Document Type: External

TEIGN ENERGY COMMUNITIES LTD

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 February 2023

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

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REPORT OF THE BOARD

The Board of Directors present their report and the financial statement for the period 1 March 2022 to 28 February 2023, being the sixth 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
Unsurprisingly, the year saw a record level of interest in Energy. We have responded to requests for help to reduce energy bills either direct through our Energy Assessment Pack (**E-Pack**) or via Action on Climate in Teignbridge's (**ACT**) outreach work in the community.

30 new TECs members have registered bringing the total at the end of the accounting year to 122. Some of these new members joined following our successful second community share offer which was heavily oversubscribed.

We have supported several initiatives, including ACT's Carbon Cutter scheme with community grants totalling £3,593. The ACT initiative aims to train individuals so they can help their own local community better manage their energy use and generation. Two of our directors have spent significant time making information and advice on how to reduce greenhouse gas emissions more accessible to a broader audience.

We have had to develop some of our own monitoring equipment used as part of the E-Pack. This is because sourcing these from continental Europe had become difficult and expensive. We have used a modest portion of the community fund for this purpose.

Following a successful installation and community share offer at Newton Abbot College, the new Ivy Trust decided not to proceed with the PV installation on their second site rooftop. The work on assessing energy consumption and engaging students at the school has also stalled after a promising start, we continue to engage the new Trust.

Our first PV installation at Teign School in Kingsteignton saw several panel optimiser failures. These are not unusual, but the manufacturer SolarEdge are refusing to repay cost we incurred as a result of their software upgrade error. This and the upcoming system maintenance costs are covered by the contingency funds we've included in this project.

We've had another year in which we were able to operate well within our set budget despite the unexpected problems. We have a healthy reserve to support our community projects, cover our costs and maintain funds should this be needed for new projects or unforeseen events. The longer-term financial prospects remain sound with sufficient contingencies to deal with predicted, and more recently unpredicted, inflationary pressures.

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 an interest is paid on share capital, and is an operating expense.

This report was approved by the Board on – 18/06/2023 and signed on its behalf by

Fuad Al-Tawil (Secretary)

STATEMENT OF INCOME and RETAINED EARNINGS
FOR THE YEAR ENDED 28 February 2023

	Notes	2022/23		2021/22	
		£		£	
Turnover					
Electricity to site		9,142		5,112	
Electricity to grid		2,388		171	
Electricity FiT		5,695		6,038	
	3		17,225		11,321
Cost of Sales					
Insurance (installation)		701		647	
Services		2,995		87	
Depreciation		4,970		3,664	
Finance costs		10,374		4,405	
Community Fund		5,600		2,500	
Rates & Other		0		142	
	3		(24,640)		(11,445)
Gross Margin			(7,416)		(124)
Administrative Expenses					
Insurance (indemnity)		0		0	
Materials and consumables	4	103		727	
Admin + professional services	5	134		205	
Other	6	438		375	
			(675)		(1,307)
Other Operating Income					
Grants		0		0	
Donations		119		790	
Bank interest		0		0	
Services		0		500	
			119		1,290
Net Income from ordinary activities before taxation			(7,971)		(141)
Tax on Net Income on ordinary activities		0	0	0	0
Net Income after tax			(7,971)		(141)

Retained Earnings at	**1st March 2022**	2,361	2,502
Net Income after tax		(7,971)	(141)
Retained Earnings at	**28th February 2023**	(5,610)	2,361

STATEMENT OF FINANCIAL POSITION AT 28 February 2023

	Notes	2022/23		2021/22
		£		£
Fixed Assets				
Property, plant and equipment	7		78,965	83,884
Current Assets				
Trade and other receivables	8	1,804		
Cash at bank and in hand		46,387		
		48,190		
Trade and other payables: due within 1 year	9	(17,843)		
Net current assets / (liabilities)			30,347	26,845
Total assets less current liabilities			109,312	110,729
Net assets			109,312	110,729
Capital and reserves				
Opening called up share capital			110,729	60,117
Net change in share capital			6,554	50,753
Income (Loss) Statement after Tax			(7,971)	(141)
Shareholders funds	10		109,312	110,729

The notes on pages 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) Bob Hussey (Name) Fuad A-Tawil (Name) Julian Stringer

(Date) 18/6/2023 (Date) 18/6/2023 (Date) 18/6/2023

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 February 2023

	Notes	2022/23		2021/22	
		£		£	
Opening bank + cash balance			34,813		29,641
Cash flows from operating activities					
Net Income for the financial year		(7,971)		(141)	
Depreciation of plant and equipment		4,970		3,664	
Taxation		0		0	
Decrease/(increase) in current assets		(81)		(757)	
Increase/(decrease) in current liabilities		8,153		3,787	
Net cash generated from operating activities			5,071		6,553
Cash flows from investing activities					
Purchases of plant and equipment		52		52,134	
Net cash from investing activities			52		52,134
Cash flows from financing activities					
Share capital receipts		9,103		53,953	
Repayment share capital		(2,549)		(3,200)	
Net cash used in financing			6,554		(50,753)
Closing bank + cash balance			46,387		34,813

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 February 2023

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 29 February 2023 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 sixth 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. A straight line calculation of depreciation is used to write off the cost of the following tangible fixed assets over their expected useful lives:

- Teign School 50kWp rooftop solar PV installation
- Newton Abbot College 50kWp rooftop solar PV installation

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 invoiced.

2.8 The presentation currency is £ sterling.

3 Turnover and Cost of Sales

Turnover was in line with expectations considering the new solar PV system at Newton Abbot College had a full year of operation.

The cost of sales was higher compared to earlier years because:
- The cost of finance was index linked during a period of higher inflation
- Survey work costing approx. £2,000 was completed for an as yet unrealised third PV system
- Maintenance work costing approx. £900 was required

4 Materials and consumables

This line is lower than recorded in last year's accounts which had included the purchase of Bluetooth thermometers and an infrared camera for members.

5 Professional services

There is again no charge for administration this year because the TECs Secretary has contributed this service. Note: TECs last paid for administration services in the 2017/18 financial year, costing £560.

6 Other costs

TECs paid £438 in membership subscriptions to Regen and the Cooperative Society.

7 Fixed Assets

Teign School 50kWpk rooftop solar PV installation

	£
Cost	
At 1 March 2022	99,353
Additions	52
At 29 February 2023	99,404
Depreciation	
At 1 March 2022	(15,469)
Charge for the year	(4,970)
At 29 February 2023	(20,439)
Net book value	
At 1 March 2022	83,884
At 29 February 2023	78,965

8 Trade and other receivables

	2022/23 £	2021/22 £
Sales to site	946	818
Sales to grid	70	0
FiT	788	877
VAT	0	28
	1,804	1,723

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

	2022/23 £	2021/22 £
Insurance	(336)	(801)
Community grant	8,047	6,040
VAT	16	0
Finance costs	10,420	4,451
Professional services	(304)	0
	17,843	9,690

10 Finance and shares

During the course of the year the Share Capital Account changed as follows:

1 March 2022	Opening net share issue		108,319
	Capital receipts	9,103	
	Share capital refunds	(2,549)	
29 February 2023	Closing net share issue		114,873

……...End of Financial Statements……

Postscript to the Financial Statements
for Teign Energy Communities (TECs) members

The financial statements are a statutory requirement and are sent to the Financial Conduct Authority and HMRC. They are produced in a standard format enabling financial comparisons between trading years and between similar businesses. They also inform TECs members how the business is performing. A few points about the last financial year:

- **The Statement of Income** shows that, in the 2022/23 year, TECs made a net income being a loss of £7,971.

  Therefore, since beginning trading in February 2016, TECs now takes forward retained earnings being a loss of £5,610. The main reasons for this loss have occurred in the last year due to increased finance costs, survey work and maintenance work (refer note 3 in the accounts).

  Note that net income is calculated after an annual standard notional charge for depreciation of the fixed assets (Solar PV). Consequently operational activities still generated a cash surplus of £5,071 in the bank account this year.

- **The Statement of Financial Position** shows that TECs is well capitalised with £109,312 of shareholder funds at the end of this financial year. This is principally in the form of fixed assets (the solar PV systems £78,965 and net cash). It also shows that TECs repaid £2,549 of capital to shareholders in the Teign School solar PV system.

- **The Statement of Cash Flows** has been produced despite there not being a statutory requirement to do so. This describes activities causing cash flows and balance changes due to trading (operational activities), investing and financing.

  It also demonstrates the relationships between profits, net assets, and the actual bank balance held at the end of the year. As such the Statement of Cash Flows proves that the accounts have been produced correctly.

Bob Hussey
Teign Energy Communities Director Finance