

Document Type: External

## TEIGN ENERGY COMMUNITIES LTD

### UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 February 2019

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

Author / Contact :

Bob Hussey  
e-mail: [rjhussey10@gmail.com](mailto:rjhussey10@gmail.com)

## 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 March 2018 to 28 February 2019, being the third year of operations.

### **Principal activity**

The objects of the Society remain unchanged: 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**

TECs continues to operate well within its set budget, building a healthy reserve to support our community projects, cover our costs and maintain funds should this be needed for new projects or unforeseen events.

Although new business opportunities, of which several were pursued, could not be developed beyond the feasibility stage, we remain hopeful that the economic and political climate will change. Apart from a positive resolution to Brexit, there are likely to be significant regulatory changes to the UK energy market which should open new opportunities for TECs and the wider Community Energy sector. We have been closely involved with other organisations to develop a Devon-wide Community Energy company and in lobbying the regulator for change.

Using our Community Fund, we have had productive engagement with a number of organisations helping them understand their energy consumption. Some of these have already taken action to reduce their Carbon emissions and energy bills. In particular the £1,000 awarded to Tedburn St. Mary Village Hall has been judiciously used to replace inefficient lighting, a refrigerator and to install timer switches.

In line with our plans for the year, we have been able to develop our Energy Assessment Pack (E-Pack). Our efforts have focused on the assessment of heating in buildings, developing methodologies and tools to help users measure where their heat energy is used. A number of trials and Members' sessions have been held to test the accuracy and usability of this element of the E-Pack. We believe we can now offer a unique and effective approach to help Members assess their electricity and heat energy consumption to the detail and accuracy they require.

Two of our Directors are stepping down, Jamie Burnham and Tony Cook. We have co-opted one new Director, Julian Stringer. We also plan to identify two further Directors who will stand for election at the next AGM.

We very much thank Jamie and Tony for their support. We also thank the Support Forum and other Members for their continued effort both in their engagement and donations. Without this engagement TECs could not function.

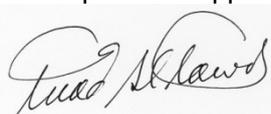
### **Responsibilities of the Board of Directors**

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 are used for the benefit of the community. Profits are not distributed to members of the society, rather a dividend is paid on share capital, and is an operating expense.

This report was approved by the Board on 12<sup>th</sup> April 2019 and signed on its behalf by



Fuad Al-Tawil (Secretary)

STATEMENT OF INCOME and RETAINED EARNINGS  
FOR THE YEAR ENDED 28 February 2019

	Notes	2018/19 £	2017/18 £
<b>Turnover</b>			
Electricity to site		2,978	2,499
Electricity to grid		66	100
Electricity FiT		5,604	5,204
		8,648	7,803
<b>Cost of Sales</b>			
Insurance (installation)		468	9
Services		312	188
Depreciation	5	2,361	2,361
Finance costs		2,986	3,151
Community grant		1,300	1,000
		(7,427)	(6,708)
<b>Gross Margin</b>		1,221	1,095
<b>Administrative Expenses</b>			
Insurance (indemnity)		0	0
Materials and consumables		229	53
Admin + professional services	3	(82)	560
Other	4	763	410
		(910)	(1,022)
<b>Other Operating Income</b>			
Grants		250	0
Donations		792	250
Bank interest		0	0
		1,042	250
<b>Net Income from ordinary activities before taxation</b>		1,352	323
Tax on Net Income on ordinary activities		0	0
<b>Net Income after tax</b>		1,352	323
<b>Retained Earnings at 1st March 2018</b>		(283)	(606)
Net Income after tax		1,352	323
<b>Retained Earnings at 28th February 2019</b>		1,069	(283)

## STATEMENT OF FINANCIAL POSITION AT 28 February 2019

	Notes	2018/19 £	2017/18 £
<b>Fixed Assets</b>			
Property, plant and equipment	5	40,136	42,497
<b>Current Assets</b>			
Trade and other receivables	6	518	
Cash at bank and in hand		25,504	
		<u>26,022</u>	
<b>Trade and other payables: due within 1 year</b>	7	(4,972)	
<b>Net current assets / (liabilities)</b>		21,049	17,440
<b>Total assets less current liabilities</b>		<u>61,185</u>	<u>59,937</u>
<b>Net assets</b>		<u>61,185</u>	<u>59,937</u>
<b>Capital and reserves</b>			
Opening called up share capital		59,937	59,614
Net change in share capital	8	(104)	
Income Statement (Loss after tax)		1,352	323
<b>Shareholders funds</b>		<u>61,185</u>	<u>59,937</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)

(Name) Bob Hussey

(Date) 11/08/19



(Signature)

(Name) Fuad A-Tawil

(Date) 11/08/19



(Signature)

(Name) Julian Stringer

(Date) 11/08/19

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 February 2019

	Notes	2018/19 £	2017/18 £
<b>Opening bank + cash balance</b>		21,065	15,279
<b>Cash flows from operating activities</b>			
Net Income for the financial year		1,352	323
Depreciation of plant and equipment	5	2,361	2,361
Taxation		0	0
Decrease/(increase) in current assets		(120)	137
Increase/(decrease) in current liabilities		949	2,966
<b>Net cash generated from operating activities</b>		4,543	5,786
<b>Cash flows from investing activities</b>			
Purchases of plant and equipment	5	0	0
<b>Net cash from investing activities</b>		0	0
<b>Cash flows from financing activities</b>			
Share capital receipts		119	2
Repayment share capital		(223)	0
<b>Net cash used in financing</b>	8	(104)	2
<b>Closing bank + cash balance</b>		25,504	21,065

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 February 2019

### 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](http://www.teignenergycommunities.co.uk)

### 2 Accounting Policies

#### 2.1 Compliance with accounting standards

The financial statements for the financial year ended 28 February 2019 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 third that comply with the FRS 102 Section 1A small entities. Therefore no transition arrangements are required from any previous accounting standards.

2.3 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

#### 2.4 Turnover

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

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

#### 2.6 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 financial statements, are credited when the expenditure is charged to profit and loss.

#### 2.7 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.

2.8 The presentation currency is £ sterling

### 3 Professional services

The reason a negative expenditure has been attributed to this year is as follows: TECs had last year been employing someone to perform administration services. A £165 cost for this was carried over into this year as a Trade Payable (see note 7 below). Since early this year administration services have been performed by the TECs Secretary at no cost.

### 4 Other costs

This included the same cost items as last year being Regen membership £260, and a Financial Conduct Authority (FCA) fee of £129. There was an extra expenditure of £374 to purchase a thermal imaging camera to develop a heat energy assessment tool for use by members and the wider community.

### 5 Fixed Assets

Teign School 50kWpk rooftop solar PV installation

	£
Cost	
At 1 March 2018	47,219
Additions	<u>0</u>
At 28 February 2019	47,219
Depreciation	
At 1 March 2018	(4,722)
Charge for the year	<u>(2,361)</u>
At 28 February 2019	(7,083)
Net book value	
At 1 March 2018	<u>42,497</u>
At 28 February 2019	40,136

### 6 Trade and other receivables

	2018/9	2017/8
	£	£
Sales to site	265	141
Sales to grid	0	1
FiT	252	256
VAT	<u>0</u>	<u>0</u>
	518	398

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

	2018/9 £	2017/8 £
Administration services	0	165
Insurance	(476)	(468)
Community grant	2,440	1,140
VAT	8	33
Finance costs	3,000	3,151
Purchase of member shares (*see note 8 below)	<u>0</u>	<u>2</u>
	4,972	1,058

**8 Finance and shares**

During the course of the year the balance between shares capital receipts and the repayment of share capital has resulted in a net increase in the shareholder account of £104. The share capital account stands at £60,344.

.....End of Financial Statements.....

## Postscript to the Financial Statements, for TECs members

The financial statements are a statutory requirement, and will be sent to the Financial Conduct Authority and HMRC. Produced in a standard format they enable financial comparisons between trading years and between similar businesses.

They also inform TECs members how the business is performing. A few points are worth noting:

- The Statement of Income shows that in the 2018/19 year TECs made a net income of £1,353. This follows the first two trading years having a net income being a loss of £283. Therefore, following the first three years of trading TECs had a trading profit of £1,069. Remember that the profit number is derived after a standard notional charge of £2,361/yr for depreciation of the fixed asset (Solar PV). Consequently, a further cash surplus of £2,361 accumulates each year in the bank account (see notes about cash balances and reserves below).
- A Statement of Cash Flows has been produced despite there not being a statutory requirement to do so. It describes activities causing cash flows and balance changes (re assets and liabilities) due to trading, investing and financing. This account shows the relationships between profits, net assets, and the actual bank balances held at the end of the year. As such it helps prove that the accounts have been produced correctly.
- As explained in previous years statutory accounts, the £60,344 share capital account is larger than is needed to fund the Teign School PV. The purchase of solar equipment at the beginning of the project cost £47,219.

The decision to issue more shares than needed 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. The additional capital was and remains fully funded, and was declared to investors in the first community share offer during the course of the 2016/7 financial year. TECs recognises reserves to repay shareholder capital and other commitments on an annual basis, as follows:

- TECs has at 29 February 2019 bank and cash balances of £25,506. These balances include the following accumulated reserves required to:

Repay shareholder capital (Solar PV)	7,083
Repay shareholder capital (Other than solar PV)	1,977
Remove the solar PV at the end of the project (Only if required)	<u>885</u>
Total accumulated reserves at 29 Feb 2019:	£9,945

These reserves will further accumulate on an annual basis as follows:

Repayment of shareholder capital (Solar PV)	£2,341 flat rate/annum *1
<i>(Accumulation based on annual depreciation charge over 20 years)</i>	
Repayment of shareholder capital (Other)	£659 flat rate/annum *2
<i>(Further accumulation from trading surpluses required to repay the balance of shareholder capital *1 + *2 = £3,000/annum)</i>	
Removal of solar PV	£291 + inflation/annum