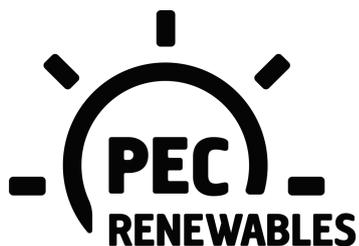


November 2020

PEC RENEWABLES ANNUAL REPORT



Company number: 32286R. Registered office: Ballard House, Plymouth, PL1 3BJ.

Chair's Statement

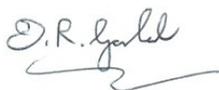
Welcome to our annual report for the financial year 2019/20. This sets out the financial and environmental impacts that PEC Renewables has had over the last 12 months.

Despite the unprecedented year that 2020 has been, we have continued to develop creative partnerships to install more community-owned solar in Plymouth, and there are some exciting projects in the pipeline. With the pledge to make Plymouth carbon neutral by 2030, the role of community energy has never been more important, and we have never felt more determined to move forward positively, and further increase local ownership and influence over local energy solutions.

The sun shone strongly through the darkest periods of lockdown and so across all sites more energy has been generated than last year. Although, Covid-19 meant that many of our rooftop solar sites were either closed or ran reduced operations from March 2020, which caused a lower level of on-site consumption and a higher percentage of export. Our ground-mounted solar array at Ernesettle continues to perform very well.

In response to the uncertainty and economic turmoil brought about by Covid-19, and the need now more than ever to ensure we are supporting action on fuel poverty and the climate emergency, we have decided to reduce our interest payment by 1% from those we forecast last year.

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



Dave Garland

On behalf of my fellow Directors, I would like to extend a massive thank you to you, our Members. These are difficult times but we hope you are as proud as we are of the movement of positive change that we are all a part of. Without your support and confidence in what we are trying to achieve, I would not be offering this report to you today. Thank you for your continued support, together we can take control of our energy future.

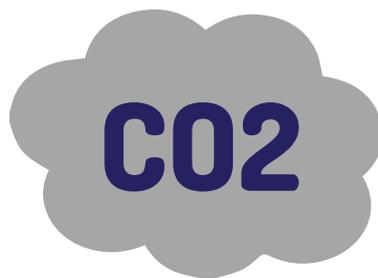
PEC Renewables and Ernesettle Community Solar were formed to support the community benefit ambitions of Plymouth Energy Community. Members wishing to understand the broader activities of the PEC family are encouraged to read PEC's Annual Report which can be found on our website.

Our Impact



£81,265

saved by schools & organisations



1,717

tonnes of carbon saved



6,193 MWh

clean energy produced

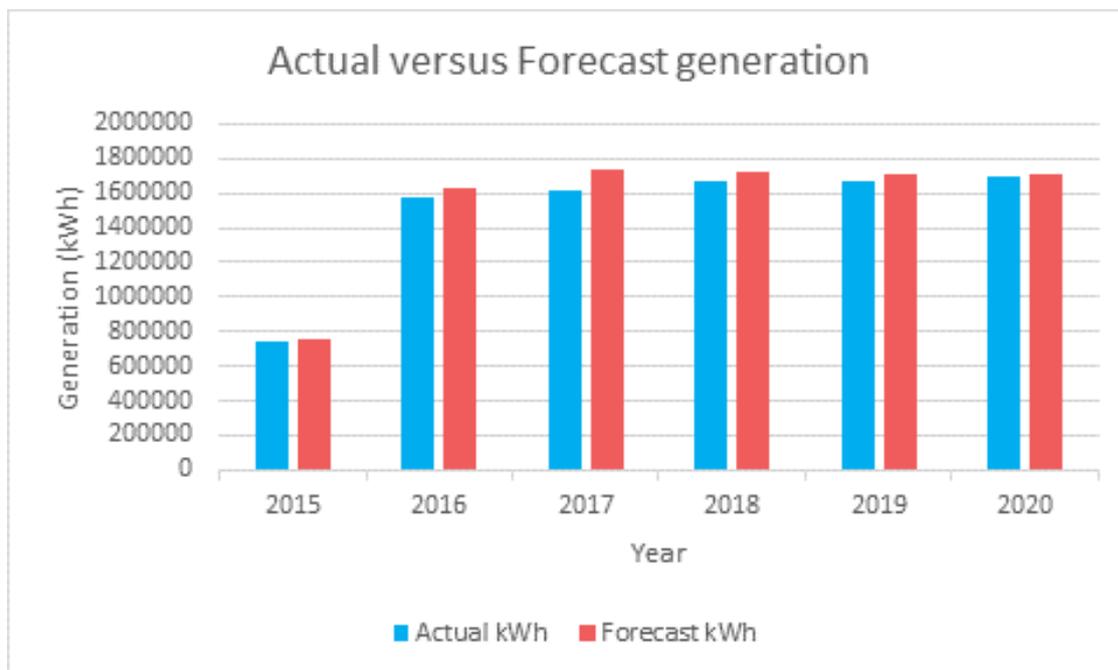


1,769

equivalent homes powered
for a year

October 2019 - September 2020

Rooftop Solar



Between October 2019 and September 2020, our rooftop arrays have generated 1,703 MWh of clean energy, saving 435 tonnes of carbon emissions. Consequently, a total of £81,265 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. The graph shows total cumulative generation since installation in units of energy (kWh) against predicted generation, with predicted generation being based on lifetime average figures.

As reported in previous years, we have experienced a long term trend of under performance against the original forecasts. At the beginning of 2020 we updated our assumptions on future levels of generation and made these more conservative. This will be the base line against which we report performance in the future.

Total generation figures are higher than previous years, due in most part to the exceptional levels of sunshine we had this summer. This went some way to mitigate the lower than expected generation of the preceding quarters (-28.6% October to December and -16% January to March), but does not represent a shift in the long term trend.

This year we have significantly changed our operations and maintenance approach and invested in new remote, real time monitoring software which will provide better generation and performance data. We have also updated our financial forecasts to reflect the more conservative generation values we have been experiencing at some sites.

Plymouth Life Centre, which hosts PECR's largest rooftop array, has been closed since March, and due to repairs needed to the building, will be closed until the end of April 2021. This should not impact on the arrays generation, however there will be significantly lower onsite usage, and because of restriction on our ability to export power to the grid, this will result in a loss of revenue.

Rooftop Solar Continued

Covid-19 Impact

Following the lockdown implemented in March 2020, PECR and ECS have shifted all operations online, with staff working virtually from home and all engagement with members, stakeholders and partners is taking place online.

The Directors have put in place arrangements to monitor developments and implemented risk management measures to mitigate the business impact. The Directors consider these measures appropriate and whilst some project delivery and development has been delayed, overall this shift has been successful, however we remain in a significant period of change and uncertainty.

In practise, Covid-19 meant that many of the schools and community buildings that host PECR installations were either closed or ran reduced operations from March 2020. This caused a lower level of onsite consumption and a higher percentage of export. The months of April and May were most impacted, and export decreased slightly as lockdown restrictions were lifted through June.

The reduced onsite consumption has led to a fall in energy savings for the sites compared to 2019, and the increased export has meant there has been a small loss of income to PECR. The scale of financial impact was mitigated by the higher than forecast irradiation in April and May. Export has increased by approximately 30% across all sites over the past six months.

Due to lockdown, accessing some sites in order to undertake maintenance and/or annual services was more difficult, however we have continued to remotely monitor performance where site visits have not been possible.

This year we have continued efforts to grow our portfolio of solar installations. Our work to finalise lease and PPA arrangements with 5 large energy consumers across Plymouth were delayed as a result of lockdown, but we remain optimistic that we can deliver some sizeable new installations in the year ahead. We have also received support from the governments Rural Community Energy Fund to explore the feasibility of 2 new large ground mounted arrays.

Ernesettle

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 generated 4,490 MWh of renewable energy this year, which is enough to power 1,270 homes and saved 1,282 tonnes of carbon.

There have been very few technical and operational issues linked to operating the array and it is considered to be performing very well and the site is well maintained.

Forecast generation

The graph below shows the above forecast generation during the 2020 operational year to date.



Fig. 4: Energy yield prediction – Cumulative data of current operational year

Ernesettle

Energy production

The graph below demonstrates how the solar array has (with the exception of January) been performing well within the expected range of energy generations each month. The very high irradiance in April and May led to much higher than forecast generation in these months.

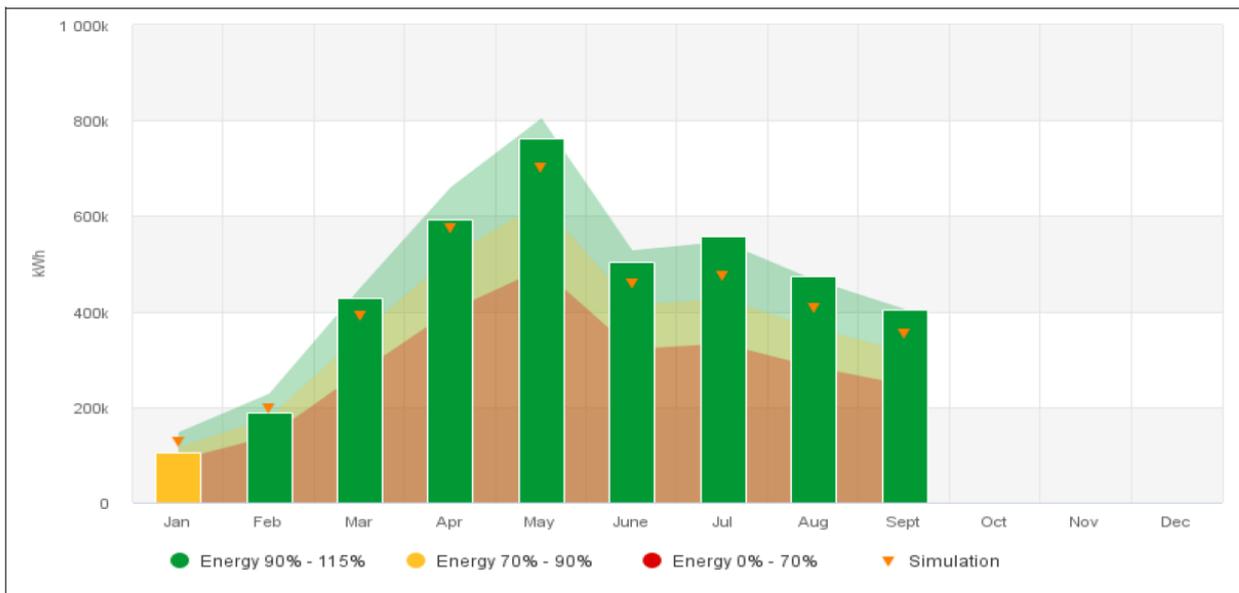


Fig. 3: Energy production – monthly distribution of expected and monitored energy yield

Covid-19 Impact

Ernesettle Community Solar (ECS) derives a significant amount of its income from selling energy through a Power Purchase Agreement (PPA). The price paid through the PPA is dependent on wholesale energy prices with the price fixed every six months. Global energy prices crashed during March, in large part due to the Covid 19 pandemic, and the associated fall in world wide energy demand. Energy prices have stabilised since March but the ongoing uncertainty around Covid-19 presents a risk to future power prices ECS will be able to access. The team are regularly monitoring the energy prices and look to utilise ECS's ability to fix prices in advance where it is advantageous to do so. This approach from the Board aims to minimise the risk posed by volatile pricing and will help to protect investors and the community benefit.

PEC Renewables Financial Position

Appended to this report is PEC Renewables Annual Accounts and report from our Independent Auditors report. These show we have fixed assets with a value of £1,556,970 and annual income of £295,627. Overall, we are reporting a profit of £37,557, compared to a profit of £12,073 in 2019.

Profit and loss statement

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
TURNOVER	£284,621	£303,864	£265,409	£276,254	£295,627
OPERATING PROFIT/ DEFICIT	(£33,208)	(£4,079)	(£66,856)	(£34,563)	(£18,953)
PROFIT/DEFICIT BEFORE TAXATION	(£35,305)	(£6,598)	(£25,138)	£12,073	£37,557
NET PROFIT/ DEFICIT	(£28,158)	(£2,498)	(£21,654)	£9,270	£31,272

The end year accounts, which are appended to this report, show an overall increase in turnover of £19,373. Power sales have remained relatively steady, and the increase relates to the feed in tariffs. The operating profit shows a deficit because this takes account of the interest payment to Share Offer 3 investors, before the interest from the shareholder loan to Ernesettle Community Solar is included.

Management fee income has increased by £22,500. This is due to receiving four quarterly payments of £7,500 this year from Ernesettle Community Solar Ltd, in accordance with a new management services agreement.

Share capital has reduced this year as capital repayments have been made to members of £47,150 from Share Offers 1 and 2.

Ernesettle Community Solar Financial Position

Ernesettle Community Solar is a wholly owned subsidiary of PEC Renewables. The Annual Accounts are appended to this report. These show we have fixed assets with a value of £3,227,826 and annual income of £539,846. The accounts show an overall net surplus of £15,703, against a deficit of £39,957 in the previous year.

Profit and loss statement

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
TURNOVER	£210,940	£435,732	£482,303	£502,710	£539,846
OPERATING PROFIT/ DEFICIT	£108,352	£105,448	£147,800	£170,033	£225,690
PROFIT/ DEFICIT BEFORE TAXATION	£44,829	(£89,452)	(£62,187)	(£39,957)	£15,703
NET PROFIT/ DEFICIT	£36,418	(£77,071)	(£50,349)	(£34,286)	£13,904

The turnover for 2019/2020 shows an increase of over £37,000. This increase relates to an 11.5% increase in Renewable Obligation Certificate (ROC) income and a 1.8% increase in the sale of electricity. Ernesettle Solar Array generated more energy than forecast over the previous year with higher irradiation in April and May leading to a significant increase in generation. This caused ECS to acquire a higher number of ROCs as they are linked to generation and therefore enabled greater income than predicted.

The costs of repairs have decreased due to a new operation and maintenance contract.

Member Interest Payments

As previously reported some of our installations are not operating as well as originally forecast and this impacts on the long-term surplus we can generate to support the community. As a result, in 2018, the Board revised its forecast interest payment from 6% to 5% for investments made to support our roof top portfolio, but has continued to forecast the original 6% return on share capital purchased during our 2016 share offer.

The last year has brought unprecedented challenge and uncertainty to all areas of the economy. Whilst we are fortunate that our business has not been drastically hit by Covid, and a lot of the potential impact coming from lost power sale revenue was mitigated by very high generation levels during May and June, we remain in very uncertain times.

When we raise finance through our share issues, we set our long-term forecast for member interest based on conservative assumptions on how our income will change over time. Two important factors, that are outside our control, and have significant impact on project income are:

- Wholesale price of electricity,
- The rate of inflation - because our subsidy payments are linked to the Retail Price Index.

Because of the uncertainty caused by Covid-19 and other wider shifts in the power sector we are seeing very significant volatility in both the short and long term forecasts for these. This changing position is compounded by the risks we face next year linked to further school closures and Plymouth Life Centre's actual closure until end of April 2021.

The long term trajectory on many of these variables is not yet clear but the Board needs to act prudently in these times of significant change.

As a Board of a Community Benefit Society it is also our duty to ensure that our focus is on our community benefit and the objects, as set out in our rules.

Alongside the above challenges to our trading activities we are seeing the threat of a deep recession and the associated growth in fuel poverty, alongside a slowing of the momentum for action on the Climate Emergency.

As a result, this year the Board are recommending that the 2019/2020 interest payments (for the 2014 and 2015 share offers) payable after the November 2020 AGM, be reduced from last year's forecast of 5% down to 4%. It is the Boards hope that this will be a short term measure in response to the current uncertainty and the current intention to apply a rate of 5% to these share holdings in the upcoming year.

Ernesettle Community Solar Array has performed well this year, but is also subject to the volatility around global power price and changes to RPI. In these times of change, the Board wishes to increase its donations to Plymouth Energy Community to ensure they can provide the support needed for those in fuel poverty. To accommodate this, it is the Boards intention to apply an interest rate of 5% to these shareholdings in the share offer 2016/2017, a reduction from the 6% forecast last year. It is the Boards current intention to apply a rate of 6% to these shareholdings in the upcoming year, but this position will be revisited during the year in the light of revised long term modelling.

If you would like to know more about the community benefit work being delivered by the wider Plymouth Energy Community family, please see the annual report on our website. Subject to interest payment resolutions being approved at the AGM, Members interest payments (and where appropriate capital repayments) will be processed during December. If you would like to donate your Member interest payment to support Plymouth Energy Community's work on fuel poverty and the climate emergency then please contact us.

Please ensure your bank details are current via your online investor portal found at registry.ethex.co.uk/.

Share Withdrawal

This year, investors with shares in the 2014 and 2015 share offers were invited to apply for full or partial withdrawal.

A total of £20,600 was requested across five investors from 2014, and £103,634 across ten investors from 2015. The requests do exceed the forecasted repayments of 1/15th of the capital each year, however it is in the interest of maximising the surpluses that we are able to repay more. Therefore, all requests have been accepted. All payments will be made after the AGM at the same time as interest repayments.

Governance

PEC Renewables has a Board of Directors, made up of up to 3 Directors elected by the Members and up to 3 Directors as representatives nominated by the Community Supporting Organisation. 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 years Annual General Meeting, Chris Penberthy will be standing down. He has also been nominated to stand for re-election at the AGM.

No other member has expressed an interest 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 Chris shall be deemed elected, providing ten members or more affirm the candidacy, by virtual show of hands at the AGM.

Report of the Directors and
Financial Statements
For The Year Ended 30 June 2020
for
PEC Renewables Limited

PEC Renewables Limited

Contents of the Financial Statements
For The Year Ended 30 June 2020

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PEC Renewables Limited
Company Information
For The Year Ended 30 June 2020

DIRECTORS:

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

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 2020

The directors present their report with the financial statements of the company for the year ended 30 June 2020.

PRINCIPAL ACTIVITY

The principal activity of the company 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 2019 to the date of this report.

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

Other changes in directors holding office are as follows:

K van Bussel – appointed 16 January 2020

POLITICAL DONATIONS AND EXPENDITURE

A donation of £5,000 was paid to PEC Trust in order to introduce additional funds to the charity.

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 society'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 society 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 board are aware, there is no relevant audit information (as defined by Co-operative and Community Benefit Societies Act 2014) of which the society'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 society'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: 24 September 2020

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

Opinion

We have audited the financial statements of PEC Renewables Limited (the 'society') for the year ended 30 June 2020 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 society's affairs as at 30 June 2020 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 society 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the boards 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 in the Report of the Directors 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, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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

In the light of the knowledge and understanding of the society and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; 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 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 society 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. 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: 21.10.20.....

PEC Renewables Limited

Income Statement
For The Year Ended 30 June 2020

	30.6.20	30.6.19
	£	£
TURNOVER	295,627	276,254
Administrative expenses	<u>344,580</u>	<u>318,317</u>
	(48,953)	(42,063)
Other operating income	<u>30,000</u>	<u>7,500</u>
OPERATING LOSS	(18,953)	(34,563)
Interest receivable and similar income	<u>65,912</u>	<u>65,912</u>
	46,959	31,349
Interest payable and similar expenses	<u>9,402</u>	<u>19,276</u>
PROFIT BEFORE TAXATION	37,557	12,073
Tax on profit	<u>6,285</u>	<u>2,803</u>
PROFIT FOR THE FINANCIAL YEAR	<u><u>31,272</u></u>	<u><u>9,270</u></u>

...The notes form part of these financial statements . . .

PEC Renewables Limited (Registered number: IP32286R)

Balance Sheet
30 June 2020

	Notes	30.6.20	30.6.19
		£	£
FIXED ASSETS			
Tangible assets	4	1,556,970	1,664,022
Investments	5	<u>1</u>	<u>1</u>
		1,556,971	1,664,023
CURRENT ASSETS			
Debtors	6	1,344,456	1,350,256
Cash at bank		<u>454,030</u>	<u>428,431</u>
		1,798,486	1,778,687
CREDITORS			
Amounts falling due within one year	7	<u>98,642</u>	<u>69,277</u>
NET CURRENT ASSETS		<u>1,699,844</u>	<u>1,709,410</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,256,815	3,373,433
CREDITORS			
Amounts falling due after more than one year	8	(919,497)	(1,031,944)
PROVISIONS FOR LIABILITIES	10	<u>(38,922)</u>	<u>(27,215)</u>
NET ASSETS		<u><u>2,298,396</u></u>	<u><u>2,314,274</u></u>
CAPITAL AND RESERVES			
Called up share capital		2,404,624	2,451,774
Retained earnings		<u>(106,228)</u>	<u>(137,500)</u>
SHAREHOLDERS' FUNDS		<u><u>2,298,396</u></u>	<u><u>2,314,274</u></u>

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

The financial statements were approved by the Board and authorised for issue on 24 September 2020 and were signed on its behalf by:

D R Garland - Director

C J Penberthy - Director

The notes form part of these financial statements

PEC Renewables Limited

Statement of Changes in Equity
For The Year Ended 30 June 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2018	2,451,774	(146,770)	2,305,004
Changes in equity			
Total comprehensive income	-	9,270	9,270
Balance at 30 June 2019	<u>2,451,774</u>	<u>(137,500)</u>	<u>2,314,274</u>
Changes in equity			
Reduction of share capital	(47,150)	-	(47,150)
Total comprehensive income	-	31,272	34,810
Balance at 30 June 2020	<u>2,404,624</u>	<u>(106,228)</u>	<u>2,301,934</u>

The notes form part of these financial statements

PEC Renewables Limited

Notes to the Financial Statements For The Year Ended 30 June 2020

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 society 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. Income is recognised on an accruals basis when the society first has right to the consideration.

Grant income relating to ongoing projects at the year end have been allocated based on the expenditure incurred. Any surplus income received has been 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 2020

2. ACCOUNTING POLICIES - continued

COVID-19

When assessing going concern the impact of COVID-19 has been considered in detail. COVID-19 is going to impact revenue streams and specifically onsite electricity generation due to school and leisure centre closures. However, this will not affect the feed in tariff and therefore, the directors do not believe there is a material uncertainty over going concern.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 6.

These are unpaid directors of the society.

4. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 July 2019 and 30 June 2020	<u>24,271</u>	<u>2,103,553</u>	<u>2,127,824</u>
DEPRECIATION			
At 1 July 2019	5,026	458,776	463,802
Charge for year	<u>1,213</u>	<u>105,839</u>	<u>107,052</u>
At 30 June 2020	<u>6,239</u>	<u>564,615</u>	<u>570,854</u>
NET BOOK VALUE			
At 30 June 2020	<u><u>18,032</u></u>	<u><u>1,538,938</u></u>	<u><u>1,556,970</u></u>
At 30 June 2019	<u><u>19,245</u></u>	<u><u>1,644,777</u></u>	<u><u>1,664,022</u></u>

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 July 2019 and 30 June 2020	<u>1</u>
NET BOOK VALUE	
At 30 June 2020	<u><u>1</u></u>
At 30 June 2019	<u><u>1</u></u>

6. DEBTORS

	30.6.20 £	30.6.19 £
Amounts falling due within one year:		
Trade debtors	59,370	73,196
Other debtors	<u>186,537</u>	<u>178,511</u>
	<u><u>245,907</u></u>	<u><u>251,707</u></u>

PEC Renewables Limited

Notes to the Financial Statements - continued
For The Year Ended 30 June 2020

6.	DEBTORS - continued		
		30.6.20	30.6.19
		£	£
	Amounts falling due after more than one year:		
	Other debtors	<u>1,098,549</u>	<u>1,098,549</u>
	 Aggregate amounts	 <u>1,344,456</u>	 <u>1,350,256</u>
	Included within debtors are loans between the company and Ernesettle Community Solar Limited, a company controlled by PEC Renewables Limited, to the value of £1,129,564 (2019: £1,145,404). £1,098,549 of this reflects an unsecured 20 year concessionary loan with an interest rate of 6% per annum.		
7.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		30.6.20	30.6.19
		£	£
	Trade creditors	4,711	7,867
	Taxation and social security	2,848	2,798
	Other creditors	<u>91,083</u>	<u>58,612</u>
		<u>98,642</u>	<u>69,277</u>
8.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
		30.6.20	30.6.19
		£	£
	Other creditors	<u>919,497</u>	<u>1,031,944</u>
	 Amounts falling due in more than five years:		
	Repayable by instalments		
	Other loans more 5yrs instal	<u>566,667</u>	<u>800,000</u>
9.	LOANS		
	Included in creditors due after one year is an unsecured 20 year concessionary loan, provided by Plymouth City Council at a value of £900,000.01. Interest is charged on this loan based on the increase in the Consumer Price Index at the time repayment falls due.		
10.	PROVISIONS FOR LIABILITIES		
		30.6.20	30.6.19
		£	£
	Deferred tax	6,393	108
	Inverter replacement provision	<u>32,529</u>	<u>27,107</u>
		<u>38,922</u>	<u>27,215</u>
		Deferred tax	Inverter replacement
		£	£
	Balance at 1 July 2019	108	27,107
	Increased capital allowances	20,394	-
	Provision for losses	(14,109)	-
	Provided during year	<u>-</u>	<u>5,422</u>
	Balance at 30 June 2020	<u>6,393</u>	<u>32,529</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.

PEC Renewables Limited

Notes to the Financial Statements - continued
For The Year Ended 30 June 2020

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Class:	Nominal	30.6.20		30.6.19
	value:	£		£
Ordinary	£1	<u>2,404,624</u>		<u>2,451,774</u>

The society is a company limited by guarantee and registered under the Co-operative and Community Benefit Societies Act 2014. 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.

During the year members shares of £47,150 were paid back to them, in accordance with the articles of the society.

12. RELATED PARTY DISCLOSURES

A loan existed between the company and Ernesettle Community Solar Limited, at the end of the period £1,098,549 (2019: £1,098,549) was owed to PEC Renewables Limited.

A separate loan existed between the company and Ernesettle Community Solar Limited. At the end of the period £31,015 (2019: £46,855) 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 (2019: £65,912)

A management fee was received from Ernesettle Community Solar Limited totalling £30,000 (2019: £30,000) this was for work provided by PEC Renewables Limited.

Business rates were paid to Plymouth City Council in the year totalling £5,187 (2019: £5,030)

A service level agreement was in place in the year and payments were made to Plymouth City Council totalling £52,799 (2019: £35,744)

BECO Energy Ltd have a director in common and were involved in the replacement and removal of solar panels in the year totalling £7,903 (2019: £0)

PEC Renewables Limited

Detailed Profit and Loss Account
For The Year Ended 30 June 2020

	30.6.20		30.6.19	
	£	£	£	£
Turnover				
Power sales	90,485		89,995	
Feed in Tariffs	<u>205,142</u>		<u>186,259</u>	
		295,627		276,254
Other income				
Management fees	30,000		7,500	
Loan interest receivable	<u>65,912</u>		<u>65,912</u>	
		<u>95,912</u>		<u>73,412</u>
		391,539		349,666
Expenditure				
Rates and water	5,139		5,030	
Insurance	6,253		6,736	
Subscriptions	274		841	
Repairs and renewals	25,000		18,202	
Sundry expenses	881		-	
Management fee	52,799		40,744	
Accountancy	3,520		3,526	
Meter costs	2,735		2,384	
Legal & professional fees	2,130		1,353	
Auditors' remuneration	1,130		1,100	
Donations	<u>5,000</u>		<u>-</u>	
		<u>104,861</u>		<u>79,916</u>
		286,678		269,750
Finance costs				
Bank charges	85		75	
Members interest paid	132,581		132,544	
Interest payable	<u>9,402</u>		<u>19,276</u>	
		<u>142,068</u>		<u>151,895</u>
		144,610		117,855
Depreciation				
Short leasehold	1,214		1,214	
Plant and machinery	<u>105,839</u>		<u>105,178</u>	
		<u>107,053</u>		<u>106,392</u>
		37,557		11,463
Profit on disposal of fixed assets				
Plant and machinery		<u>-</u>		<u>610</u>
NET PROFIT		<u><u>37,557</u></u>		<u><u>12,073</u></u>

Report of the Directors and
Unaudited Financial Statements
For The Year Ended 30 June 2020
for
Ernesettle Community Solar Limited

Ernesettle Community Solar Limited

Contents of the Financial Statements
For The Year Ended 30 June 2020

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Ernesettle Community Solar Limited

Company Information
For The Year Ended 30 June 2020

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 2020

The directors present their report with the financial statements of the company for the year ended 30 June 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2019 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

Date: 24 September 2020

Ernesettle Community Solar Limited

Income Statement
For The Year Ended 30 June 2020

	30.6.20	30.6.19
	£	£
TURNOVER	539,846	502,710
Administrative expenses	<u>314,156</u>	<u>332,677</u>
OPERATING PROFIT	225,690	170,033
Interest payable and similar expenses	<u>209,987</u>	<u>209,990</u>
PROFIT/(LOSS) BEFORE TAXATION	15,703	(39,957)
Tax on profit/(loss)	<u>1,799</u>	<u>(5,671)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	<u>13,904</u>	<u>(34,286)</u>

The notes form part of these financial statements

Ernesettle Community Solar Limited (Registered number: 09892557)

Balance Sheet
30 June 2020

	Notes	30.6.20 £	£	30.6.19 £	£
FIXED ASSETS					
Tangible assets	4		3,227,826		3,432,835
CURRENT ASSETS					
Debtors	5	234,143		195,499	
Cash at bank		593,560		428,804	
		<u>827,703</u>		<u>624,303</u>	
CREDITORS					
Amounts falling due within one year	6	145,544		154,682	
NET CURRENT ASSETS			<u>682,159</u>		<u>469,621</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,909,985</u>		<u>3,902,456</u>
CREDITORS					
Amounts falling due after more than one year	7		(3,554,448)		(3,570,288)
PROVISIONS FOR LIABILITIES	11		(37,644)		(28,179)
NET ASSETS			<u>317,893</u>		<u>303,989</u>
CAPITAL AND RESERVES					
Called up share capital			1		1
Shareholder loan capital contribution	12		429,276		429,276
Retained earnings			(111,384)		(125,288)
SHAREHOLDERS' FUNDS			<u>317,893</u>		<u>303,989</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 June 2020.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 June 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) 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

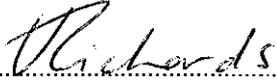
Balance Sheet - continued
30 June 2020

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 and authorised for issue on 24 September 2020 and were signed on its behalf by:



.....
C J Penberthy - Director



.....
L Richards - Director

Ernesettle Community Solar Limited

Statement of Changes in Equity
For The Year Ended 30 June 2020

	Called up share capital £	Retained earnings £	Shareholder loan capital contribution £	Total equity £
Balance at 1 July 2018	1	(91,002)	429,276	338,275
Changes in equity				
Total comprehensive income	-	(34,286)	-	(34,286)
Balance at 30 June 2019	1	(125,288)	429,276	303,989
Changes in equity				
Total comprehensive income	-	13,904	-	13,904
Balance at 30 June 2020	1	(111,384)	429,276	317,893

The notes form part of these financial statements..

Ernesettle Community Solar Limited

Notes to the Financial Statements
For The Year Ended 30 June 2020

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. A provision has been brought in for the main component of the inverters, which is due to be replaced after 10 years. The cost has been estimated by using market rate of inverters multiplied by the amount of sites that generate income and spread over 10 years.

Ernesettle Community Solar Limited

Notes to the Financial Statements - continued
For The Year Ended 30 June 2020

2. ACCOUNTING POLICIES - continued

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.

Covid-19

When assessing going concern the impact of COVID-19 has been considered in detail. However, the directors are confident it won't have a significant impact on revenue streams due to energy still being purchased and therefore are not concerned about the future of the business.

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

	Plant and machinery etc £
COST	
At 1 July 2019 and 30 June 2020	4,100,174
DEPRECIATION	
At 1 July 2019	667,339
Charge for year	205,009
At 30 June 2020	872,348
NET BOOK VALUE	
At 30 June 2020	3,227,826
At 30 June 2019	3,432,835

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.20	30.6.19
	£	£
Trade debtors	43,124	-
Other debtors	191,019	195,499
	234,143	195,499

Included in other debtors is accrued income to the sum of £157,981

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.20	30.6.19
	£	£
Trade creditors	13,703	15,196
Other creditors	131,841	139,486
	145,544	154,682

Ernesettle Community Solar Limited

**Notes to the Financial Statements - continued
For The Year Ended 30 June 2020**

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

	30.6.20	30.6.19
	£	£
Other creditors	<u>3,554,448</u>	<u>3,570,288</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Other loans more 5yrs instal	<u>3,009,330</u>	<u>3,160,082</u>

8. LOANS

Included in creditors are loans from PEC Renewables Limited, the parent company, at a value of £700,288 (2019: £716,128). Part of this is a 20 year loan received at below market rate and has been discounted by £429,276 (2019:£429,276) from the total amount repayable of £1,129,564 (2019:£1,145,404). 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 £31,015 (2019: £46,855) is interest free and repayable on demand.

9. LEASING AGREEMENTS

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

	30.6.20	30.6.19
	£	£
In more than five years	<u>414,099</u>	<u>412,436</u>

10. SECURED DEBTS

The following secured debts are included within creditors:

	30.6.20	30.6.19
	£	£
Plymouth City Council Loan	<u>2,870,000</u>	<u>2,870,000</u>

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

	30.6.20	30.6.19
	£	£
Other provisions		
Inverter replacement reserve	<u>37,644</u>	<u>28,179</u>

Ernesettle Community Solar Limited

Notes to the Financial Statements - continued
For The Year Ended 30 June 2020

11. **PROVISIONS FOR LIABILITIES - continued**

	Deferred tax £	Inverter reserve £
Balance at 1 July 2019	(21,479)	28,179
Provided during year	-	9,465
Reversal of accelerated capital allowances	3,337	-
Provisions for losses	(1,538)	-
Balance at 30 June 2020	<u>(19,680)</u>	<u>37,644</u>

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.

12. **RESERVES**

	Shareholder loan capital contribution £
At 1 July 2019 and 30 June 2020	<u>429,276</u>

13. **RELATED PARTY DISCLOSURES**

A loan existed between the company and PEC Renewables Limited, the parent company. At the end of the period £31,015 (2019: £46,855) 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 (2019:£669,273). This is a 20 year loan and has been discounted by £429,276 from the total repayments of £1,098,549 (2019:£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 (2019: £65,916).

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 2020 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 profit 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

Date: 21.10.20.....

Ernesettle Community Solar Limited

Detailed Profit and Loss Account
For The Year Ended 30 June 2020

	30.6.20		30.6.19	
	£	£	£	£
Sales		539,846		502,710
Expenditure				
Rent	19,983		20,662	
Rates and water	10,346		12,161	
Insurance	4,253		4,297	
Light and heat	4,720		4,479	
Meter Costs	30		120	
Repairs and renewals	36,205		54,416	
Accountancy	2,074		1,852	
Management charges	30,000		30,000	
Professional Fees	3,936		2,050	
		111,547		130,037
		428,299		372,673
Finance costs				
Bank charges	-		113	
Loan interest	209,987		209,990	
		209,987		210,103
		218,312		162,570
Depreciation				
Plant and machinery		202,609		202,527
NET PROFIT/(LOSS)		15,703		(39,957)

This page does not form part of the statutory financial statements