

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 2017

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MORECAMBE BAY COMMUNITY RENEWABLES LTD
Community Benefit Society Number 31421 R

Legal and administrative information

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was registered in England and Wales on the 3rd October 2011 under the Industrial and Provident Society Act 1965, (now superseded by the Co-operative and Community Benefit Societies Act 2014) and is governed by its Rules.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

Directors

Anne C Chapman
Gillian I Fenna
Caroline J Jackson
Stephen J Wrigley

Anne Chapman was re-elected at the AGM on 23 April 2015. Caroline Jackson was re-elected at the AGM on 4 May 2016. Gill Fenna and Stephen Wrigley were re-elected at the AGM on 11th May 2017.

Registered Number: Community Benefit Society Number 31421 R

Registered Office

Halton Mill
Mill Lane
Halton
Lancaster
LA2 6ND

Bank

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

MORECAMBE BAY COMMUNITY RENEWABLES LTD
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Report of the Directors

The Directors present their report and the financial statements for the year ended 31 December 2017.

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 11 May 2017.

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

The outlook for smaller renewable energy systems continues to be unfavorable and we did not install any new systems in 2017.

Our solar PV system and biomass boiler have continued to perform as predicted with income 2% above projections, mainly due to greater than expected revenue from the first tranche of solar PV panels installed at Lancaster Cohousing. Our expenditure was over £1200 less than projected, mainly caused by the extension to the inverter warranties purchased this year being less than we had budgeted for and reduced administration costs. However, insurance has gone up and maintenance costs were higher than predicted. Our overall loss this year is in line with our financial projections. These predict that our cumulative loss will continue to increase before decreasing and giving a surplus at the end of the lifetime of our current projects.

During the year £13,250 worth of shares were withdrawn.

In November Horton Women's holiday centre purchased the biomass boiler at their property in accordance with their shared ownership agreement. This means that we have around £10,000 of capital to either return to members or invest in a new system. On 22th December there was a fire on the roof of Halton Mill, found to be caused by one of the isolator switches. This destroyed the switch, the adjacent inverter and caused some damage to the mill roof. The mill roof has been repaired. In January 2018 we commissioned an independent inspection of all our PV systems and the inverters and switches on the mill roof have been moved to the plant building next to the mill. We have put in a claim to our insurers for the work and the loss of income, however, that not all our expenditure will be recovered and that our surplus for next year will be affected.

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:

MORECAMBE BAY COMMUNITY RENEWABLES LTD
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- 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 12th April 2018 and is signed on their behalf by:

S Wrigley (Chair)

Anne Chapman (Secretary)

Gillian Fenna (Treasurer)

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Income Statement
For the year ended 31 December 2017

	Note	Y.E 31 Dec 2017 £	Y.E 31 Dec 2016 £
TURNOVER	11	21,830	23,497
Administrative Expenses	12	15,620	13,438
OPERATING PROFIT/(LOSS)	2	6,210	10,059
Loss on disposal of assets	13	2,071	0
Interest and Community Benefit payable	3	8,237	9,820
NET PROFIT/(LOSS) BEFORE TAX		(4,098)	239
Interest Received		161	210
PROFIT/(LOSS) on Ordinary Activities before taxation		(3,937)	449
Tax on surplus/(deficit) on ordinary activities	4	28	42
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		(3,965)	407

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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Statement of Financial Position at 31 December 2017

	Notes	31 December 2017		31 Dec 2016	
		£	£	£	£
FIXED ASSETS	5		134,300		153,189
CURRENT ASSETS					
Debtors	6	13,133		2,548	
Cash at bank and in hand		<u>20,115</u>		<u>26,619</u>	
			33,248		29,167
CREDITORS					
Amounts falling due within one year	7	13,007		10,601	
Loans from Directors	8	<u>1,983</u>		<u>1,983</u>	
			14,990		12,584
NET CURRENT ASSETS			<u>18,258</u>		<u>16,584</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			152,558		169,773
CREDITORS: Amounts falling due after more than one year			<u>0</u>		<u>0</u>
NET ASSETS			<u>152,558</u>		<u>169,773</u>
CAPITAL AND RESERVES					
Called up Share Capital	9		164,735		177,985
Profit and Loss Account	10		(12,177)		(8,212)
Shareholders' Funds			<u>152,558</u>		<u>169,773</u>

For the year ending 31 December 2017 the directors are satisfied that the Society is entitled to exemption from the requirement to obtain an audit 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 in accordance with FRS 102/1a which give a true and fair view of the state of affairs of the society 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 the Co-operative and Community Benefit Society Act 2014.

This report was approved by the Directors on:-

and signed on their behalf by:-

Gill Fenna

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Notes to the financial statements
For the year ended 31 December 2017

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 boiler	10% per annum on straight line basis, but this year written off as it has been sold.

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

After charging	2017	2016
Depreciation	18,889	9,100

3. INTEREST AND COMMUNITY BENEFIT PAYABLE

Community benefit payment	1,647	1,840
Interest paid to members	6,589	7,359
Loan interest paid	0	621
	8,237	9,820

The loan interest was in respect of a start up loan, made in 2011 by one of the directors (see note 8.)

4. TAXATION

UK Corporation tax liabilities of £28 arose on ordinary activities during the year. (2016 £42).

5. FIXED ASSETS	LCH Terr				Total	Total
	LCH -PV	D PV	B & G C -	Biomass		
COST	panels	panels	PV	boiler	£	£
At 1 January	94,839	52,940	15,395	16,317	179,491	179,491
Additions					0	0
Disposals				(16,317)	(16,317)	0
At end of period	94,839	52,940	15,395	0	163,174	179,491
DEPRECIATION						
At 1 January	15,176	5203	1,027	4,896	26,302	17,202
Charge for period	3,794	2,647	1,027	0	7,468	9,100
Written off on disposal				(4,896)	(4,896)	
At end of period	18,970	7,850	2,054	0	28,874	26,302
NET BOOK VALUE						
At 31 December	75,869	45,090	13,341	0	134,300	153,189
At 1 January	79,663	47,737	14,368	11,421	153,189	162,289

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Notes to the financial statements
For the year ended 31 December 2017

	<u>2017</u>	<u>2016</u>
	£	£
6. DEBTORS		
Trade debtors	13,133	2,548
HMRC VAT repayment	-	-
	<u>13,133</u>	<u>2,548</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	278	405
Accountancy fees	600	600
Share interest payments	6,589	7,359
Community benefit payment	3,274	1,840
HMRC VAT	2,196	354
HMRC Corporation Tax	70	42
	<u>13,007</u>	<u>10,601</u>

8. LOANS FROM DIRECTORS

Loans from Directors	<u>1,983</u>	<u>1,983</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 in 2015. £661 was paid in cash to a retiring director in 2016, with the bonus of 50% of the outstanding loan after the cash repayment in 2012 .

9. SHARE CAPITAL

Allotted, called up and paid	<u>164,735</u>	<u>177,985</u>
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164,735 Ordinary shares of £1 each

No shares were issued during the year (2016 no shares were issued).

During the year 13,250 shares were withdrawn (2016 6,000).

10. RESERVES

At 1 January	(8,212)	(8,619)
Profit/(loss) for the year	(3,965)	407
At 31 December	<u>(12,177)</u>	<u>(8,212)</u>

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Notes to the Financial Statements
For the year ended 31 December 2017

11. TURNOVER	<u>2017</u>	<u>2016</u>
Electricity payments	6,561	7,010
Feed in tariffs	12,114	12,938
RHI payments	2,726	3,076
Heat payments	329	473
Mentoring fees	100	-
	<u>21,830</u>	<u>23,497</u>

12. ADMINISTRATIVE EXPENSES

Maintenance	831	330
Administration costs	2,237	2,778
Insurance of solar PV systems	785	609
Extension of inverter warranties	3,775	-
Legal and regulatory fees	240	230
Travel, events, conferences and memberships	284	390
Depreciation (see note 5)	7,468	9,100
	<u>15,620</u>	<u>13,438</u>

13. DISPOSAL OF ASSETS

Sale of pellet boiler at Horton Women's Holiday Centre to the Women's Holiday Centre, under terms of the shared ownership agreement with them.

14. RELATED PARTIES

In 2017 fees for administrative support were paid to one Director (2016 one).

15. CONTINGENT LIABILITIES

i) At the end of the year the company had liabilities relating to loans provided for start up costs. None of these loans were repaid in 2017 (2016 £661). See note 8.

ii) As noted in the initial Share Prospectus, in 2017 the society purchased 15 year warranties for inverters on the PV systems at Lancaster Cohousing installed in 2012. Likewise, the warranties for inverters on the systems installed in 2014 will be extended in 2019 and that for the inverter in the Boys and Girls Club in 2020. No provision has been made in these accounts for these purchases.

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MORECAMBE BAY COMMUNITY RENEWABLES LTD

INDEPENDENT ACCOUNTANTS' REPORT UNDER SECTION 85 OF THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

We report to the members on the unaudited accounts for the year ended 31st December 2017 set out on pages 5 to 9.

Respective responsibilities of officers and reporting accountants

The society's officers are responsible for the preparation of the accounts, and they consider that the society is entitled to opt out of an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

This report is made to the society's members, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the accounts that we have been engaged to compile, report to the society's members that we have done so, and state those matters that we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members, as a body, for our work or for this report.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the society, and making such limited enquiries of the officers of the society as we considered necessary for the purpose of this report. These procedures provide the only assurance expressed in our opinion.

Opinion

In our opinion:

- (a) The accounts, including the revenue account and balance sheet, are in agreement with the accounting records kept by the society under s75 of the Co-operative and Community Benefit Societies Act 2014;
- (b) Having regard to, and on the basis of, the information contained in those accounting records the revenue account and balance sheet comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- (c) For the preceding year of account, the financial criteria for the exercise of the power conferred by section 84 were met in relation to the year.

Taylor Robertson & Willett Ltd.

Taylor, Robertson & Willett Ltd
95 King Street
Lancaster
Lancashire
LA1 1RH

Date: 15/3/18