

TEIGN ENERGY COMMUNITIES LTD



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TEIGN ENERGY COMMUNITIES LTD

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2017

Registered under the Co-operative and Community Benefit Societies Act 2014

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CONTENTS

	Page
Report of the Board	3
Statement of Income and Retained Earnings	4
Statement of Financial Position	5
Cash Flow Statement	6
Notes to the Financial Statements	7

REPORT OF THE BOARD

The Board of Directors present their report and the financial statement for the period 1 January 2016 to 28 February 2017, being the first year of operations.

Principal activity

The objects of the Society shall be to carry on any business for the benefit of the community in Teignbridge by means of the development, financing, construction and operation of community renewable energy installations, sale of renewable energy, and energy saving initiatives.

Review of activities

Our 1st year has been a busy one! The major milestone we had set ourselves was successfully completed in late February 2016 with the Teign School 50kWpk rooftop solar PV installation going live. This was a great achievement by the stakeholder (Templer Academy Schools Trust, TAST), the TECs Board & its Support Forum, and of course our preferred installers & Service providers.

We also successfully established and documented the multitude of operational systems/processes needed to efficiently manage this and other future projects. A lot was learnt from and shared with other community energy groups with support from our regional trade representative RegenSW. In line with our objectives, a significant proportion of the administrative work is now being done by our Finance and Membership officer who is employed by an associated organisation (Moretonhampstead Development Trust, MDT).

The uncertainty and turmoil resulting from the dramatic changes in government policy on renewables has impacted on our ability to deliver other projects in 2016 as originally planned. We did, however, undertake a post-FiT assessment of opportunities which was funded through a Rural Community Energy Fund (RCEF) grant. This work resulted in a revised 5 year Business Plan and an update to a number of our financial modelling tools, assumptions, processes and templates.

Our cautious approach so far has put us in a strong financial and operational position to take advantage of new stakeholder projects, as well as providing a larger than expected Community Fund for the first year. Please refer to our website for details on the activities undertaken and challenges faced. Our rules, processes and plans are all documented and most are available on the website too.

Responsibilities of the Board of Directors

The board is required to ensure that the financial statements prepared and presented for each financial year give a true and fair view of the Society's assets, liabilities, financial position and income and expenditure. And, to ensure that the consideration they give to these matters is evident in their deliberations and documentation.

Society interests

In common with all community benefit societies, TECs members hold shares and participate in the affairs of the society on a democratic one-member-one-vote basis. Any profits made must be used for the benefit of the community. Profits cannot be distributed to members of the society, rather interest is paid on share capital, and is an operating expense subject to a declared maximum rate.

This report was approved by the Board on 31st March 2017 and signed on its behalf by

Fuad Al-Tawil (Secretary)

**STATEMENT OF INCOME and RETAINED EARNINGS
FOR THE YEAR ENDED 28 FEBRUARY 2017**

	Notes	2016/7 £	2015 £
Turnover			
Electricity to site		2,817	
Electricity to grid		98	
Electricity FiT		5,153	
		8,067	-
Cost of Sales			
Insurance (installation)	2.3	933	
Services		35	
Depreciation	5	2,361	
Finance costs		2,817	
Community grant		750	
		<u>(6,896)</u>	<u>-</u>
Gross Margin		<u>1,171</u>	<u>-</u>
Administrative Expenses			
Insurance (indemnity)		411	
Materials and consumables		102	
Professional services	3	21,263	
Other		108	
		(21,883)	-
Other Operating Income			
Grants	4	19,395	
Donations		695	
Bank interest		16	
		<u>20,106</u>	
Net Income from ordinary activities before taxation		<u>(606)</u>	<u>-</u>
Tax on Net Income on ordinary activities		0	-
Net Income after tax		<u>(606)</u>	<u>-</u>
Retained Earnings at 1st January 2016			
Net Income after tax		0	
Retained Earnings at 28th February 2017		<u>(606)</u>	<u>-</u>

STATEMENT OF FINANCIAL POSITION AT 28 FEBRUARY 2017

	Notes	2016/7 £	2015 £
Fixed Assets			
Property, plant and equipment	5	44,858	-
Current Assets			
Trade and other receivables	6	535	
Cash at bank and in hand		15,279	
		<u>15,814</u>	
Trade and other payables: due within 1 year	7	(1,058)	
Net current assets / (liabilities)		14,756	-
Total assets less current liabilities		<u>59,614</u>	<u>-</u>
Net assets		<u>59,614</u>	-
Capital and reserves			
Called up share capital		60,220	-
Income Statement (Loss after tax)		(606)	-
Shareholders funds		<u>59,614</u>	<u>-</u>

The notes on pages 7 to 9 are integral to these accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities

These financial statements were approved and authorised for issue by the Board on:

Signed on behalf of the board of directors

(Signature)	(Signature)	(Signature)
(Name)	(Name)	(Name)
(Date)	(Date)	(Date)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	2016/7 £	2015 £
Cash flows from operating activities			
Net Income for the financial year		(606)	
Depreciation of plant and equipment	5	2,361	
Taxation		0	
Decrease/(increase) in current assets		(535)	
Increase/(decrease) in current liabilities		1,058	
Net cash generated from operating activities		2,278	-
Cash flows from investing activities			
Purchases of plant and equipment	5	(47,219)	
Net cash from investing activities		(47,219)	-
Cash flows from financing activities			
Short-term finance costs		89,295	
Repayment short-term finance		(29,075)	
Net cash used in financing	8	60,220	-
Net change in cash		15,279	-
Opening bank + cash balance		0	-
Closing bank + cash balance		15,279	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Statutory Information

Teign Energy Communities Ltd is a Community Benefit Society registered in England as a company limited by shares with the United Kingdom Financial Conduct Authority under the Co-operative and Community Benefit and Societies Act 2014. Registration number: 7210

Registered office: Teign Energy Communities Ltd, c/o Fuad Al-Tawil (Secretary), Deer Park Farm, Haccombe, Newton Abbot, Devon TQ12 4SJ

Web address: www.teignenergycommunities.co.uk

2 Accounting Policies

2.1 Compliance with accounting standards

The financial statements for the financial year ended 28 February 2016 have been prepared in accordance with the provisions of FRS 102 Section 1A small entities. There are no material departures from that standard.

2.2 Accounting policies

These financial statements are the first that comply with the FRS 102 Section 1A small entities. They are also the first set of accounts produced by Teign Energy Communities Ltd, and as such there are no transition arrangements required from the previous accounting standards.

2.3 These financial statements cover the period 1 January 2016 to 28 February 2017 to align the financial year with the VAT year. Consequently, this years statements include a payment of £467.50 to insure the Teign School solar PV system in advance of the next financial year. Next year's financial statements will note this for comparative purposes.

2.4 The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

Tangible fixed assets are included at cost less depreciation and impairment. Depreciation has been calculated to write off the cost of tangible fixed assets over their expected useful lives as follows:

Teign School 50kWpk rooftop solar PV installation: Straight line over 20 years

2.5 Turnover

Turnover is derived from the sale of renewable energy and the FiT scheme associated with energy generation.

2.6 Expenditure on research is written off against profits in the year in which it is incurred.

2.7 Government FiT Scheme

Government support in relation to tangible fixed assets are credited to profit and loss over the useful lives of the related assets, whereas those in relation to expenditure, as in these 2016/7 financial statements, are credited when the expenditure is charged to profit and loss.

2.8 Income recognition

Income from the supply of electricity and any government FiT scheme associated with that supply are recognised in the accounts on the date the electricity is supplied.

2.9 The presentation currency is £ sterling

3 Professional services

This includes £19,395 to commission an assessment and report of post-FiT opportunities.

4 Grants

This government grant of £19,395 was received from Rural Community Energy Fund (RCEF) to fund the post FiT assessment and report.

5 Fixed Assets

Teign School 50kWpk rooftop solar PV installation

	Teign School
Cost	
At 1 January 2016	0
Additions	47,219
At 28 February 2017	<u>47,219</u>
Depreciation	
At 1 January 2016	0
Charge for the year	2,361
At 28 February 2017	<u>2,361</u>
Net book value	
At 1 January 2016	0
At 28 February 2017	<u>44,858</u>

6 Trade and other receivables

	2016/7	2015
	£	£
Income (electricity sales and FiT payments)	535	-
VAT	0	-
	<u>535</u>	<u>-</u>

7 Trade and other payables: amounts falling due within one year

	2016/7	2015
	£	£
Administration services	290	-
Insurance	0	-
Community grant	750	-
VAT	17	-
	<u>1,058</u>	<u>-</u>

8 Finance and shares

TECs initially raised short-term finance to fund development of the Teign School solar PV system. This was later refunded and then replaced by community shares in the project. This is equivalent to the “net cash used in financing” recognised in the “Statement of cash flows” in these financial records.

A larger number of shares was issued than was needed to fund the Teign School PV system equipment (the fixed asset). This decision was taken by the Directors to ensure a sustainable operating cash-flow which would cover upfront costs (e.g. VAT, insurance and other operational expenses) as well as providing funds to support future project opportunities. This additional capital raised from shares, is fully funded and made available to investors in its financial declaration for the first community share offer.