

**PEC Renewables Limited
Annual Report
November 2017**

Chair's Statement, Dave Garland



This report summarises PEC Renewables development and achievement during our third full year of business. On behalf of our Board and staff, I am again honoured to present this report to you, our members and supporting organisations.

In many ways this has been a year of consolidation and attempting to ensure that we are getting the best value from our installations. Having said this we have managed to make use of grant funding to explore possible future developments. Detail on this approach follows later in the report and I am very grateful to Alistair Macpherson and team for managing the executive functions so ably on our behalf.

This summary highlights our current and future projects and aims to give you a flavour of the challenges and triumphs along the way.

Rooftop Portfolio

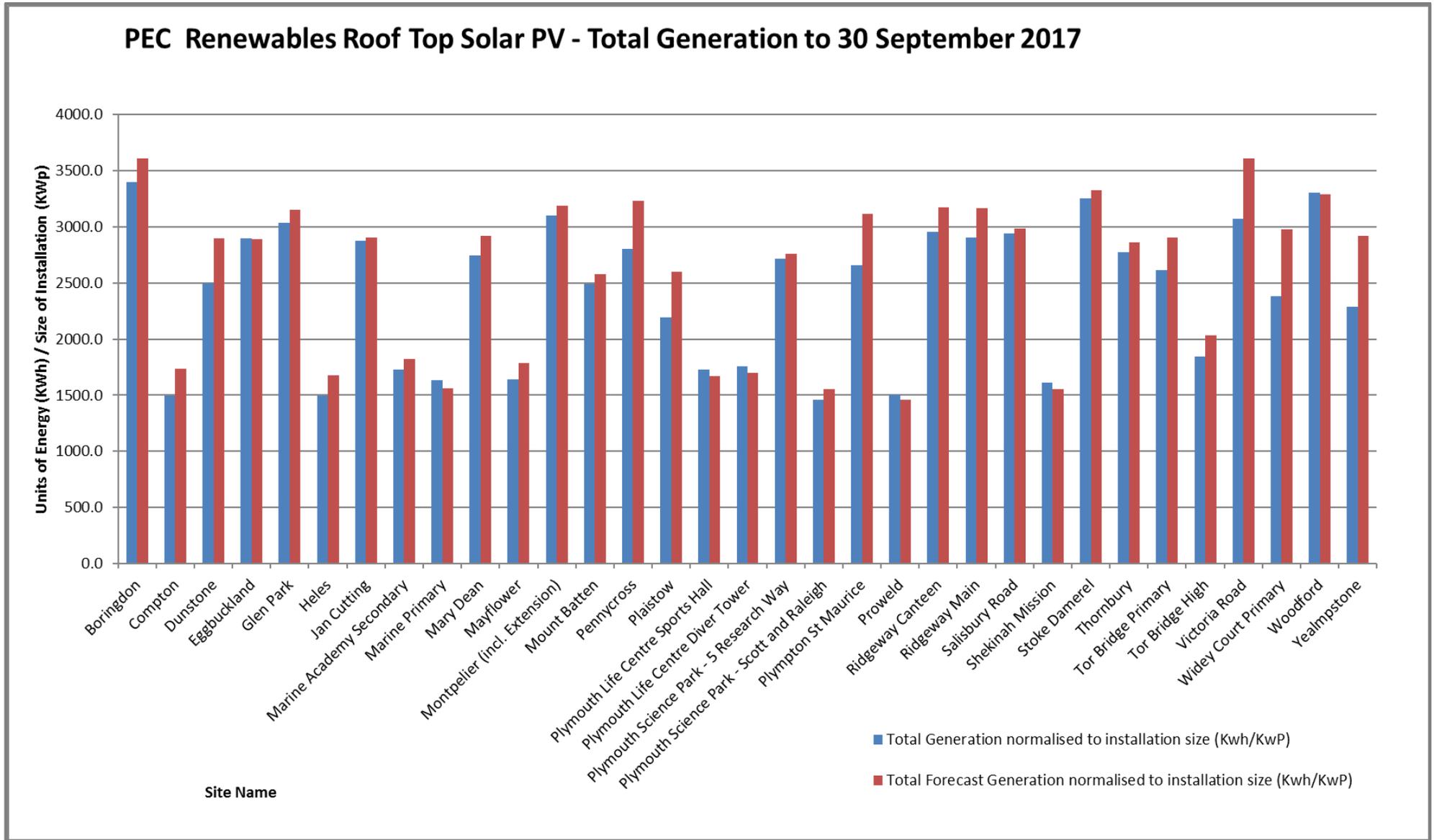
Our roof top solar power stations have now generated 3873 MWh of clean energy, saving over 2000 tonnes of carbon emissions. Through this we have saved £190,000 from schools and community organisations energy bills.

The graph shown overleaf shows total cumulative generation (blue) since installation in units of energy (kWh) against predicted generation (red). The predicted generation is based on lifetime average figures. The cumulative amount of energy generated is divided by the total amount of power the site is capable of generating ('peak power' or kWp) as this makes it easier to compare sites that were installed at roughly the same time.

The graph shows the variation in performance across the different sites, with some sites exceeding expectation but with the majority generating slightly less than the installers original forecasts. Short-term differences between actual and predicted generation are to be expected and affected by factors such as the weather, maintenance regimes and design performance. On average, we are seeing 6% lower yield than forecast but we hope to see that decrease in the years to come.

During the course of 2017, we have completely revised our operations and maintenance contracts for the roof top installations and are now working with Sungift Solar across all our sites. These new arrangements follow national best practice guidelines published by BRE's National Solar Centre. This provides an improved level of detail and standardisation in the monitoring information we have available to track performance of the entire portfolio. Throughout the year, we uncovered latent defects in the initial installations at three sites and we are currently in discussion with the relevant contractor to rectify the issues.

PEC Renewables Roof Top Solar PV - Total Generation to 30 September 2017

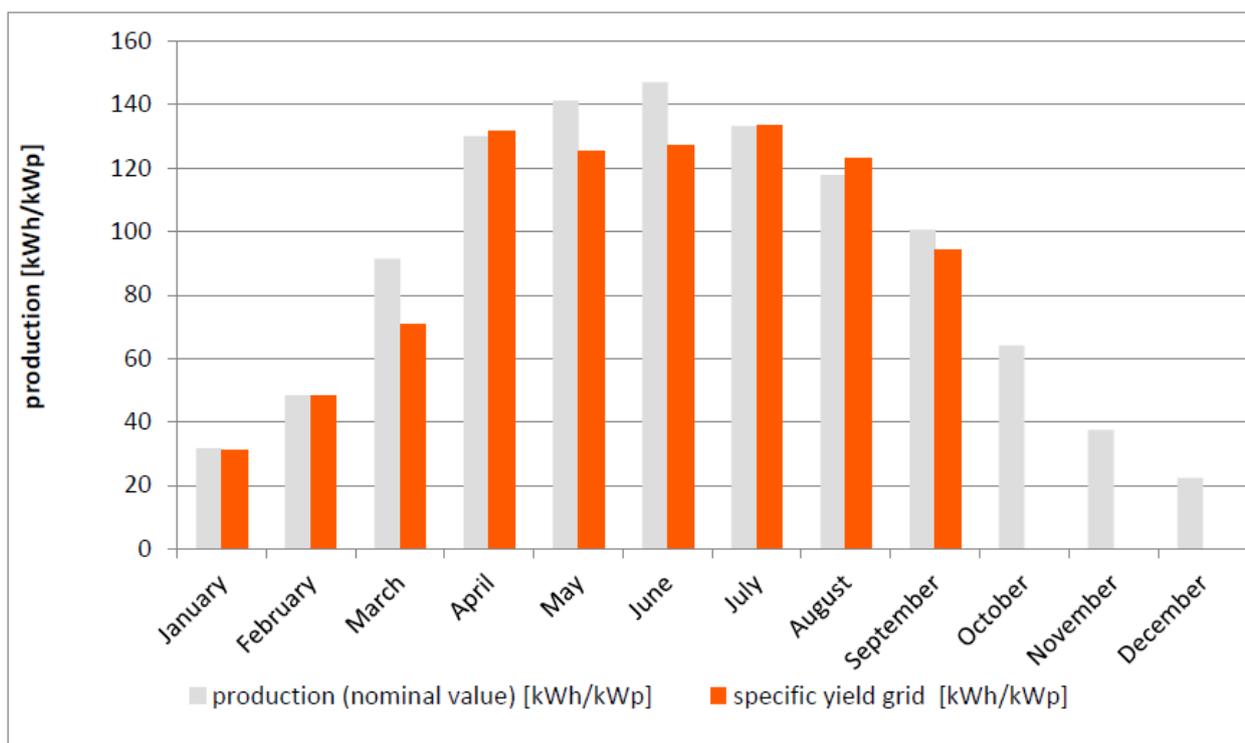


Ernesettle Community Solar

Our third community share offer concluded in January 2017 and raised £998,549. Consequently, the society's membership has grown to 516 individual members, an increase of 23% compared to last year. The share raise achieved its target and we have been able to lend these funds to our subsidiary, Ernesettle Community Solar Ltd, to repay construction and bridge-financing arrangements for the 4.1 MW ground mounted array in the north-west of the city.

'Ernie' has had a successful year of operation and we are thankful for the good support we have had from Pfalz Solar and Sungift Solar in respect of that. The array has now generated a total of 7378MWh of renewable power since we commissioned it in March 2016 and saved 2594 tonnes of carbon. That is enough to power 1900 homes for a year. The graph below shows generation for 2017 calendar year.

There have been the normal technical and operational issues linked to running the array (including a lightning strike!). These have all been rectified under the operations and maintenance contract and the array is considered to be generating within the expected performance parameters.



Alongside the solar array, we have sown 18 acres of wildflower meadow. This creates a haven for bees and other pollinating insects and we continue to manage the grass to allow these species to thrive alongside the panels. We held a successful community tree planting day in January, during which 500m of native hedgerow and tree species were planted. It was fantastic to see so many proud local residents participate. Throughout the year we have also taken 20 people in 4 groups on tours of the array.

Future projects

Despite the challenging environment created by subsidy cuts and regulatory and policy barriers, we remain keen to look at future opportunities to generate low carbon heat and power.

Our reputation helped us win two grants from the government's Urban Community Energy Fund. These have been used to investigate the feasibility of installing or upgrading biomass installations in schools and community buildings and to investigate the business model for solar rooftop installations with little or no subsidy. Through this we have also been working with Regen and 10:10 to examine how storage technologies could be integrated into our solar business model and have used our experience to help develop a ready reckoner for use across the wider community energy sector. Roof top solar feasibility work is ongoing and we hope to identify a new portfolio of sites by the end of March 2018.

In 2016 we scoped a number of possible biomass projects and this year we explored in detail the feasibility of four of these. Whilst two of the sites were not deemed to be viable, the other two (a large secondary school and a country park) are still being explored. Naturesave Trust supported us on this with a grant which resulted in a successful planning consent.

Summary of the PEC Renewables financial position for year ending 30th of June 2017

The accounts show our first net surplus of £2498, with an income £82,021 from power sales and £193,545 from feed in tariff. The surplus is a more favourable outcome than was forecasted by the Francis Clark financial model, but this is largely attributed to the timing of interest income from the loan to Ernesettle Community Solar, that will be paid out to members in December should they vote in favour of that resolution.

Cumulative income remains below that projected at the time of the installations by £40,000. This is not currently considered significant but the reasons behind this warrant further exploration. As a result of our revised operation and maintenance contract we are now in receipt of more standardised and detailed reports on the performance of individual sites which, going forward, will provide an opportunity for detailed analysis to identify the various factors that may be contributing to this.

The balance sheet includes a provision for the inverter replacement of just under £12,000. Interest payable on the loan from Plymouth City Council (through Plymouth Energy Community) has been accrued based on the CPI as at 30th June 2017. There are no repayments due until 2020 and the rate of interest payable at the time will subject to the CPI at that time.

| | 2014/2015 | 2015/2016 | 2016/2017 |
|--------------------------------|-----------|-----------|-----------|
| Turnover | £137,399 | £284,621 | £303,864 |
| Operating deficit | (£94,936) | (£33,208) | (£4,079) |
| Deficit before taxation | (£95,619) | (£35,305) | £6,598 |
| Net deficit | (£99,456) | (£28,158) | £2,498 |

Further details are set out in the audited Annual Accounts appended to this report.

Summary of Ernesettle Community Energy financial position for year ending June 30th 2017

Ernesettle Community Solar is a wholly-owned subsidiary of PEC Renewables. The accounts show an in year trading loss of £77,071. This was expected, as the first years accounts did not include all of the refinance costs, due to the refinance package not being completed until mid-January 2017. The net deficit of £77,070 is a better position than the financial model projection.

Repairs and renewals are in line with the financial model and include the inverter replacement reserve which has been created as a provision on the balance sheet.

The loan interest paid to PEC Renewables Ltd on the loan associated with the community share issue is lower than expected in the model. This is due to the delay in the refinance deal and the funds being received in two tranches.

Profit and Loss statement

| | 2015/2016 | 2016/2017 |
|--------------------------------------|-----------|-----------|
| Turnover | £210,940 | £435,732 |
| Operating profit | £108,352 | £105,448 |
| Profit/(loss) before taxation | £44,829 | (£89,452) |
| Net profit / loss | £36,418 | (£77,071) |

Further details are set out in the audited Annual Accounts appended to this report.

Interest Payment Recommendation

Notwithstanding the current shortfall in financial performance, we propose to pay interest on all members share capital at a rate of 6% of the investment value. The Directors have agreed that, although the year end outcome was below target, the shortfall was not significant and, at this point in time, there was no sufficiently strong evidence to support a reduction to the intended 6%.

Interest payments to Share offer 3 investors will be calculated at 6% from the dates of 19th August 2017 and 12th Jan 2017 respectively which were the 1st and 2nd close dates on the share certificates issued.

If members vote to accept this resolution, it is our intention for payments to be made during December 2017.

In accordance with Financial Conduct Authority guidance, the Board would like to make clear their intention to apply a rate of 6% to all share holdings in the upcoming year. The actual rate will be determined on the basis of in year financial performance.

The Board

Under PEC Renewables' Rules, one of our elected Directors must stand down; however they can stand for re-election. It is intended that the society will have a maximum of three elected Directors, an equivalent or lesser number of Directors from Plymouth Energy Community and 2 co-opted Directors.

At this AGM, Chris Penberthy will be standing down. He has also been nominated to stand for re-election at the AGM.

As the number of nominations are fewer than the number of positions we will not have a full ballot this year. Chris shall be deemed elected, providing ten members or more have affirmed the candidacy by show of hands at the AGM.

Ongoing support

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. This year we specifically wish to extend our thanks to:

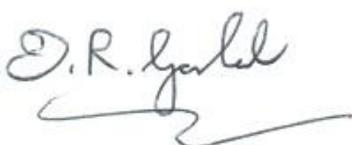
- Helen Griffin
- Bromhead Chartered Accountants
- Sungift Solar
- Pfalzsolar GmbH
- Social and Sustainable Capital
- Stephens Scown LLP
- Foot Anstey LLP
- ETHEX

We hope to be able to continue to work in great, productive partnerships for the foreseeable future.

Most importantly, on behalf of my fellow Directors, I would like to extend a massive thank you to you, our members. Without your support and confidence in what we are trying to achieve, I would not be offering this report to you today. 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.

Summary and commendation:

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



Dave Garland – Chair

Report of the Directors and
Financial Statements
For The Year Ended 30 June 2017
for
PEC Renewables Limited

PEC Renewables Limited

Contents of the Financial Statements
For The Year Ended 30 June 2017

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PEC Renewables Limited
Company Information
For The Year Ended 30 June 2017

DIRECTORS: D R Garland
Ms B M Hampson
C J Penberthy
D Madge
L Richards
I Johnston
D Pearce

SECRETARY: Mrs G Peele

REGISTERED OFFICE: Ballard House
West Hoe Road
Plymouth
Devon
PL1 2AE

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 2017

The directors present their report with the financial statements of the company for the year ended 30 June 2017.

PRINCIPAL ACTIVITY

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

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2016 to the date of this report.

D R Garland
Ms B M Hampson
C J Penberthy
D Madge
L Richards

Other changes in directors holding office are as follows:

Ms T Sherston - resigned 17 November 2016
D Shelton - resigned 28 July 2016
I Johnston - appointed 15 December 2016
D Pearce - appointed 5 December 2016

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.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

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 Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

D Madge - Director

26 September 2017

**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 2017 on pages five to eleven. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its surplus 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 Companies Act 2006.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 directors 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 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company 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 Companies Act 2006 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our 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.

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

3 October 2017

PEC Renewables Limited

Income Statement
For The Year Ended 30 June 2017

| | Notes | 30.6.17 £ | 30.6.16 £ |
|-------------------------------------------------|-------|-----------------|--------------|
| TURNOVER | | 303,864 | 284,621 |
| Administrative expenses | | 321,871 | 556,463 |
| | | (18,007) | (271,842) |
| Other operating income | | 13,928 | 238,634 |
| OPERATING DEFICIT | 4 | (4,079) | (33,208) |
| Interest receivable and similar income | | 37,075 | 2,583 |
| | | 32,996 | (30,625) |
| Interest payable and similar expenses | | 26,398 | 4,680 |
| SURPLUS/(DEFICIT) BEFORE TAXATION | | 6,598 | (35,305) |
| Tax on surplus/(deficit) | | 4,100 | (7,147) |
| SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR | | 2,498 | (28,158) |

The notes form part of these financial statements

PEC Renewables Limited (Registered number: IP32286R)

Balance Sheet
30 June 2017

| | Notes | 30.6.17 | | 30.6.16 | |
|----------------------------------------------|-------|------------------|--------------------|---------|-------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 5 | | 1,882,952 | | 1,989,648 |
| Investments | 6 | | 1 | | 1 |
| | | | <hr/> | | <hr/> |
| | | | 1,882,953 | | 1,989,649 |
| CURRENT ASSETS | | | | | |
| Debtors | 7 | 1,403,522 | | 251,461 | |
| Cash at bank | | 210,140 | | 256,522 | |
| | | <hr/> | | <hr/> | |
| | | 1,613,662 | | 507,983 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 8 | 97,734 | | 92,586 | |
| | | <hr/> | | <hr/> | |
| NET CURRENT ASSETS | | | 1,515,928 | | 415,397 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 3,398,881 | | 2,405,046 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 9 | | (1,058,735) | | (1,078,535) |
| PROVISIONS FOR LIABILITIES | 11 | | (12,588) | | - |
| NET ASSETS | | | 2,327,558 | | 1,326,511 |
| | | | <hr/> <hr/> | | <hr/> <hr/> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | | | 2,452,674 | | 1,454,125 |
| Income and expenditure account | | | (125,116) | | (127,614) |
| | | | <hr/> | | <hr/> |
| SHAREHOLDERS' FUNDS | | | 2,327,558 | | 1,326,511 |
| | | | <hr/> <hr/> | | <hr/> <hr/> |

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 26 September 2017 and were signed on its behalf by:

I Johnston - Director

D R Garland - Director

PEC Renewables Limited

Statement of Changes in Equity
For The Year Ended 30 June 2017

| | Called up share capital £ | Retained earnings £ | Total equity £ |
|--------------------------------|----------------------------------------------|------------------------------------|-------------------------------|
| Balance at 1 July 2015 | - | (99,456) | (99,456) |
| Changes in equity | | | |
| Issue of share capital | 1,454,125 | - | 1,454,125 |
| Total comprehensive income | - | (28,158) | (28,158) |
| Balance at 30 June 2016 | <u>1,454,125</u> | <u>(127,614)</u> | <u>1,326,511</u> |
| Changes in equity | | | |
| Issue of share capital | 998,549 | - | 998,549 |
| Total comprehensive income | - | 2,498 | 2,498 |
| Balance at 30 June 2017 | <u><u>2,452,674</u></u> | <u><u>(125,116)</u></u> | <u><u>2,327,558</u></u> |

The notes form part of these financial statements

PEC Renewables Limited

Notes to the Financial Statements **For The Year Ended 30 June 2017**

1. **STATUTORY INFORMATION**

PEC Renewables Limited is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page. The directors 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 the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

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 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 company 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

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 2017

2. **ACCOUNTING POLICIES - continued**

Concessionary loans

Concessionary loans received by the company are recognised at initial consideration and reviewed on an annual basis for impairment.

Concessionary loans provided by the company are recognised at initial consideration and reviewed on an annual basis for impairment.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 6.

These are unpaid directors of the company.

4. **OPERATING DEFICIT**

The operating deficit is stated after charging:

| | | |
|-----------------------------|-----------------------|---------------|
| | 30.6.17 | 30.6.16 |
| | £ | £ |
| Depreciation - owned assets | <u>106,696</u> | <u>98,161</u> |

5. **TANGIBLE FIXED ASSETS**

| | Land and buildings £ | Plant and machinery etc £ | Totals £ |
|------------------------------------|-------------------------------------|----------------------------------------------|---------------------|
| COST | | | |
| At 1 July 2016 and 30 June 2017 | <u>24,271</u> | <u>2,109,648</u> | <u>2,133,919</u> |
| DEPRECIATION | | | |
| At 1 July 2016 | 1,385 | 142,886 | 144,271 |
| Charge for year | <u>1,214</u> | <u>105,482</u> | <u>106,696</u> |
| At 30 June 2017 | <u>2,599</u> | <u>248,368</u> | <u>250,967</u> |
| NET BOOK VALUE | | | |
| At 30 June 2017 | <u>21,672</u> | <u>1,861,280</u> | <u>1,882,952</u> |
| At 30 June 2016 | <u>22,886</u> | <u>1,966,762</u> | <u>1,989,648</u> |

6. **FIXED ASSET INVESTMENTS**

| | Shares in group undertaking £ |
|------------------------------------|--------------------------------------------------|
| COST | |
| At 1 July 2016 and 30 June 2017 | <u>1</u> |
| NET BOOK VALUE | |
| At 30 June 2017 | <u>1</u> |
| At 30 June 2016 | <u>1</u> |

PEC Renewables Limited

Notes to the Financial Statements - continued
For The Year Ended 30 June 2017

| | | | |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|
| 7. | DEBTORS | 30.6.17 | 30.6.16 |
| | | £ | £ |
| | Amounts falling due within one year: | | |
| | Trade debtors | 56,392 | 63,366 |
| | Other debtors | 248,581 | 188,095 |
| | | <u>304,973</u> | <u>251,461</u> |
| | Amounts falling due after more than one year: | | |
| | Other debtors | 1,098,549 | - |
| | | <u>1,403,522</u> | <u>251,461</u> |
| | Aggregate amounts | <u>1,403,522</u> | <u>251,461</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 £1,177,084 (2016: £79,804). £1,098,549 of this reflects an unsecured 20 year concessionary loan with an interest rate of 6% per annum. | | |
| 8. | CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 30.6.17 | 30.6.16 |
| | | £ | £ |
| | Trade creditors | 35,107 | 16,206 |
| | Taxation and social security | - | 3,060 |
| | Other creditors | 62,627 | 73,320 |
| | | <u>97,734</u> | <u>92,586</u> |
| 9. | CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 30.6.17 | 30.6.16 |
| | | £ | £ |
| | Other creditors | 1,058,735 | 1,078,535 |
| | Amounts falling due in more than five years: | | |
| | Repayable by instalments | | |
| | Other loans more 5yrs instal | 866,667 | 978,535 |
| | | <u>866,667</u> | <u>978,535</u> |
| 10. | 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 £1,000,000. Interest is charged on this loan based on the increase in the Consumer Price Index at the time repayment falls due. | | |
| 11. | PROVISIONS FOR LIABILITIES | 30.6.17 | 30.6.16 |
| | | £ | £ |
| | Deferred tax | 790 | - |
| | Inverter replacement provision | 11,798 | - |
| | | <u>12,588</u> | <u>-</u> |

PEC Renewables Limited

Notes to the Financial Statements - continued
For The Year Ended 30 June 2017

11. **PROVISIONS FOR LIABILITIES - continued**

| | Deferred tax £ | Inverter replacemen t £ |
|--------------------------------|-------------------------------|--------------------------------------------|
| Balance at 1 July 2016 | (3,310) | - |
| Provided during year | - | 11,798 |
| Accelerated capital allowances | 13,565 | - |
| Provision for losses | (9,465) | - |
| | <hr/> | <hr/> |
| Balance at 30 June 2017 | 790 | 11,798 |
| | <hr/> | <hr/> |

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.

12. **RELATED PARTY DISCLOSURES**

A loan existed between the company and Ernesettle Community Solar Limited, a company controlled by PEC Renewables Limited. At the end of the period £1,098,549 (2016: Nil) was owed to PEC Renewables Limited.

A separate loan existed between the company and Ernesettle Community Solar Limited. At the end of the period £78,535 (2016: £79,804) was owed by Ernesettle Community Solar Limited. This loan is interest free and repayable on demand.

Interest income was received on the above loan £36,900 (2016: £1,270)

PEC Renewables Limited also provided set up, business development and administration services to Ernesettle Community Solar Limited totalling £13,928 (2016: £238,634).

13. **POST BALANCE SHEET EVENTS**

Since the year end it has become apparent that there are latent defects on the initial installations at three sites. The company is in discussions with the contractor to rectify the issues, and the directors are confident that there will not be a material financial impact on the company.

14. **ULTIMATE CONTROLLING PARTY**

The company is under the control of the directors.

PEC Renewables Limited

Detailed Income and Expenditure Account
For The Year Ended 30 June 2017

| | 30.6.17 | | 30.6.16 | |
|------------------------------|-----------------------------|----------------|-----------------------------|-----------------|
| | £ | £ | £ | £ |
| Turnover | | | | |
| Power sales | 82,021 | | 63,429 | |
| Feed in Tariffs | 193,545 | | 133,207 | |
| Grants | 28,298 | | 87,985 | |
| | <u> </u> | 303,864 | <u> </u> | 284,621 |
| Other income | | | | |
| Recharged expenditure | 13,928 | | 238,634 | |
| Deposit account interest | 174 | | 1,314 | |
| Loan interest receivable | 36,901 | | 1,269 | |
| | <u> </u> | 51,003 | <u> </u> | 241,217 |
| | | 354,867 | | 525,838 |
| Expenditure | | | | |
| Rates and water | 5,125 | | 8,339 | |
| Insurance | 7,486 | | 7,595 | |
| Advertising | - | | 1,047 | |
| Subscriptions | 555 | | 355 | |
| Repairs and renewals | 25,745 | | 10,673 | |
| Recharged expenditure | 13,928 | | 238,634 | |
| Grants paid | - | | 102,918 | |
| Sundry expenses | 332 | | 146 | |
| Administration expenses | 7,563 | | - | |
| Management fee | 35,000 | | 35,000 | |
| Accountancy | 1,800 | | 1,240 | |
| Meter costs | 2,451 | | 1,333 | |
| Legal & professional fees | 22,222 | | 6,908 | |
| Auditors' remuneration | 1,030 | | 1,000 | |
| | <u> </u> | 123,237 | <u> </u> | 415,188 |
| | | 231,630 | | 110,650 |
| Finance costs | | | | |
| Bank charges | 75 | | 335 | |
| Members interest paid | 91,863 | | 42,780 | |
| Interest payable | 26,398 | | 4,680 | |
| | <u> </u> | 118,336 | <u> </u> | 47,795 |
| | | 113,294 | | 62,855 |
| Depreciation | | | | |
| Short leasehold | 1,214 | | 652 | |
| Plant and machinery | 105,482 | | 97,508 | |
| | <u> </u> | 106,696 | <u> </u> | 98,160 |
| NET SURPLUS/(DEFICIT) | | 6,598 | | (35,305) |

Report of the Directors and
Financial Statements
For The Year Ended 30 June 2017
for
Ernesettle Community Solar Limited

Ernesettle Community Solar Limited

Contents of the Financial Statements
For The Year Ended 30 June 2017

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Ernesettle Community Solar Limited

Company Information
For The Year Ended 30 June 2017

DIRECTORS:

C J Penberthy
D Madge
L Richards

REGISTERED OFFICE:

Low Carbon Team
Ballard House
West Hoe Road
Plymouth
Devon
PL1 3BJ

REGISTERED NUMBER:

09892557 (England and Wales)

AUDITORS:

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

Ernesettle Community Solar Limited

Report of the Directors
For The Year Ended 30 June 2017

The directors present their report with the financial statements of the company for the year ended 30 June 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2016 to the date of this report.

C J Penberthy
D Madge
L Richards

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.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he 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 Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

L Richards - Director

26 September 2017

**Report of the Independent Auditors to the Members of
Ernesettle Community Solar Limited**

Opinion

We have audited the financial statements of Ernesettle Community Solar Limited (the 'company') for the year ended 30 June 2017 on pages five to ten. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its loss 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 Companies Act 2006.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 directors 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 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company 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 Companies Act 2006 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Report of the Independent Auditors to the Members of
Ernesettle Community Solar Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our 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.

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

3 October 2017

Ernesettle Community Solar Limited

Income Statement
For The Year Ended 30 June 2017

| | Notes | Year Ended 30.6.17 £ | Period 27.11.15 to 30.6.16 £ |
|---------------------------------------------|-------|----------------------------|------------------------------------------|
| TURNOVER | | 435,732 | 210,940 |
| Administrative expenses | | 330,284 | 102,588 |
| OPERATING PROFIT | 4 | 105,448 | 108,352 |
| Interest receivable and similar income | | 45 | 54 |
| | | 105,493 | 108,406 |
| Interest payable and similar expenses | | 194,945 | 63,577 |
| (LOSS)/PROFIT BEFORE TAXATION | | (89,452) | 44,829 |
| Tax on (loss)/profit | | (12,381) | 8,411 |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | (77,071) | 36,418 |

The notes form part of these financial statements

Ernesettle Community Solar Limited (Registered number: 09892557)

Balance Sheet
30 June 2017

| | Notes | 30.6.17 £ | £ | 30.6.16 £ | £ |
|----------------------------------------------|-------|----------------|--------------------|--------------|-------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 5 | | 3,842,771 | | 3,811,036 |
| CURRENT ASSETS | | | | | |
| Debtors | 6 | 144,915 | | 137,793 | |
| Cash at bank | | 140,265 | | 105,444 | |
| | | 285,180 | | 243,237 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 7 | 189,375 | | 4,009,443 | |
| NET CURRENT ASSETS/(LIABILITIES) | | | 95,805 | | (3,766,206) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 3,938,576 | | 44,830 |
| CREDITORS | | | | | |
| Amounts falling due after more than one year | 8 | | (3,539,273) | | - |
| PROVISIONS FOR LIABILITIES | 12 | | (10,679) | | (8,411) |
| NET ASSETS | | | 388,624 | | 36,419 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | | | 1 | | 1 |
| Shareholder loan capital contribution | 13 | | 429,276 | | - |
| Retained earnings | | | (40,653) | | 36,418 |
| SHAREHOLDERS' FUNDS | | | 388,624 | | 36,419 |

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 26 September 2017 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

Notes to the Financial Statements **For The Year Ended 30 June 2017**

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

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

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue grant income relating to ongoing projects at the year end have been released in full. 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

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 2017

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 3.

These are unpaid directors of the company.

4. **OPERATING PROFIT**

The operating profit is stated after charging:

| | Year Ended 30.6.17 £ | Period 27.11.15 to 30.6.16 £ |
|-----------------------------|-------------------------------------------------|------------------------------------------|
| Depreciation - owned assets | 205,009 | 52,394 |

5. **TANGIBLE FIXED ASSETS**

| | Plant and machinery etc £ |
|-----------------------|----------------------------------------------|
| COST | |
| At 1 July 2016 | 3,863,430 |
| Additions | 236,744 |
| At 30 June 2017 | 4,100,174 |
| DEPRECIATION | |
| At 1 July 2016 | 52,394 |
| Charge for year | 205,009 |
| At 30 June 2017 | 257,403 |
| NET BOOK VALUE | |
| At 30 June 2017 | 3,842,771 |
| At 30 June 2016 | 3,811,036 |

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

| | 30.6.17 £ | 30.6.16 £ |
|---------------|----------------------------|--------------|
| Other debtors | 144,915 | 137,793 |

Included in other debtors is accrued income to the sum of £118,276.

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

| | 30.6.17 £ | 30.6.16 £ |
|-----------------|----------------------------|--------------|
| Trade creditors | 8,998 | 42,715 |
| Other creditors | 180,377 | 3,966,728 |
| | 189,375 | 4,009,443 |

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

| | 30.6.17 £ | 30.6.16 £ |
|-----------------|----------------------------|--------------|
| Other creditors | 3,539,273 | - |

Ernesettle Community Solar Limited

**Notes to the Financial Statements - continued
For The Year Ended 30 June 2017**

| | | | |
|----|----------------------------------------------------------------------------|----------------|---------|
| 8. | CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued | 30.6.17 | 30.6.16 |
| | | £ | £ |

Amounts falling due in more than five years:

| | | | |
|------------------------------|------------------|---|---|
| Repayable by instalments | | | |
| Other loans more 5yrs instal | 3,440,472 | - | - |

9. **LOANS**

Included in creditors are loans from PEC Renewables Limited, the parent company, at a value of £747,808 (2016: £79,804). Part of this is a 20 year loan received at below market rate and has been discounted by £429,276 (2016:Nil) from the total amount repayable of £1,177,084 (2016:£79,804). 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 £78,535 (2016: £79,804) is interest free and repayable on demand.

10. **LEASING AGREEMENTS**

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

| | | |
|-------------------------|----------------|---------|
| | 30.6.17 | 30.6.16 |
| | £ | £ |
| In more than five years | 424,500 | 442,500 |

11. **SECURED DEBTS**

The following secured debts are included within creditors:

| | | |
|----------------------------|------------------|---------|
| | 30.6.17 | 30.6.16 |
| | £ | £ |
| Plymouth City Council Loan | 2,870,000 | - |

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.

12. **PROVISIONS FOR LIABILITIES**

| | | |
|--------------------------------|---------------------|-------------------------|
| | 30.6.17 | 30.6.16 |
| | £ | £ |
| Deferred tax | - | 8,411 |
| Inverter replacement reserve | 10,679 | - |
| | 10,679 | 8,411 |
| | Deferred tax | Inverter reserve |
| | £ | £ |
| Balance at 1 July 2016 | 8,411 | - |
| Provided during year | - | 10,679 |
| Accelerated capital allowances | 23,623 | - |
| Corporation tax losses | (36,004) | - |
| Balance at 30 June 2017 | (3,970) | 10,679 |

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.

Ernesettle Community Solar Limited

Notes to the Financial Statements - continued
For The Year Ended 30 June 2017

13. **RESERVES**

| | Shareholder loan capital contribution £ |
|-------------------------|----------------------------------------------------------------|
| Loan fair value reserve | 429,276 |
| | <hr/> |
| At 30 June 2017 | 429,276 |
| | <hr/> <hr/> |

14. **RELATED PARTY DISCLOSURES**

PEC Renewables Limited, the parent and controlling company of Ernesettle Community Solar Limited, provided set up, business development and administration services to Ernesettle Community Solar Limited totalling £13,928 (2016: £238,634).

A loan existed between the company and PEC Renewables Limited. At the end of the period £78,535 (2016:79,804) 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 £345,880 (2016:Nil). This is a 20 year loan and has been discounted by £752,669 (2016:Nil) from the total repayments of £1,098,549 (2016:Nil). Interest is chargeable on this loan at 6%.

Interest has been paid on the above loans to the sum of £36,900 (2016: £1,269).

15. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is PEC Renewables Limited.

Ernesettle Community Solar Limited

Profit and Loss Account
For The Year Ended 30 June 2017

| | Year Ended 30.6.17 | | Period 27.11.15 to 30.6.16 | |
|--------------------------|-----------------------|-------------------|-------------------------------|-------------------|
| | £ | £ | £ | £ |
| Turnover | | | | |
| Sales | 435,732 | | 161,022 | |
| Grants | - | | 49,918 | |
| | <u> </u> | 435,732 | <u> </u> | 210,940 |
| Other income | | | | |
| Deposit account interest | | 45 | | 54 |
| | | <u> </u> | | <u> </u> |
| | | 435,777 | | 210,994 |
| Expenditure | | | | |
| Rent | 16,890 | | 9,000 | |
| Rates and water | 20,173 | | - | |
| Insurance | 6,700 | | 10,440 | |
| Light and heat | 3,233 | | 630 | |
| Advertising | 12 | | - | |
| Meter Costs | 120 | | 969 | |
| Repairs and renewals | 46,807 | | - | |
| Sundry expenses | - | | 456 | |
| Accountancy | 1,320 | | 1,097 | |
| PEC management charges | 30,000 | | 8,750 | |
| Professional Fees | 745 | | 17,593 | |
| Auditors' remuneration | 1,545 | | 1,500 | |
| Entertainment | - | | 89 | |
| | <u> </u> | 127,545 | <u> </u> | 50,524 |
| | | <u> </u> | | <u> </u> |
| | | 308,232 | | 160,470 |
| Finance costs | | | | |
| Bank charges | 130 | | 320 | |
| Loan interest | 194,945 | | 63,577 | |
| | <u> </u> | 195,075 | <u> </u> | 63,897 |
| | | <u> </u> | | <u> </u> |
| | | 113,157 | | 96,573 |
| Depreciation | | | | |
| Plant and machinery | | 202,609 | | 51,744 |
| | | <u> </u> | | <u> </u> |
| NET (LOSS)/PROFIT | | (89,452) | | 44,829 |
| | | <u> </u> | | <u> </u> |