

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 2014

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MORECAMBE BAY COMMUNITY RENEWABLES LTD
Industrial and Provident Society Number IP031421

Legal and administrative information

The society Morecambe Bay Community Renewables Ltd was registered in England and Wales on the 3rd October 2011 under the Industrial and Provident Society Act 1965, (now superseded by the Co-operative and Community Benefit Societies Act 2014) and is governed by its Rules.

Directors

Anne C Chapman
Gillian I Fenna
Simon C Gershon
Caroline J Jackson
Stephen J Wrigley
Kevin Frea (co-opted 14 June 2013)

At the AGM on 16th October 2012, all founding directors stood down and offered themselves for re-election. All were re-elected. At the AGM on 4 June 2013 Caroline Jackson and Simon Gershon stood down and were re-elected. At the AGM on 28 May 2014 Gill Fenna and Stephen Wrigley stood down and were re-elected.

Registered Number: Industrial and Provident Society Number IP031421

Registered Office (from 4th August 2014)

PC22 The Storey
Meeting House Lane
Lancaster LA1 1TH

Bank

Co-operative Bank PLC
P O Box 250, Delf House
Southway,
Skelmersdale
WN8 6WT

MORECAMBE BAY COMMUNITY RENEWABLES LTD
Industrial and Provident Society Number IP031421

Report of the Directors

The Directors present their report and the financial statements for the year ended 31 December 2014.

Exemptions

The Directors have decided to take the exemption from audit for this financial period as provided for in its Rules, and agreed by the members on 28/5/2014

Society Objectives

The society's objectives as stated in the Rules are :

- (a) to establish sustainable renewable technologies; and*
- (b) to enhance the sustainability and resilience of these local communities; and*
- (c) to promote the prudent use of resources, efficient energy use and environmental awareness and behaviour.*

Report for the period

In May 2014 the society launched its third share offer. This successfully raised over £55,000 to fund a 39 kWp extension to the solar photovoltaic PV system at Forge Bank, Halton. The system was installed in June and has been operating well. Over the year, output from our solar PV systems has been 4-5% higher than expected due to a sunny summer after a rather gloomy start to the year. Our pellet boiler at the Horton Women's Holiday Centre has also been working well, with income from that project 10% higher than projected. We were able to pay the predicted 3% share interest in the autumn of 2014, and gave £1400 to LESS, a local community interest company, to support their Home Energy Service.

In the autumn of 2014 the directors decided to use the excess capital accepted in our share offers, plus money put aside to purchase warranties for inverters (which is not needed until 2017) to fund a solar PV and solar thermal system at Lancaster Boys and Girls Club. This was installed in February 2015 and is providing cheap electricity and hot water to this well-used community facility.

In 2014 the Financial Conduct Authority (FCA) ceased to accept applications for the registration of co-operative societies operating in the community energy sector. In autumn 2014 the FCA produced a consultation paper about how it proposed to discharge its duty of registering co-operative and community benefit societies. The stance taken by the FCA, as well as upcoming changes to the tax relief rules, means that the directors consider that Morecambe Bay Community Renewables Ltd should convert from a co-operative to a society for the benefit of the community.

The directors continue to look for further renewable energy projects. We continue to talk to local schools and organizations. Various changes in government policy mean that there are possible opportunities for the society to acquire a share in a large scale, ground-mounted solar PV project and directors have had contact with a number of developers looking to develop such projects in the Morecambe Bay area.

In October the society became a mentor in the Energy Mentoring project run by Co-operatives UK. As one of the only community energy organizations in the North West which has done solar PV projects, we were asked to apply for this and four directors are now, between them, mentoring seven new community energy groups.

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Directors Responsibilities for the Financial Statements

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the society and of the surplus or deficit of the society for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in operation;
- state whether applicable accounting standards of recommended practice have been followed subject to any departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the society and to enable them to prepare financial statements.

They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Directors on 13th April 2015 and is signed on their behalf by:

A Chapman (Chair)

S Gershon (Secretary)

Gillian Fenna (Director)

MORECAMBE BAY COMMUNITY RENEWABLES LTD
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Balance Sheet as at 31 December 2014

		£	31.12.2014	31.12.2013
	Notes	£	£	£
FIXED ASSETS	5		153,051	107,363
CURRENT ASSETS				
Debtors	6	5,175		2,699
Cash at bank and in hand		<u>22,257</u>		<u>18,383</u>
			27,432	21,082
CREDITORS				
Amounts falling due within one year	7	1,777		6,377
Loans from Directors	8	<u>3,404</u>		<u>3,404</u>
			5,181	9,781
NET CURRENT ASSETS			<u>22,251</u>	<u>11,301</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			175,302	118,664
CREDITORS: Amounts falling due after more than one year	9		<u>-</u>	<u>1,702</u>
NET ASSETS			<u>175,302</u>	<u>116,962</u>
CAPITAL AND RESERVES				
Called up Share Capital	10		184,110	125,498
Profit and Loss Account	11		(8,808)	(8,536)
Shareholders' Funds			<u>175,302</u>	<u>116,962</u>

For the year ending 31 December 2014 the society is entitled to exemption from audit under and under section 84 of the Co-operative and Community Benefit Societies Act 2014.

Members have not required the society to obtain an audit under the above section

The directors acknowledge their responsibilities for:

(a) ensuring that the society keeps proper accounting records

And

(b) preparing financial statements which give a true and fair view of the state of affairs of the society as at the end of the financial year and of its profit or loss (surplus or deficit) for the financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the society

This report was approved by the Directors on:-

13th April 2015

and signed on their behalf by:-

A Chapman

MORECAMBE BAY COMMUNITY RENEWABLES LTD
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Profit and Loss Account
For the year ended 31 December 2014

	Note	Y.E 31 Dec 2014 £	Y.E 31 Dec 2013 £
TURNOVER	12	17,494	9,472
Administrative Expenses	13	9,677	6,716
OPERATING PROFIT/(LOSS)	2	7,817	2,756
Interest and Community Benefit payable	3	7,018	2,675
Payment to initial investors of bonus on start up loans		1,242	0
NET PROFIT/(LOSS) BEFORE TAX		(443)	81
Interest Received		171	58
PROFIT/(LOSS) on Ordinary Activities before taxation		(272)	139
Tax on surplus/(deficit) on ordinary activities	4	0	0
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		(272)	139

Statement of total recognised gains and losses

The company does not have any gains or losses to report other than the Profit and Loss for the period.

MORECAMBE BAY COMMUNITY RENEWABLES LTD
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Notes to the financial statements
For the year ended 31 December 2014

1. ACCOUNTING POLICIES

a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Turnover represents revenue income earned in the year.

c) Expenditure is included in the accounts on an accrual basis.

d) Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life, commencing in the financial year following purchase.

Solar PV panels	4% per annum on straight line basis.
Biomass boilers	10% per annum on straight line basis.

2. OPERATING PROFIT/(LOSS) is stated after charging:-

After charging	<u>2014</u>	<u>2013</u>
Depreciation	5,486	3,794

3. INTEREST AND SURPLUS PAYABLE

Community benefit payment	1,400	535
Share interest paid to members	5,523	2,140
Loan Interest paid	95	0
	<u>7,018</u>	<u>2,675</u>

4. TAXATION

No liability to U.K. Corporation tax arose on ordinary activities during the year (2013 NIL).

5. FIXED ASSETS	PV panels	Biomass boiler	Total	Total
COST			£	£
At 1 January	94,839	16,317	111,156	94,839
Additions	51,115	0	51,115	16,317
At end of period	<u>145,594</u>	<u>16,317</u>	<u>162,271</u>	<u>111,156</u>
DEPRECIATION				
At 1 January	3,794	0	3,794	0
Charge for period	3,794	1,632	5,426	3,794
At end of period	<u>7,588</u>	<u>1,632</u>	<u>9,220</u>	<u>3,794</u>
NET BOOK VALUE				
At 31 December	<u>139,008</u>	<u>14,685</u>	<u>153,051</u>	<u>107,362</u>
At 1 January	91,045	16317	107,362	94,839

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	<u>2014</u>	<u>2013</u>
6. DEBTORS	£	£
Trade debtors	5,175	1,379
HMRC VAT repayment	-	1,320
	<u>5,175</u>	<u>2,699</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	1,446	6,377
HMRC VAT	331	-
	<u>1,777</u>	<u>6,377</u>

8. LOANS FROM DIRECTORS

Loans from Directors	<u>3,404</u>	<u>3,404</u>
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Four directors made loans of £2000 each in September 2011 to fund a project co-ordinator and launch costs for a set of PV projects. Part of this was repaid in cash, and £1,610 was repaid in shares in 2012. The balance of £3,404 - £851 per Director - will be repaid in shares in the event of a future share launch, and will attract a bonus of 50% also payable in shares (see Note 15).

9. CREDITORS: Amounts falling due after more than 12 months

Loans for start up costs	-	<u>1,702</u>
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Loans were repaid in shares, with an additional 50% bonus (see Note 15).

10. SHARE CAPITAL

Allotted, called up and paid	<u>184,110</u>	<u>125,498</u>
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184,110 Ordinary shares of £1 each

During the year 60,612 (2013 19,500) number of £1 shares were issued, allotted and fully paid up in cash at par. 2,000 shares were redeemed at par (2013 1,000).

11. RESERVES

At 1 January	<u>(8,536)</u>	<u>(8,675)</u>
Profit/(loss) for the year	<u>(272)</u>	<u>139</u>
At 31 December	<u><u>(8,808)</u></u>	<u><u>(8,536)</u></u>

MORECAMBE BAY COMMUNITY RENEWABLES LTD
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Notes to the Financial Statements
For the year ended 31 December 2014

12. TURNOVER	2014	2013
Electricity payments	4,992	3,432
Feed in tariffs	8,782	6,040
RHI payments	2,390	0
Heat payments	374	0
Mentoring fees	956	0
	<u>17,494</u>	<u>9,472</u>

13. Administrative Expenses	2014	2013
Administration	2,349	1,988
Insurance	606	497
Legal and regulatory fees	215	0
Fees to mentors	779	0
Travel, events, conferences and memberships	302	438
Depreciation (see note 5)	5,426	3,794
	<u>9,677</u>	<u>6,717</u>

14. RELATED PARTIES

In 2014 fees for administrative support were paid to one Director (2013 one), fees for mentoring services were paid to three directors (2013 - nil) and shares were issued to three directors for project management (2013 three).

15. CONTINGENT LIABILITIES

i) At the end of the year the company had liabilities relating to loans provided for start up costs. These loans are repayable in shares on the event of a future share issue, with a bonus of 50%. This bonus amounts to £1,963 which all relates to Directors (2013 - same). No provision has been made in these accounts for the bonus element due.

ii) As noted in the initial Share Prospectus, by 2017 the society will purchase a warranty to cover repair of the inverters when the current warranty expires, and likewise in 2019 for the second tranche of solar panels. No provision has been made in these accounts for the purchase.