
On site usage	33,448	19,555
Other sales	-	(5,759)
Consultancy and similar income	-	1,705
Recharge of asset management fees	3,884	-
Grants	75,473	-
	<u>1,781,756</u>	<u>1,520,991</u>
<b>Cost of sales</b>		
Purchases	1,540	-
Direct costs	23,371	1,828
Legal and professional (COS)	4,334	17,948
Rent	78,072	76,333
Rates	24,239	28,418
Light, heat and power	15,598	16,261
Insurance	22,390	25,701
Repairs and maintenance	116,043	131,985
Asset management and similar fees	96,680	104,653
	<u>382,267</u>	<u>403,127</u>
<b>Depreciation</b>		
Depreciation of plant and machinery	<u>585,381</u>	<u>585,546</u>
<b>Employment costs</b>		
Wages and salaries (excluding directors)	17,568	-
Directors remuneration	45,508	25,673
Private health insurance	2,542	-
	<u>65,618</u>	<u>25,673</u>
<b>Establishment costs</b>		
Rent	1,562	3,026
Rates	3,951	27
Audit of the subsidiaries' financial statements	9,000	9,000
Insurance	2,712	1,169
Legal and professional	-	(15)
	<u>17,225</u>	<u>13,207</u>

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 2019

	2019 £	2018 £
<b>General administrative expenses</b>		
Office expenses	3,656	-
Computer software and maintenance costs	356	252
Trade subscriptions	1,432	1,451
Charitable donations	30,000	30,000
Sundry expenses	2,902	6,875
Research and development	953	-
Travel and subsistence	415	2,058
Advertising	968	966
Auditor's remuneration - The audit of the company's annual accounts	1,400	1,400
Legal and professional fees	1,981	4,092
	44,063	47,094
<b>Finance charges</b>		
Bank charges	10,262	8,386
Finance and refinance fees - charge for year	33,351	-
	43,613	8,386
<b>Amortisation and impairment costs</b>		
Amortisation of capitalised finance costs	-	5,204
Impairment loss (reversal) on plant and machinery	(5,713)	117,104
Impairment loss (reversal) on intangible assets	10,000	-
	4,287	122,308
<b>Other interest receivable and similar income</b>		
Bank interest receivable	2,799	992
	2,799	992
<b>Interest payable and similar expenses</b>		
Bank loan interest payable	388,653	322,473
Interest payable on members' shares	342,067	327,657
Other loan interest	11,489	12,796
Bond interest payable	89,020	215,118
	831,229	878,044