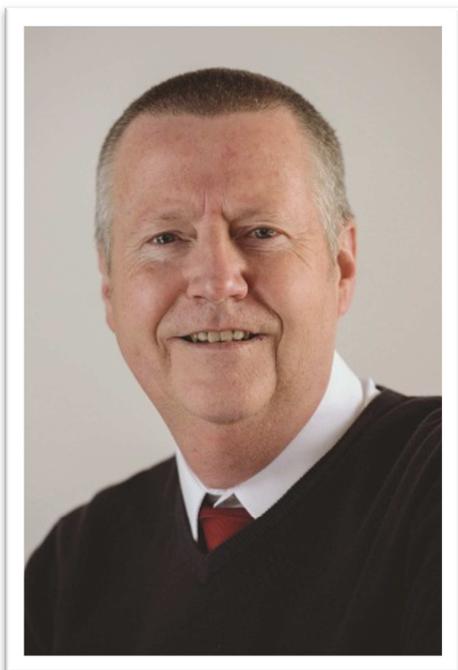


**PEC Renewables Limited
Interim report 2014**



Chairman's Statement, Dave Garland

This interim report summarises PEC Renewables Ltd's development and achievements, since our co-operative was established in January 2014. On behalf of our Board and staff, I feel honoured to present this report to you, our members and supporting organisations, and would like to commend it for your approval.

Our first solar share offer has gone from conception to installation in under six months. This is a fantastic achievement and we are overwhelmed with its success.

I would like to say a heartfelt thank-you to the significant support that our scheme has received from Plymouth City Council (PCC), without which we would not have achieved so much. Their £500,000 loan, provided via our sister co-operative Plymouth Energy Community (PEC), enabled us to complete our financial and legal models and a number of site surveys prior to launch. They also

provided much needed support from their legal and property teams, ensuring that lease and power purchase agreements were completed as smoothly as possible.

At the start of this year, launching Plymouth's first ever community energy share offer was a daunting prospect; there were so many unknown quantities and we were uncertain of the potential for success. As it turned out our choice of partners, who brought invaluable knowledge and expertise to our project, made the challenge attainable; so many thanks are due to Foot Anstey LLP, Francis Clark Chartered Accountants, Bromhead Chartered Accountants, Knowledge Collective Marketing, Communities for Renewables CIC and Ethex. I would also like to commend the hard work of the PEC Renewables Ltd Directors and the Low Carbon City Team. Their dedication, to what at times seemed like an endless stream of meetings, negotiations and subsequent promotional activities, ensured that our ambitious plan became a reality.

From the outset, we wanted to this to be an opportunity for local investment and community ownership of renewables. To maximise the benefits and make this as accessible as possible we chose to set the minimum investment at £50 (unusually low for this type of share offer we were told) in order to allow as many local people as possible to take part.

The speed with which the community reacted took us all by surprise and the share offer closed early after 7 weeks. We decided to close, oversubscribed, at £602,000 in order to ensure that we could deliver our ambitions. Over 50% of our investors are from the Plymouth area showing encouraging support for PEC's aims which were reflected in our prospectus. Clearly, local ownership of energy production is thought of favourably in and around the city!

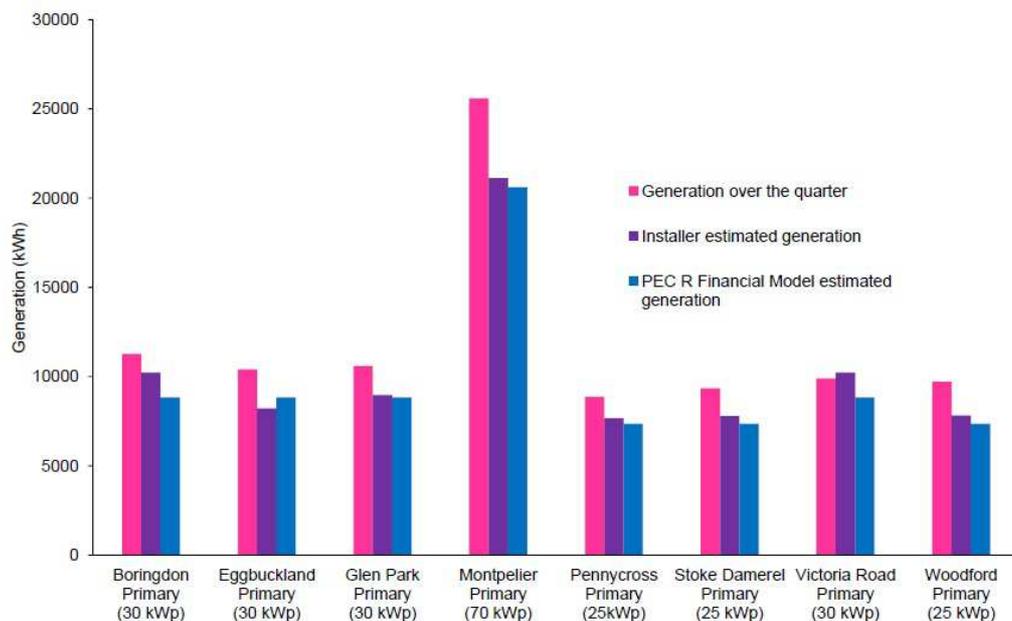
To date, installation of solar PV has been completed on 18 schools and one community centre, with two other sites to follow very soon. These sites are already reducing their energy costs via lower electricity bills and the educational benefits are also inspiring young people in their classrooms. We have helped create a new focus on energy saving and generation for all who have been involved.

I would like to thank all those who have shared our vision and invested in our future. This scheme alone has enabled us to install 0.8MW of solar PV with the effect of increasing Plymouth's PV generation by 6% in

just one year. In total, an estimated 6960t CO2 will be saved over the 20 years of the scheme and it will generate much needed community benefits addressing fuel poverty and climate change. We are inspired by this fantastic result and are excited about further community renewable energy opportunities in our special city. This project will leave a permanent and positive legacy, with a clear message about our community's aspirations for its future.

Energy Generation

Whilst all complete installations are generating above estimated, at this time only eight have been doing so for an entire quarter. This graph shows total generation compared to estimated generation for the quarter 1 July – 30 September 2014.



All eight performed better than we estimated. Although Victoria Rd performed slightly less than estimated by our installer, its output is still well above our financial model requirements. The slight drop in generation at this site was attributed to an inverter fault which was quickly rectified. I think this proves that our monitoring of output is secure and that we are able to detect issues before they become major problems. My thanks to the staff who are working really hard to gather this generation information together from a number of different systems and present it to investors and the Board.

Future share offers

PEC Renewables are currently investigating future share offers. Please note that in developing these, the Board will consider the existing commitments and obligations to members, under the previous share offers at the time of that share offer.

Membership

141 (as of 10 October 2014)

Summary of the financial position

As a year has not passed since PEC Renewables Ltd.'s incorporation there is no requirement under Company Law for us to publish statutory accounts, but to ensure transparency we have chosen produce to an interim financial statement on a voluntary basis. This is not subject to the same legal requirements as statutory accounts but as Directors we have chosen to prepare these on the same basis.

Report of the Directors and
Interim Financial Statements
For The Period
10 January 2014 to 30 June 2014
for
PEC Renewables Limited

PEC Renewables Limited

Contents of the Interim Financial Statements
For The Period 10 January 2014 to 30 June 2014

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PEC Renewables Limited

Company Information

For The Period 10 January 2014 to 30 June 2014

DIRECTORS:

P J Flukes
D R Garland
Ms B M Hampson
C J Penberthy
S A Harrison
A Shadrake

SECRETARY:

Ms B M Hampson

REGISTERED OFFICE:

Floor 8
Civic Centre
Armada Way
Plymouth
PL1 2AA

REGISTERED NUMBER:

32286R (England and Wales)

AUDITORS:

Bromhead
Chartered Accountants
Statutory Auditors
Harscombe House
1 Darklake View
Plymouth
Devon
PL6 7TL

PEC Renewables Limited

Report of the Directors
For The Period 10 January 2014 to 30 June 2014

The directors present their report with the interim financial statements of the company for the period 10 January 2014 to 30 June 2014.

INCORPORATION

The company was incorporated on 10 January 2014 and commenced trading on 19 April 2014.

DIRECTORS

The directors who have held office during the period from 10 January 2014 to the date of this report are as follows:

P J Flukes - appointed 22 January 2014
D R Garland - appointed 22 January 2014
Ms B M Hampson - appointed 22 January 2014
C J Penberthy - appointed 22 January 2014

S A Harrison and A Shadrake were appointed as directors after 30 June 2014 but prior to the date of this report.

All the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations. These regulations do not apply to the interim financial statements although the directors have chosen to comply with usual practice in this regard.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The interim financial statements are not subject to these legal requirements but the directors have prepared the interim financial statements on the same basis.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Mrs B Hampson - Secretary

Date: 8 October 2014

**Report of the Independent Auditor on the Interim Financial Statements to the
Members of PEC Renewables Limited**

We have audited the interim financial statements of PEC Renewables Limited in accordance with instructions set out by the directors. The interim financial statements comprise the balance sheet as at 30 June 2014, the income and expenditure account for the period 10 January 2014 to 30 June 2014 and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities). All usual year end processes have been undertaken and full notes to the interim accounts prepared.

This report is made solely to the company's members, as a body. Our audit work has been undertaken in accordance with instructions from management in order that we might state to the company's members our opinion on the matters included within those instructions. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the interim financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the interim financial statements in accordance with the instructions given by the directors. In carrying out our work we have considered the applicable law and International Standards on Auditing (UK and Ireland) and carried out the relevant audit processes under these standards.

Scope of the audit of the interim financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The audit of the interim financial statements is not required by the Friendly and Industrial and Provident Societies Act 1968 but has been carried out in accordance with the provisions therein. We have carried out our audit in accordance with the instructions of the directors to apply the provisions of the International Standards on Auditing (UK and Ireland) to the interim financial statements in considering our opinion.

Opinion on interim financial statements

In our opinion the interim financial statements:

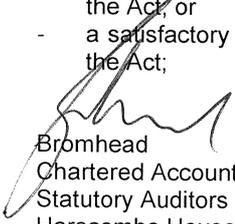
- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its deficit for the period then ended;
- are in agreement with the books of account of the society;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and with the Friendly and Industrial and Provident Societies Act 1968.

In our opinion the information given in the Report of the Directors for the period for which the interim financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We have nothing to report in respect of the following matters where the Friendly and Industrial and Provident Societies Act 1968 would normally require us to report to you if, in our opinion:

- proper books and records of account have not been kept, in accordance with the requirements of section 1(1)(a) of the Act; or
- a satisfactory system of control over its transactions has not been maintained in accordance with section 1(1)(b) of the Act;


Bromhead
Chartered Accountants
Statutory Auditors
Harscombe House
1 Darklake View
Plymouth
Devon
PL6 7TL

8 October 2014

The notes form part of these financial statements

PEC Renewables Limited
Income and Expenditure Account
For The Period 10 January 2014 to 30 June 2014

	Notes	£
TURNOVER		4,997
Administrative expenses		<u>69,108</u>
OPERATING DEFICIT	2	(64,111)
Interest receivable and similar income		<u>420</u>
DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(63,691)
Tax on deficit on ordinary activities	3	<u>(6,026)</u>
DEFICIT FOR THE FINANCIAL PERIOD		<u>(57,665)</u>

The notes form part of these financial statements

PEC Renewables Limited (Registered number: 32286R)

Balance Sheet
30 June 2014

	Notes	£	£
FIXED ASSETS			
Tangible assets	4		388,260
CURRENT ASSETS			
Debtors	5	106,489	
Cash at bank		<u>662,060</u>	
		768,549	
CREDITORS			
Amounts falling due within one year	6	<u>113,448</u>	
NET CURRENT ASSETS			<u>655,101</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,043,361
CREDITORS			
Amounts falling due after more than one year	7		<u>500,000</u>
NET ASSETS			<u><u>543,361</u></u>
CAPITAL AND RESERVES			
Called up share capital	8		601,026
Income and expenditure account	9		<u>(57,665)</u>
SHAREHOLDERS' FUNDS			<u><u>543,361</u></u>

The interim financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The interim financial statements were approved by the Board of Directors on 8 October 2014 and were signed on its behalf by:

Mr D Garland - Director

PEC Renewables Limited

Notes to the Interim Financial Statements
For The Period 10 January 2014 to 30 June 2014

1. **ACCOUNTING POLICIES**

Accounting convention

The interim financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

Turnover represents net invoiced sales of services, excluding value added tax, except in respect of service contracts where turnover is recognised when the company obtains the right to consideration.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - over period of the lease

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. **OPERATING DEFICIT**

The operating deficit is stated after charging:

Depreciation - owned assets	<u>£</u> <u>3,606</u>
Directors' remuneration and other benefits etc	<u> -</u>

3. **TAXATION**

Analysis of the tax credit

The tax credit on the deficit on ordinary activities for the period was as follows:

Deferred tax	<u>£</u> <u>(6,026)</u>
Tax on deficit on ordinary activities	<u>(6,026)</u>

4. **TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
Additions	<u>13,040</u>	<u>378,826</u>	<u>391,866</u>
At 30 June 2014	<u>13,040</u>	<u>378,826</u>	<u>391,866</u>
DEPRECIATION			
Charge for period	<u>81</u>	<u>3,525</u>	<u>3,606</u>
At 30 June 2014	<u>81</u>	<u>3,525</u>	<u>3,606</u>
NET BOOK VALUE			
At 30 June 2014	<u>12,959</u>	<u>375,301</u>	<u>388,260</u>

5. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Other debtors	<u>£</u> <u>106,489</u>
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PEC Renewables Limited

Notes to the Interim Financial Statements - continued
For The Period 10 January 2014 to 30 June 2014

6.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	£
	Trade creditors	104,457
	Other creditors	<u>8,991</u>
		<u>113,448</u>

7.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	£
	Other creditors	<u>500,000</u>

Amounts falling due in more than five years:

Repayable by instalments	
Other loans more 5yrs instal	<u>466,667</u>

8.	CALLED UP SHARE CAPITAL			
	Allotted, issued and fully paid:			
	Number:	Class:	Nominal value:	£
	601,026	Ordinary	£1	<u>601,026</u>

601,026 Ordinary shares of £1 each were allotted and fully paid for cash at par during the period.

The society is a company limited by guarantee and registered under the Industrial and Provident Societies Act 1965. The society's rules allow shares with a nominal value of £1 to be issued to members. Shares have been issued in order to raise funds to invest in community-owned renewable energy installations across the city. This has enabled solar panels to be installed on the roofs of schools across the city.

The holders of these shares have no additional rights over other members and each member is entitled to one vote at a general meeting of the company regardless of their shareholding. There is no additional obligation on shareholders to contribute in the event of the company being wound up.

9.	RESERVES	Income and expenditure account
		£
	Deficit for the period	<u>(57,665)</u>
	At 30 June 2014	<u>(57,665)</u>

10.	CAPITAL COMMITMENTS	£
	Contracted but not provided for in the financial statements	<u>526,781</u>

11.	RELATED PARTY DISCLOSURES	
	A loan existed between the company and Plymouth Energy Community Ltd, a company with directors in common. At the end of the period £500,000 was owed to Plymouth Energy Community Ltd.	
	Plymouth Energy Community Ltd also provided set up, business development and administration services to PEC Renewables Ltd totalling £66,835. A balance of £66,779 was outstanding at the period end.	
	Plymouth Energy Community Ltd also subscribed for £50 of shares which were fully paid by the period end.	

PEC Renewables Limited

Notes to the Financial Statements - continued
For The Period 10 January 2014 to 30 June 2014

12. **ULTIMATE CONTROLLING PARTY**

The company is under the control of the directors.

PEC Renewables Limited

Detailed Income and Expenditure Account
For The Period 10 January 2014 to 30 June 2014

	£	£
Sales		4,997
Other income		
Deposit account interest		<u>420</u>
		5,417
Expenditure		
Insurance	251	
Advertising	12,000	
Management fee	5,000	
Accountancy	2,190	
Meter costs	24	
Legal & professional fees	<u>45,720</u>	
		<u>65,185</u>
		(59,768)
Finance costs		
Bank charges		<u>317</u>
		(60,085)
Depreciation		
Short leasehold	81	
Plant and machinery	<u>3,525</u>	
		<u>3,606</u>
NET DEFICIT		<u><u>(63,691)</u></u>