

**November 2019**

# **ANNUAL REPORT**



---

**PEC RENEWABLES LTD**<sup>TM</sup>

Company number: 32286R

Registered office: Ballard House, Plymouth, PL1 3BJ

---

# Chair's Statement

This report summarises the developments and achievements of PEC Renewables during our sixth full year of business. On behalf of our Board and staff, I am honoured to present this report to you, our members and supporting organisations.

It seems like public and political consciousness is finally waking up to the reality of the unparalleled system changes urgently required to limit the severe impact of global warming.

Grass-root pleas from students and adults alike mean that it is difficult for government to ignore the situation, they have started saying the right words but have not yet shown any real leadership in driving forward the energy infrastructure and policy changes on the large scale we so desperately need. We continue to lobby with our partners to ensure that community energy is part of the solution.

Whilst the final removal of subsidies for solar was a blow to our advancement, we continue to develop innovative ways and creative partnerships to install more community-owned solar in Plymouth. Our roof-top installations have shown improved performance on last year while our ground-mounted array at Ernesettle continues to operate above expectations.



**Dave Garland**

We have embarked on an exciting new venture, providing local school children with visits to the Ernesettle site in order to explore the areas of energy generation, biodiversity and career opportunities, accompanied by classroom sessions discussing how energy connects to the global picture and how we can reduce our carbon footprint. Ernesettle is also host to some new residents, native Black Bees, thanks to the installation of new “thermasolar” hives.

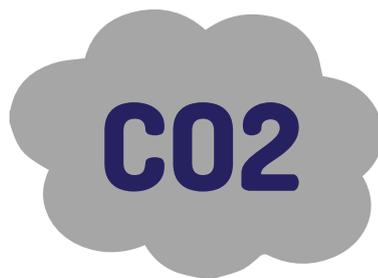
This summary highlights our current and future projects and explains the challenges and triumphs along the way.

# Our impact



**£84,605**

saved by schools & organisations



**2,858**

tonnes of carbon saved



**6,128 MWh**

clean energy produced

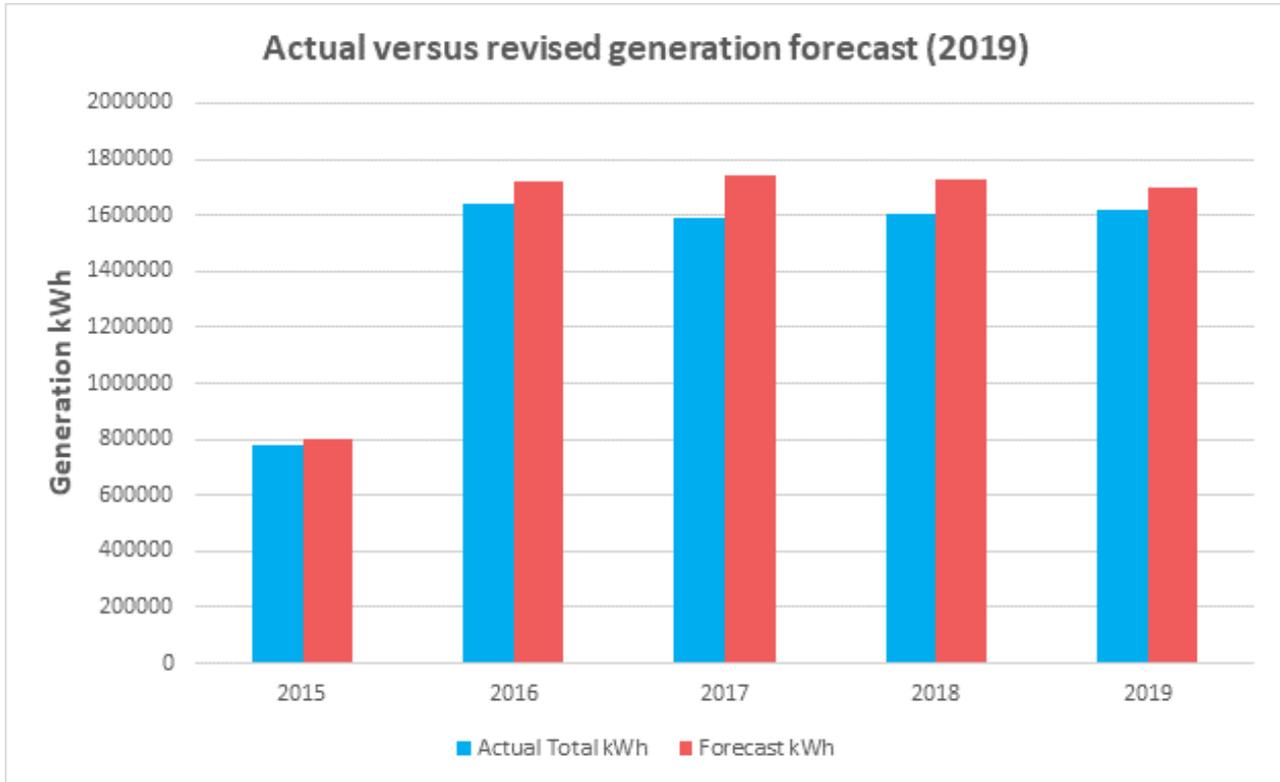


**1738**

equivalent homes powered  
for a year

October 2018 - September 2019

# Rooftop solar



Between October 2018 and September 2019, our rooftop arrays have generated 1662 MWh of clean energy, saving 584 tonnes of carbon emissions. Consequently, a total of £84,605 has been saved from the energy bills of local schools and community organisations.

The graph shown above demonstrates how our roof top installations are performing against the expectations we had at the time they were built. The graphic shows total cumulative generation (blue) since installation in units of energy (kWh) against predicted generation (red), with predicted generation being based on lifetime average figures. The solar arrays performance surpassed last year's totals, however they remain below the original forecast. This year performance was 4.5% below forecasted values in comparison with last year which showed a 6.9% lower yield than forecast.

As reported last year, these results mean that we have had to conclude that this is likely to be a long-term trend due to weaknesses in the initial design of some of our earlier installations. We are continuing to see quite significant variations in performance across the different sites, with some sites exceeding expectations but with the majority generating slightly less than the installer's original forecasts.

Latent defect issues have now been resolved at Pennycross, Plympton St Maurice and Woodford Primary Schools. These installations fell short of MCS compliance and as such we were able to make a successful insurance claim. The works were completed over the summer holidays and meant that Plympton St Maurice even gained a new roof.

# Ernesettle ground- mounted array

Our ground-mounted array at Ernesettle has had another successful year of operation and we are thankful for the excellent support we have had from Pfalz Solar. The array has now generated a total of 16,201 MWh of renewable power since it was commissioned in March 2016, saving 5695 tonnes of carbon. This is enough to power 4,628 homes for a year. The graph on the following page shows generation for 2019 calendar year.

In the year to date, Ernesettle has again performed slightly above forecasted values as illustrated in the graph overleaf. This is due to slightly above forecasted values of irradiance and high site efficiency for much of the year.

There have been very few technical and operational issues linked to operating the array and it is considered to be generating within the expected performance parameters.

In January 2019 Ernesettle achieved its Final Acceptance Certificate (FAC) demonstrating that all contractual obligations have been met and that the array is performing well.

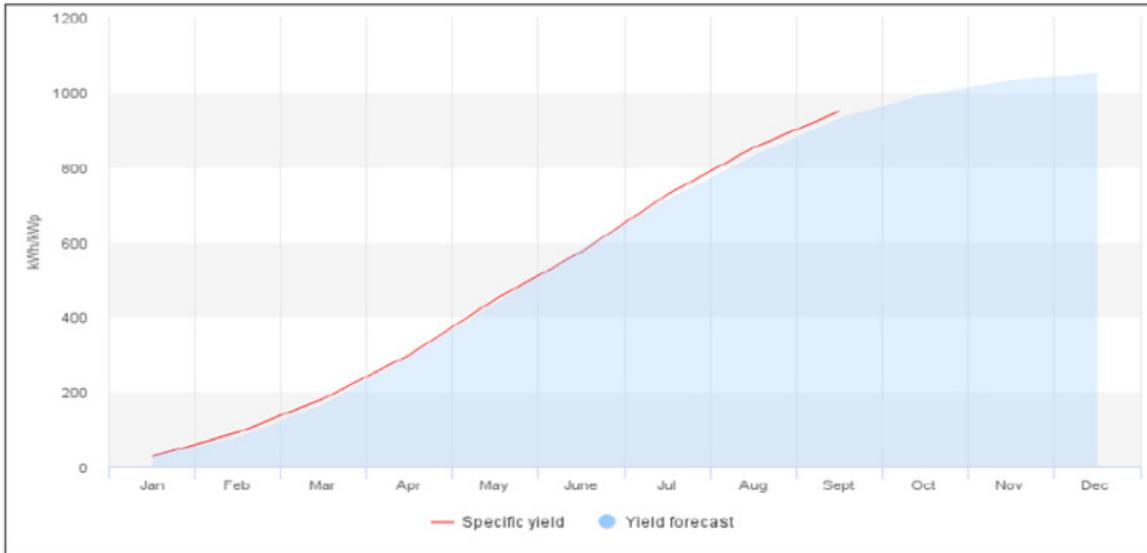
In June 2019, Ernesettle Community Solar (ECS) agreed to extend their operations and maintenance partnership with Pfalz Solar. Pfalz will be the operations and maintenance provider for a further five years due to their excellent previous performance, knowledge of the site and competitive pricing. As a result, costs have significantly reduced allowing ECS to provide additional community benefit in the form of funded school trips for local students.

The Ernesettle array continues to be an icon for local ownership of community energy. We have hosted a number of local and international innovation and research groups on tours of the site.

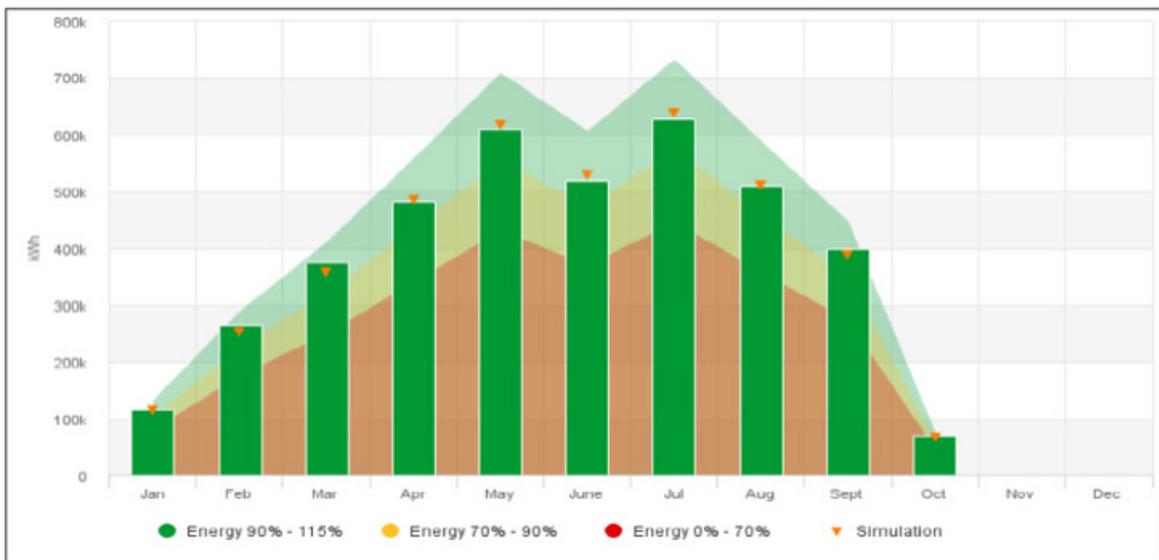


# Ernesettle

Energy yield production - Cumulative date of current operational year



Energy production - monthly distribution of expected and monitored energy yield



The graph above shows the percentage of actual solar generation in comparison with forecasted values. Each month the array has performed within 90-115% of expected values (the green band) illustrating its good performance throughout the year. In no month has performance dropped below 90% of forecast which is illustrated in the yellow band or below 70% in the red band. The yellow triangle shows the expected kWh yield for each month. The graph demonstrates the consistent high performance of Ernesettle solar both in terms of efficiency and generation.

# Ongoing projects



## Solar roofs

Despite the challenging environment created by the closure of the Feed-in-Tariff scheme and other policy barriers, we continue to pursue future opportunities to generate low carbon energy.

Our existing rooftop portfolio financial model relies on the Feed-In Tariff subsidy from the government. This subsidy was closed in March 2019 for new installations with no alternative currently available. We have completed a full review of our rooftop solar lease and financial model for future installations in a post subsidy environment. We are now working with a number of commercial partners to develop some new, large, installations and are also seeking new sites.

We are confident, that although opportunities have been significantly reduced, we can still increase the amount of community-owned renewable energy generation in the city. We continue to lobby government to make more intelligent policy provisions to encourage the increase in uptake of renewables, especially given their target of carbon neutrality by 2050.

## Solar schools

We have partnered with specialist organisation, Solar Power Education, to help local school children learn about solar energy. During a pilot earlier this year, 60 children and staff from Ernesettle School visited our ground array. They spent the morning learning about how solar energy works and the biodiversity on the site and the afternoon exploring solar toys and how to reduce their carbon footprint. It was such a success that we be hosting more schools on an annual basis, including some of those hosting our community-owned solar roofs. We will also run workshops for teachers.

## Thermasolar bee hives

This year, our Ernesettle site was selected as part of The Naturesave Trust's campaign aiming to prove the effectiveness of using the power of the sun to protect honey bees from a parasite that has been damaging bee populations across the globe. We have had five 'thermasolar' hives installed and introduced native Black bees to the site. This also highlights the biodiversity potential of community solar sites and the benefit of producing honey alongside renewable energy. In June, we held a 'Bee Solar Party' to welcome our local community to the site to learn more about the new residents.

# PEC Renewables Financial Position

The accounts show an in year profit of £12,073 before provision for deferred taxation. The income from Feed in Tariff increased from £163,905 to £186,259 and there was a small increase in the power sales when compared to the previous year.

## Profit and loss statement

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
TURNOVER	£137,399	£284,621	£303,864	£265,409	£276,254
OPERATING PROFIT/ DEFICIT	(£94,936)	(£33,208)	(£4,079)	(£66,856)	£34,563
PROFIT/DEFICIT BEFORE TAXATION	(£95,619)	(£35,305)	(£6,598)	(£25,138)	£12,073
NET PROFIT/ DEFICIT	(£99,456)	(£28,158)	(£2,498)	(£21,654)	£9,270

As explained in last year's annual report, the Board continues to be mindful that not all sites are performing in line with original predictions, but the end year position is now much closer to the revised financial model.

# Ernesettle Community Solar Financial Position

Ernesettle Community Solar is a wholly owned subsidiary of PEC Renewables. The accounts show an in year trading loss of £34,286 but this net deficit is a better position than the deficit projected for this point in time.

## Profit and loss statement

	2015/2016	2016/2017	2017/2018	2018/2019
TURNOVER	£210,940	£435,732	£482,303	£502,710
OPERATING PROFIT/ DEFICIT	£108,352	£105,448	£147,800	£170,033
PROFIT/ DEFICIT BEFORE TAXATION	£44,829	(£89,452)	(£62,187)	(£39,957)
NET PROFIT/ DEFICIT	£36,418	(£77,071)	(£50,349)	(£34,286)

The turnover for 2018/2019 shows an increase from the previous year from £482,303 to £502,710. There has been 5% increase in ROC income and 3% increase in the sale of electricity.

Operation and maintenance costs are in line with the forecast spend and the accounts allow for a further increase in the inverter replacement reserve.

# Payments



## Interest payment recommendation

The primary purpose of PEC Renewables is to install and operate renewable energy generation installations in Plymouth for the benefit of the community.

Some of our installations are not operating as well as originally forecast and this impacts the long-term surplus we can generate to support the community. As a result, the Board revised its forecast interest payment for 18/19 from 6% to 5% for investments made to support our roof top portfolio (the 2014 and 2015 share offers). On the basis of this years performance, PEC Renewables is proposing to pay that forecast 5% for share capital secured in those periods, and it is the boards intention to apply a rate of 5% to these share holdings in the upcoming year.

Ernesettle continues to operate as expected and so this years interest payments on the share capital purchased during the

2016/2017 offer will remain at the forecast 6%; and it is the boards intention to apply a rate of 6% to these share holdings in the upcoming year.

Please ensure that your bank details are current via your online investor portal found at [registry.ethex.org.uk](http://registry.ethex.org.uk).

## Share withdrawal

This year, investors with shares in the 2014 share offer were invited to apply for full or partial withdrawal.

Eight investors applied for full withdrawal and all eight have been accepted. This is in accordance with the financial model aim to pay back 1/15th of the capital each year from year 6 onwards. All payments will be made after the AGM at the same time as interest repayments.

---

# The Board

Under PEC Renewables' Rules, one third of our elected Directors must stand down each year; however, they can stand for re-election. The Directors who have served on the board the longest since their last election will stand down. At this AGM, Ian Johnston (Plymouth Community Homes representative) will be standing down. He has also been nominated to stand for re-election at the AGM.

No other member has been nominated to stand and therefore the number of nominations is the same as the number of vacant positions. We do not require a full ballot and Ian shall be deemed elected, providing ten members or more affirm the candidacy, by show of hands at the AGM.

PEC Trust (trading as Plymouth Energy Community) is now a fully functional charity and the majority of advice and energy efficiency activities are now operating under it. We have changed our beneficiary organisation to PEC Trust. As a result of this change, the board resolved to change our beneficiary organisation to PEC Trust. Consequently, in the future up to two PEC Trust Trustees will be invited to sit on the PEC Renewables board.

At this years AGM, we are proposing an extraordinary resolution to increase the number of co-opted Directors from two to three. This is in recognition of the specialist skills and experience required to maximise our impact.

We owe a huge thank you to Plymouth City Council for enabling us to reach the position that we are currently in, not just the Councillors who have shared our vision but also the passion and hard work of the Low Carbon City and Business Teams. We also extend our thanks to: Bromhead Chartered Accountants, Pfalz Solar GmbH, Ethex, Solar Power Education and the Naturesave Trust.

Most importantly, on behalf of my fellow Directors, I would like to extend a massive thank you to you, our members. Please be proud of the movement of change of which you are part, making positive investment choices takes courage and sends a strong signal to our community that we can take control of our energy future.

Without your support and confidence in what we are trying to achieve, I would not be offering this report to you today.

**On behalf of the Board of PEC Renewables, I therefore commend this report for acceptance and approval by our members.**



**Dave Garland**  
**Chair, PEC Renewables**

**Report of the Directors and**  
**Financial Statements**  
**For The Year Ended 30 June 2019**  
**for**  
**PEC Renewables Limited**

**PEC Renewables Limited**

**Contents of the Financial Statements**  
**For The Year Ended 30 June 2019**

	<b>Page</b>
<b>Company Information</b>	1
<b>Report of the Directors</b>	2
<b>Report of the Independent Auditors</b>	3
<b>Income Statement</b>	5
<b>Balance Sheet</b>	6
<b>Statement of Changes in Equity</b>	7
<b>Notes to the Financial Statements</b>	8
<b>Detailed Profit and Loss Account</b>	11

**PEC Renewables Limited**  
**Company Information**  
**For The Year Ended 30 June 2019**

**DIRECTORS:** D R Garland  
C J Penberthy  
D Madge  
L Richards  
I Johnston  
S Nicholls

**SECRETARY:** G Peele

**REGISTERED OFFICE:** Plymouth City Council  
Ballard House  
West Hoe Road  
Plymouth  
Devon  
PL1 3BJ

**REGISTERED NUMBER:** IP32286R (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 Year Ended 30 June 2019**

The directors present their report with the financial statements of the society for the year ended 30 June 2019.

**PRINCIPAL ACTIVITY**

The principal activity of the society in the year under review was that of solar farming.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2018 to the date of this report.

D R Garland  
C J Penberthy  
D Madge  
L Richards  
I Johnston  
S Nicholls

**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.

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 society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. 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 Co-operative and Community Benefit Societies Act 2014) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Bromhead, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Co-operative and Community Benefit Societies Act 2014.

**ON BEHALF OF THE BOARD:**

D R Garland - Director

Date: 26/09/2019

**Report of the Independent Auditors to the Members of  
PEC Renewables Limited**

**Opinion**

We have audited the financial statements of PEC Renewables Limited (the 'company') for the year ended 30 June 2019 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the boards' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The board are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

**Report of the Independent Auditors to the Members of  
PEC Renewables Limited**

**Responsibilities of the board**

As explained more fully in the Statement of the Directors' Responsibilities set out on page two, the board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

This report is made solely to the society's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in a Report of the Auditors 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 audit work, for this report, or for the opinions we have formed.

Neil Stevens (Senior Statutory Auditor)  
for and on behalf of Bromhead  
Chartered Accountants  
Statutory Auditors  
Harscombe House  
1 Darklake View  
Plymouth  
Devon  
PL6 7TL

Date: 28/09/2019

**PEC Renewables Limited**

**Income Statement**  
**For The Year Ended 30 June 2019**

	30.6.19	30.6.18
Notes	£	£
<b>TURNOVER</b>	<b>276,254</b>	265,409
Administrative expenses	<u>318,317</u>	<u>332,254</u>
	<b>(42,063)</b>	(66,845)
Other operating income	<u>7,500</u>	-
<b>OPERATING LOSS</b>	<b>(34,563)</b>	(66,845)
Interest receivable and similar income	<u>65,912</u>	<u>65,913</u>
	<b>31,349</b>	(932)
Interest payable and similar expenses	<u>19,276</u>	<u>24,206</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	<b>12,073</b>	(25,138)
Tax on profit/(loss)	<u>2,803</u>	<u>(3,484)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b><u>9,270</u></b>	<b><u>(21,654)</u></b>

The notes form part of these financial statements

**PEC Renewables Limited (Registered number: IP32286R)**

**Balance Sheet**  
**30 June 2019**

	Notes	30.6.19		30.6.18	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	3		<b>1,664,022</b>		1,775,899
Investments	4		<u>1</u>		<u>1</u>
			<b>1,664,023</b>		1,775,900
<b>CURRENT ASSETS</b>					
Debtors	5	<b>1,350,256</b>		1,373,243	
Cash at bank		<u>428,431</u>		<u>307,989</u>	
		<b>1,778,687</b>		1,681,232	
<b>CREDITORS</b>					
Amounts falling due within one year	6	<u>69,277</u>		<u>71,499</u>	
<b>NET CURRENT ASSETS</b>			<b>1,709,410</b>		<u>1,609,733</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>3,373,433</b>		3,385,633
<b>CREDITORS</b>					
Amounts falling due after more than one year	7		<b>(1,031,944)</b>		(1,064,899)
<b>PROVISIONS FOR LIABILITIES</b>	9		<u>(27,215)</u>		<u>(15,730)</u>
<b>NET ASSETS</b>			<b><u>2,314,274</u></b>		<b><u>2,305,004</u></b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital			<b>2,451,774</b>		2,451,774
Retained earnings			<u>(137,500)</u>		<u>(146,770)</u>
<b>SHAREHOLDERS' FUNDS</b>			<b><u>2,314,274</u></b>		<b><u>2,305,004</u></b>

The financial statements have been prepared in accordance with the provisions of Co-operative and Community Benefit Societies Act 2014.

The financial statements were approved by the Board of Directors on 26/09/2019 and were signed on its behalf by:

D R Garland - Director

I Johnston - Director

The notes form part of these financial statements

**PEC Renewables Limited**

**Statement of Changes in Equity**  
**For The Year Ended 30 June 2019**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 July 2017</b>	2,451,774	(125,116)	2,326,658
<b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>(21,654)</u>	<u>(21,654)</u>
<b>Balance at 30 June 2018</b>	<u>2,451,774</u>	<u>(146,770)</u>	<u>2,305,004</u>
<b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>9,270</u>	<u>9,270</u>
<b>Balance at 30 June 2019</b>	<u><u>2,451,774</u></u>	<u><u>(137,500)</u></u>	<u><u>2,314,274</u></u>

The notes form part of these financial statements

## **PEC Renewables Limited**

### **Notes to the Financial Statements** **For The Year Ended 30 June 2019**

#### **1. STATUTORY INFORMATION**

PEC Renewables Limited is a private society, limited by guarantee, registered in England and Wales. The society's registered number and registered office address can be found on the Society Information page. The board consider the company to be a public benefit entity, as defined by FRS 102.

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Co-operative and Community Benefit Societies Act 2014. The financial statements have been prepared under the historical cost convention.

In preparing the accounts, the board have considered whether in applying the accounting policies required by FRS 102 a restatement of comparative items was needed. No restatements were required.

The board have prepared these accounts on the going concern basis despite negative retained earnings. The society made a profit this year and in addition is operated alongside a detailed financial model to forecast future performance and current results are in line with this model. The board are confident that the company will be profitable in the near future in accordance with this model.

##### **Turnover**

Turnover represents net sales of electricity both back into the national grid and for usage by the site in which the asset has been installed, this is recognised as two separate income streams in the profit and loss of power sales and feed in tariffs. Income is recognised on an accruals basis when the society first has right to the consideration.

Grant income relating to ongoing projects are allocated based on the expenditure incurred. Any surplus income received is deferred to be allocated against future expenditure.

##### **Tangible fixed assets**

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

Plant and machinery - 5% straight line  
Land & buildings - 5% straight line

Recorded within tangible fixed assets is the capital equipment and fees necessary to get each site producing income.

##### **Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **Deferred tax**

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### **Provisions**

Provisions are recognised only when the outcome is unavoidable and can be reliably measured. They are recognised in the accounts as a non-tax deductible expense.

**PEC Renewables Limited**

**Notes to the Financial Statements - continued  
For The Year Ended 30 June 2019**

**3. TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery etc £	Totals £
<b>COST</b>			
At 1 July 2018	24,271	2,109,648	2,133,919
Disposals	<u>-</u>	<u>(6,095)</u>	<u>(6,095)</u>
At 30 June 2019	<u>24,271</u>	<u>2,103,553</u>	<u>2,127,824</u>
<b>DEPRECIATION</b>			
At 1 July 2018	3,812	354,208	358,020
Charge for year	1,214	105,178	106,392
Eliminated on disposal	<u>-</u>	<u>(610)</u>	<u>(610)</u>
At 30 June 2019	<u>5,026</u>	<u>458,776</u>	<u>463,802</u>
<b>NET BOOK VALUE</b>			
At 30 June 2019	<u>19,245</u>	<u>1,644,777</u>	<u>1,664,022</u>
At 30 June 2018	<u>20,459</u>	<u>1,755,440</u>	<u>1,775,899</u>

**4. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
At 1 July 2018 and 30 June 2019	<u>1</u>
<b>NET BOOK VALUE</b>	
At 30 June 2019	<u>1</u>
At 30 June 2018	<u>1</u>

**5. DEBTORS**

	30.6.19 £	30.6.18 £
Amounts falling due within one year:		
Trade debtors	73,196	68,795
Other debtors	<u>178,511</u>	<u>205,899</u>
	<u>251,707</u>	<u>274,694</u>
Amounts falling due after more than one year:		
Other debtors	<u>1,098,549</u>	<u>1,098,549</u>
Aggregate amounts	<u>1,350,256</u>	<u>1,373,243</u>

Included within debtors are loans between the society and Ernesettle Community Solar Limited, a company controlled by PEC Renewables Limited, to the value of £1,145,404 (2018: £1,161,244). £1,098,549 of this reflects an unsecured 20 year concessionary loan with an interest rate of 6% per annum.

**PEC Renewables Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 30 June 2019**

<b>6.</b>	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>30.6.19</b>	<b>30.6.18</b>
		£	£
	Trade creditors	<b>7,867</b>	5,426
	Taxation and social security	<b>2,798</b>	3,851
	Other creditors	<b><u>58,612</u></b>	<u>62,222</u>
		<b><u>69,277</u></b>	<u>71,499</u>

<b>7.</b>	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>30.6.19</b>	<b>30.6.18</b>
		£	£
	Other creditors	<b><u>1,031,944</u></b>	<u>1,064,899</u>

Amounts falling due in more than five years:

	Repayable by instalments		
	Other loans more 5yrs instal	<b><u>800,000</u></b>	<u>833,333</u>

**8. LOANS**

Included in creditors due after one year is an unsecured 20 year concessionary loan, provided by Plymouth Energy Community Limited, at a value of £966,666.67. Interest is charged on this loan based on the increase in the Consumer Price Index at the time repayment falls due.

Previously this loan was provided by Plymouth City Council to Plymouth Energy Community Limited and then loaned to PEC Renewables Limited. However on the 30th June 2019 there was a transfer between the parties so the loan is now directly from Plymouth City Council to PEC Renewables Limited.

<b>9.</b>	<b>PROVISIONS FOR LIABILITIES</b>	<b>30.6.19</b>	<b>30.6.18</b>
		£	£
	Other provisions		
	Deferred tax	<b>108</b>	-
	Inverter replacement provision	<b><u>27,107</u></b>	<u>15,730</u>

	<b>Deferred tax</b>	<b>Inverter replacement</b>
	£	£
Balance at 1 July 2018	<b>(2,695)</b>	<b>15,730</b>
Provided during year	-	<b>3,933</b>
Accelerated capital allowances	<b>1,182</b>	
Provision for losses	<b><u>1,078</u></b>	<u>-</u>
Balance at 30 June 2019	<b><u>108</u></b>	<u>19,663</u>

The inverter replacement provision is for the cost of replacing the key component of the solar arrays across all of the sites. This expenditure is compulsory for the sites to remain operational.

**10. RELATED PARTY DISCLOSURES**

A loan existed between the society and Ernesettle Community Solar Limited, a wholly owned subsidiary of the society. At the end of the period £1,098,549 (2018: £1,098,549 ) was owed to PEC Renewables Limited.

A separate loan existed between the society and Ernesettle Community Solar Limited. At the end of the period £46,855 (2018: £62,695) was owed by Ernesettle Community Solar Limited. This loan is interest free and repayable on demand.

Interest income was received on the above loan £65,912 (2018: £65,912)

**PEC Renewables Limited**

**Detailed Profit and Loss Account**  
**For The Year Ended 30 June 2019**

	30.6.19		30.6.18	
	£	£	£	£
<b>Turnover</b>				
Power sales	89,995		88,227	
Feed in Tariffs	186,259		163,905	
Grants	<u>-</u>		<u>13,277</u>	
		<b>276,254</b>		265,409
<b>Other income</b>				
Management fees	7,500		-	
Loan interest receivable	<u>65,912</u>		<u>65,913</u>	
		<b>73,412</b>		<u>65,913</u>
		<b>349,666</b>		331,322
<b>Expenditure</b>				
Rates and water	5,030		5,673	
Insurance	6,736		6,912	
Subscriptions	543		575	
Repairs and renewals	18,202		17,502	
Sundry expenses	-		125	
Administration expenses	-		5,615	
Management fee	40,744		35,000	
Accountancy	3,824		6,505	
Meter costs	2,384		2,322	
Legal & professional fees	1,353		18,102	
Auditors' remuneration	1,100		1,060	
Bad debts	<u>-</u>		<u>154</u>	
		<b>79,916</b>		<u>99,545</u>
		<b>269,750</b>		231,777
<b>Finance costs</b>				
Bank charges	75		1	
Members interest paid	132,544		125,655	
Interest payable	<u>19,276</u>		<u>24,206</u>	
		<b>151,895</b>		<u>149,862</u>
		<b>117,855</b>		81,915
<b>Depreciation</b>				
Short leasehold	1,214		1,214	
Plant and machinery	<u>105,178</u>		<u>105,839</u>	
		<b>106,392</b>		<u>107,053</u>
		<b>11,463</b>		(25,138)
<b>Profit on disposal of fixed assets</b>				
Plant and machinery		<u>610</u>		<u>-</u>
<b>NET PROFIT/(LOSS)</b>		<b><u>12,073</u></b>		<b><u>(25,138)</u></b>

**Report of the Directors and**  
**Unaudited Financial Statements**  
**For The Year Ended 30 June 2019**  
**for**  
**Ernesettle Community Solar Limited**

**Ernesettle Community Solar Limited**

**Contents of the Financial Statements**  
**For The Year Ended 30 June 2019**

	<b>Page</b>
<b>Company Information</b>	1
<b>Report of the Directors</b>	2
<b>Income Statement</b>	3
<b>Balance Sheet</b>	4
<b>Statement of Changes in Equity</b>	6
<b>Notes to the Financial Statements</b>	7
<b>Chartered Accountants' Report</b>	11
<b>Detailed Profit and Loss Account</b>	12

**Ernesettle Community Solar Limited**

**Company Information**  
**For The Year Ended 30 June 2019**

**DIRECTORS:**

C J Penberthy  
D Madge  
L Richards

**REGISTERED OFFICE:**

Plymouth City Council  
Ballard House  
West Hoe Road  
Plymouth  
Devon  
PL1 3BJ

**REGISTERED NUMBER:**

09892557 (England and Wales)

**ACCOUNTANTS:**

Bromhead  
Harscombe House  
1 Darklake View  
Plymouth  
Devon  
PL6 7TL

**Ernesettle Community Solar Limited**

**Report of the Directors**  
**For The Year Ended 30 June 2019**

The directors present their report with the financial statements of the company for the year ended 30 June 2019.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 July 2018 to the date of this report.

C J Penberthy  
D Madge  
L Richards

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

**ON BEHALF OF THE BOARD:**

L Richards - Director

26 September 2019

**Ernesettle Community Solar Limited**

**Income Statement**  
**For The Year Ended 30 June 2019**

	<b>30.6.19</b>	30.6.18
Notes	<b>£</b>	<b>£</b>
<b>TURNOVER</b>	<b>502,710</b>	482,303
Administrative expenses	<b>332,677</b>	334,503
<b>OPERATING PROFIT</b>	<b>170,033</b>	147,800
Interest payable and similar expenses	<b>209,990</b>	209,987
<b>LOSS BEFORE TAXATION</b>	<b>(39,957)</b>	(62,187)
Tax on loss	<b>(5,671)</b>	(11,838)
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b><u>(34,286)</u></b>	<b><u>(50,349)</u></b>

The notes form part of these financial statements

**Ernesettle Community Solar Limited (Registered number: 09892557)**

**Balance Sheet**  
**30 June 2019**

	Notes	30.6.19 £	£	30.6.18 £	£
<b>FIXED ASSETS</b>					
Tangible assets	4		3,432,835		3,637,762
<b>CURRENT ASSETS</b>					
Debtors	5	195,499		194,804	
Cash at bank		428,804		265,993	
		<u>624,303</u>		<u>460,797</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	6	185,697		201,832	
<b>NET CURRENT ASSETS</b>			<u>438,606</u>		<u>258,965</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,871,441</u>		<u>3,896,727</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	7		(3,539,273)		(3,539,273)
<b>PROVISIONS FOR LIABILITIES</b>	11		<u>(28,179)</u>		<u>(19,179)</u>
<b>NET ASSETS</b>			<u><u>303,989</u></u>		<u><u>338,275</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital			1		1
Shareholder loan capital contribution	12		429,276		429,276
Retained earnings			<u>(125,288)</u>		<u>(91,002)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><u>303,989</u></u>		<u><u>338,275</u></u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 June 2019.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 June 2019 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

**Ernesettle Community Solar Limited (Registered number: 09892557)**

**Balance Sheet - continued**  
**30 June 2019**

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on 26 September 2019 and were signed on its behalf by:

C J Penberthy - Director

L Richards - Director

The notes form part of these financial statements

**Ernesettle Community Solar Limited**

**Statement of Changes in Equity**  
**For The Year Ended 30 June 2019**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Shareholder loan capital contribution £</b>	<b>Total equity £</b>
<b>Balance at 1 July 2017</b>	1	(40,653)	429,276	388,624
<b>Changes in equity</b>				
Total comprehensive income	-	(50,349)	-	(50,349)
<b>Balance at 30 June 2018</b>	1	(91,002)	429,276	338,275
<b>Changes in equity</b>				
Total comprehensive income	-	(34,286)	-	(34,286)
<b>Balance at 30 June 2019</b>	1	(125,288)	429,276	303,989

The notes form part of these financial statements

## Ernesettle Community Solar Limited

### Notes to the Financial Statements For The Year Ended 30 June 2019

#### 1. **STATUTORY INFORMATION**

Ernesettle Community Solar Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### 2. **ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The directors have prepared these accounts on the going concern basis despite additional losses incurred this year as they believe the current position is temporary. The company is operated alongside a detailed financial model to forecast future performance and current results are in line with this model. The directors are confident that company will be profitable in the near future in accordance with this model.

##### **Turnover**

Turnover represents net sales of electricity from units generated at the site and by selling back into the national grid at an agreed rate. Income is recognised on an accruals basis when the company first has right to the consideration.

Capital grant income has been deferred and released in accordance with the company's depreciation policy.

##### **Tangible fixed assets**

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

Plant and machinery - 5% straight line

Tangible fixed assets relate to the capital equipment and associated costs incurred to get the site ready and equipped with solar panels necessary to generate income.

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **Deferred tax**

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### **Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

##### **Provisions**

Provisions are recognised only when the outcome is unavoidable and can be reliably measured. They are recognised in the accounts as a non-tax deductible expense.

##### **Long term loans below market rate**

Long term loans received with an interest rate below market value have been discounted to present value at the market rate less the actual rate of interest. The amount discounted will be unwound over the term of the loan by way of an annual transfer between reserves.

**Ernesettle Community Solar Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 30 June 2019**

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 3.

These are unpaid directors of the company.

**4. TANGIBLE FIXED ASSETS**

	<b>Plant and machinery etc £</b>	
<b>COST</b>		
At 1 July 2018 and 30 June 2019		<b>4,100,174</b>
<b>DEPRECIATION</b>		
At 1 July 2018		<b>462,412</b>
Charge for year		<b>204,927</b>
At 30 June 2019		<b>667,339</b>
<b>NET BOOK VALUE</b>		
At 30 June 2019		<b>3,432,835</b>
At 30 June 2018		<b>3,637,762</b>

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

	<b>30.6.19</b>	<b>30.6.18</b>
	<b>£</b>	<b>£</b>
Other debtors	<b>195,499</b>	194,804

Included in other debtors is accrued income to the sum of £159,449

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

	<b>30.6.19</b>	<b>30.6.18</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>15,196</b>	9,132
Other creditors	<b>170,501</b>	192,700
	<b>185,697</b>	201,832

**7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>30.6.19</b>	<b>30.6.18</b>
	<b>£</b>	<b>£</b>
Other creditors	<b>3,539,273</b>	3,539,273

Amounts falling due in more than five years:

Repayable by instalments		
Other loans more 5yrs instal	<b>3,160,082</b>	3,303,788

**Ernesettle Community Solar Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 30 June 2019**

**8. LOANS**

Included in creditors are loans from PEC Renewables Limited, the parent company, at a value of £716,128 (2018: £731,968 ). Part of this is a 20 year loan received at below market rate and has been discounted by £429,276 (2018:£429,276 ) from the total amount repayable of £1,145,404 (2018:£1,161,244). The agreed market rate for the loan was 10% and actual interest is 6%. This discount is reflected in the equity as a capital contribution and will be unwound over the term of the loan. The other loan of £46,855 (2018: £62,695) is interest free and repayable on demand.

**9. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	<b>30.6.19</b>	<b>30.6.18</b>
	<b>£</b>	<b>£</b>
In more than five years	<b><u>412,436</u></b>	<b><u>406,500</u></b>

**10. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>30.6.19</b>	<b>30.6.18</b>
	<b>£</b>	<b>£</b>
Plymouth City Council Loan	<b><u>2,870,000</u></b>	<b><u>2,870,000</u></b>

The loan is secured by way of a fixed charge over: the lease of the land, the solar project in its entirety, its present and future uncalled capital and goodwill (including the share capital), all present and future contracts or insurance policies and any other plant and machinery owned by the company.

In addition there is a floating charge on the debtors of the business, including any other interests it may own not previously recognised.

**11. PROVISIONS FOR LIABILITIES**

	<b>30.6.19</b>	<b>30.6.18</b>
	<b>£</b>	<b>£</b>
Other provisions		
Inverter replacement reserve	<b><u>28,179</u></b>	<b><u>19,179</u></b>
	<b>Deferred tax</b>	<b>Inverter reserve</b>
	<b>£</b>	<b>£</b>
Balance at 1 July 2018	<b>(15,809)</b>	<b>19,179</b>
Accelerated capital allowances	<b>7,487</b>	<b>-</b>
Corporation tax losses	<b>(13,157)</b>	<b>-</b>
Provided during year	<b>-</b>	<b>9,000</b>
Balance at 30 June 2019	<b><u>(21,479)</u></b>	<b><u>28,179</u></b>

The inverter replacement provision is for the cost of replacing the key component of the solar arrays across the site. This expenditure is compulsory for the site to remain operational.

**Ernesettle Community Solar Limited**

**Notes to the Financial Statements - continued**  
**For The Year Ended 30 June 2019**

12. **RESERVES**

At 1 July 2018  
and 30 June 2019

**Shareholder  
loan  
capital  
contribution  
£**  
  
**429,276**

13. **RELATED PARTY DISCLOSURES**

A loan existed between the company and PEC Renewables Limited, the parent company. At the end of the period £46,855(2018: £62,695) was owed to PEC Renewables Limited. This loan is interest free and repayable on demand.

A separate loan existed between the company and PEC Renewables Limited. At the end of the period the fair value of the loan was £669,273 (2018:£669,273). This is a 20 year loan and has been discounted by £429,276 from the total repayments of £1,098,549 (2018:£1,098,549).Interest is chargeable on this loan at 6%.

Interest has been paid on the above loans to the sum of £65,916 (2018: £65,913).

**Chartered Accountants' Report to the Board of Directors**  
**on the Unaudited Financial Statements of**  
**Ernesettle Community Solar Limited**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Ernesettle Community Solar Limited for the year ended 30 June 2019 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed within the ICAEW's regulations and guidance at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Ernesettle Community Solar Limited, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Ernesettle Community Solar Limited and state those matters that we have agreed to state to the Board of Directors of Ernesettle Community Solar Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ernesettle Community Solar Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Ernesettle Community Solar Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Ernesettle Community Solar Limited. You consider that Ernesettle Community Solar Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Ernesettle Community Solar Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Bromhead  
Harscombe House  
1 Darklake View  
Plymouth  
Devon  
PL6 7TL

27 September 2019

**Ernesettle Community Solar Limited**

**Detailed Profit and Loss Account**  
**For The Year Ended 30 June 2019**

	30.6.19		30.6.18	
	£	£	£	£
<b>Sales</b>		<b>502,710</b>		<b>482,303</b>
<b>Expenditure</b>				
Rent	20,662		18,050	
Rates and water	12,161		14,098	
Insurance	4,297		4,921	
Light and heat	4,479		3,549	
Meter Costs	120		120	
Repairs and renewals	54,416		53,778	
Accountancy	1,852		5,728	
Management charges	30,000		30,000	
Professional Fees	2,050		-	
Auditors' remuneration	-		1,590	
	<u>          </u>	<b>130,037</b>	<u>          </u>	<b>131,834</b>
		<b>372,673</b>		<b>350,469</b>
<b>Finance costs</b>				
Bank charges	113		60	
Loan interest	209,990		209,987	
	<u>          </u>	<b>210,103</b>	<u>          </u>	<b>210,047</b>
		<b>162,570</b>		<b>140,422</b>
<b>Depreciation</b>				
Plant and machinery		<b>202,527</b>		<b>202,609</b>
<b>NET LOSS</b>		<b><u><u>(39,957)</u></u></b>		<b><u><u>(62,187)</u></u></b>

This page does not form part of the statutory financial statements