

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31 2015**

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**MORECAMBE BAY COMMUNITY RENEWABLES LTD**  
**Community Benefit Society Number 31421 R**

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**Legal and administrative information**

The society Morecambe Bay Community Renewables Ltd (also known as MORE Renewables) was registered in England and Wales on the 3<sup>rd</sup> October 2011 under the Industrial and Provident Society Act 1965, (now superseded by the Co-operative and Community Benefit Societies Act 2014) and is governed by its Rules. In June 2015 the Society became a Community Benefit Society, under the 2014 Act.

**Directors**

Anne C Chapman  
Gillian I Fenna  
Simon C Gershon  
Caroline J Jackson  
Stephen J Wrigley  
Kevin Frea

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. At the AGM on 23 April 2015 Anne Chapman stood down and was re-elected.

**Registered Number:** Community Benefit Society Number 31421 R

**Registered Office**

PC22 The Storey  
Meeting House Lane  
Lancaster LA1 1TH

**Bank**

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

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**Report of the Directors**

The Directors present their report and the financial statements for the year ended 31 December 2015.

**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 4 May 2016.

**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 2015 the Society added a 10 kWp solar photovoltaic (PV) system and 1.86 kWp solar thermal system to its portfolio of renewable energy systems. Both were installed at the Boys and Girls Club, a community centre on Dallas Road in Lancaster, in February. These systems were installed under a shared ownership agreement with the Boys and Girls club, based on that developed for our biomass boiler at Horton Women's Holiday Centre. The cost of these systems (approximately £15,000) were met using surplus funds raised in previous share offers and accumulated capital fund.

In June 2015 the Society converted from a co-operative society (under the the Industrial and Provident Society Act 1965) to a community benefit society under the Co-operative and Community Benefit Societies Act 2014). The cost of engaging someone to write our new rules was £990, which is shown in this year's accounts.

Overall, output of the solar PV systems at Lancaster Cohousing was about 5% above the predicted output. However, the output for the system on terrace D, installed in 2014, was lower than expected because of problems with an inverter caused by damage to the inverter cabinets, possibly caused by children. This damage has been rectified and the design of the cabinets altered to prevent similar damage in future. The cost of the repairs and loss of revenue was covered by our insurers.

Our income is linked to inflation. In doing our financial modeling we assumed that this will be 2.5%, but in April 2015 the rate used to increase the feed in tariff rate was only 1.6%. Our income has been maintained by the above expected output of our solar PV systems, and above predicted income from the boiler at Horton. However, given the low inflation rate directors decided to pay share interest of 3.5%, rather than the 4% predicted in our share offers. The Society also gave £1,610 to the LESS Home Energy Service as a community benefit payment.

The Society has continued to play a role in the wider co-operative movement. It is a member of Co-operatives UK and Co-operatives North West (CNW). A director of MORE

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Renewables, Anne Chapman, is a director of CNW and organized the CNW annual conference, in Lancaster, in September. MORE Renewables has also been a mentor on the Energy Mentoring scheme run by Co-operatives UK. Four directors have assisted seven community energy groups in the North West with their projects, two of which ran successful share offers in 2015. We also were active in the campaign to save the Feed in Tariff scheme, in the autumn of 2015.

The Society received a 'Highly commended' in the Community Energy England awards, in the Community Heat project category.

Various changes to the support regime for renewable energy made by the government since May 2015 have greatly decreased the viability of new renewable energy projects. At present it is difficult to see how projects of the type that MORE Renewables has done in the past will be viable in the near future.

**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 4<sup>th</sup> May 2015 and is signed on their behalf by:

S Wrigley (Chair)

Anne Chapman (Secretary)

Gillian Fenna (Director)

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**Balance Sheet as at 31 December 2015**

	Notes	£	31.12.2015	31.12.2014
			£	£
<b>FIXED ASSETS</b>	5		162,289	153,051
<b>CURRENT ASSETS</b>				
Debtors	6	1,884		5,175
Cash at bank and in hand		<u>14,669</u>		<u>22,257</u>
			16,552	27,432
<b>CREDITORS</b>				
Amounts falling due within one year	7	832		1,777
Loans from Directors	8	<u>2,644</u>		<u>3,404</u>
			3,476	5,181
NET CURRENT ASSETS			<u>13,077</u>	<u>22,251</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			175,366	175,302
CREDITORS: Amounts falling due after more than one year	9		<u>0</u>	<u>0</u>
<b>NET ASSETS</b>			<u><b>175,366</b></u>	<u>175,302</u>
<b>CAPITAL AND RESERVES</b>				
Called up Share Capital	9		<b>183,985</b>	184,110
Profit and Loss Account	10		<b>(8,619)</b>	<b>(8,808)</b>
Shareholders' Funds			<u><b>175,366</b></u>	<u>175,302</u>

For the year ending 31 December 2015 the society is entitled to exemption from audit under Section 4 a (1) FIPSA (the 1968 Act) amended 2006.

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:-

28<sup>th</sup> April 2016

and signed on their behalf by:-

G Fenna

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**Profit and Loss Account**  
**For the year ended 31 December 2015**

	Notes	Y.E 31 Dec 2015 £	Y.E 31 Dec 2014 £
<b>TURNOVER</b>	11	<b>25,637</b>	17,494
Administrative Expenses	12	<b>17,486</b>	9,677
<b>OPERATING PROFIT/(LOSS)</b>	2	<b>8,151</b>	7,817
Interest and Community Benefit payable	3	<b>8,050</b>	7,018
Payment to initial investors of bonus on start up loans		<b>0</b>	1,242
<b>NET PROFIT/(LOSS) BEFORE TAX</b>		<b>101</b>	<b>(442)</b>
Interest Received		<b>88</b>	171
PROFIT/(LOSS) on Ordinary Activities before taxation		<b>189</b>	<b>(272)</b>
Tax on surplus/(deficit) on ordinary activities	4	<b>0</b>	0
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b>189</b>	<b>(272)</b>

**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.

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**Notes to the financial statements**  
**For the year ended 31 December 2015**

**1. ACCOUNTING POLICIES**

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

b) Turnover represent 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 (LCH PV)	4% per annum on straight line basis.
Solar PV panesl additions in 2014 (LCH Terr D PV)	5% per annum on straight line basis
Solar PV panels in shared ownership (B & G C PV)	6.67% on straight line basis
Biomass boilers	10% per annum on straight line basis

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

After charging	<b>2015</b>	<b>2014</b>
Depreciation	7,982	5,486

**3. INTEREST AND COMMUNITY BENEFIT PAYABLE**

Community benefit payment	1,610	1,400
Interest paid to members	6,440	5,523
Loan interest paid	0	95
	<b>8,050</b>	<b>6,923</b>

**4. TAXATION**

No liability to U.K. Corporation tax arose on ordinary activities during the year (2014 NIL).

<b>5. FIXED ASSETS</b>	<b>LCH -PV</b>	<b>LCH Terr</b>	<b>B &amp; G C -</b>	<b>Biomass</b>	<b>Total</b>	<b>Total</b>
<b>COST</b>	<b>panels</b>	<b>D PV</b>	<b>Solar</b>	<b>boiler</b>	<b>£</b>	<b>£</b>
At 1 January	94,839	51,115	0	16,317	162,271	111,156
Additions		1,825*	15,395	-	17,220	51,115
<b>At end of period</b>	<b>94,839</b>	<b>52,940</b>	<b>15,395</b>	<b>16,317</b>	<b>179,491</b>	<b>162,271</b>

\*cost of a remote monitoring system for all the panels at LCH

**DEPRECIATION**

At 1 January	7,588	0	0	1,632	9,220	3,794
Charge for period	3,794	2,556	0	1,632	7,982	5,426
<b>At end of period</b>	<b>11,382</b>	<b>2,556</b>	<b>0</b>	<b>3,264</b>	<b>17,202</b>	<b>9,220</b>

**NET BOOK VALUE**

<b>At 31 December</b>	<b>83,457</b>	<b>50,384</b>	<b>15,395</b>	<b>13,053</b>	<b>162,289</b>	<b>153,051</b>
At 1 January	87,251	51,115	0	14,685	153,051	107,362

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**Notes to the financial statements**  
**For the year ended 31 December 2015**

	<u>2015</u>	<u>2014</u>
	£	£
<b>6. DEBTORS</b>		
Trade debtors	1,806	5,175
HMRC VAT repayment	78	-
	<u>1,884</u>	<u>5,175</u>

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Trade creditors	832	1,446
HMRC VAT	-	331
	<u>832</u>	<u>1,777</u>

**8. LOANS FROM DIRECTORS**

Loans from Directors	<u>2,644</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. £760 was repaid in shares this financial year. The balance of £2,644 - £661 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.

**9. SHARE CAPITAL**

Allotted, called up and paid	<u>183,985</u>	<u>184,110</u>
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183,985 Ordinary shares of £1 each

During the year 790 number of £1 shares were issued to directors as per above note 8. A further 698 shares were issued to directors for work done. (In 2014 60,612 shares were issued fully paid).

During the year 1583 shares were redeemed at par (2014 2,000).

**10. RESERVES**

At 1 January	(8,808)	(8,536)
Profit/(loss) for the year	<u>189</u>	<u>(272)</u>
At 31 December	<u>(8,619)</u>	<u>(8,808)</u>



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**Notes to the Financial Statements**  
**For the year ended 31 December 2015**

<b>11. TURNOVER</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Electricity payments	6,470	4,992
Feed in tariffs	12,159	8,782
RHI payments	2,669	2,390
Heat payments	477	374
Mentoring fees	3,863	956
	<u>25,637</u>	<u>17,494</u>

**12. ADMINISTRATIVE EXPENSES**

Maintenance	408	0
Administration costs	3,050	2,349
Insurance of PV panels	591	606
Legal and regulatory fees	230	215
Fees to mentors	3,226	779
Travel, events, conferences and memberships	311	302
Cost of conversion to CBS	990	0
Project management	698	
Depreciation	7,982	5,426
	<u>17,486</u>	<u>9,677</u>

**13. RELATED PARTIES**

In 2015 fees for administrative support were paid to one Director (2014 one), fees for project management to two Directors (2014 nil) and fees for mentoring services were paid to four Directors (2014 - three).

**14. CONTINGENT LIABILITIES**

i) At the end of the year the company had liabilities relating to loans provided for start up costs. £790 of these loans were repaid in 2015 in shares.

ii) As noted in the initial Share Prospectus, in 2017 the society will purchase a warranty to cover repair of of the inverters when the current warranty expires, and likewise in 2019 for the second tranche of solar panels and in 2020 for the inverter at the Boys & Girls club. No provision has been made in these accounts for the purchase.

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**Profit and Loss Account**  
**For the year ended 31 December 2015**

	Y.E 31 Dec 2015		Y.E 31 Dec 2014	
	£	£	£	£
<b>TURNOVER</b>		25,637		17,494
<b>EXPENDITURE</b>				
Maintenance	408		0	
Administration costs	3,050		2,349	
Project management	698		0	
Insurance of PV panels	591		606	
Legal and regulatory fees	230		215	
Fees to mentors	3,226		779	
Travel, events, and memberships	311		302	
Conversion costs	990		0	
Total expenditure		9,504		4,251
		16,133		13,243
<b>FINANCE COSTS</b>				
Loan interest paid		0		95
<b>DEPRECIATION</b>		7,982		5,426
<b>OPERATING PROFIT</b>		8,151		7,723
Share Interest paid	6,440		5,523	
Payment to initial investors of bonus on start up loans	0		1,242	
Community benefit payment	1,610		1,400	
		8,050		8,165
NET PROFIT/(LOSS)		101		(442)
Interest Received		88		171
<b>PROFIT/(LOSS) on Ordinary Activities before taxation</b>		189		(272)
Tax on surplus/(deficit) on ordinary activities		0		0
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION</b>		189		(272)

**This page does not form part of the statutory statements**