

SOCIETY REGISTRATION NUMBER RS007217

ORCHARD COMMUNITY ENERGY LIMITED

FINANCIAL STATEMENTS

31 MARCH 2017

ORCHARD COMMUNITY ENERGY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

CONTENTS	PAGE
Society information	3
The report of the Directors	4
Independent auditor's report to the members	6
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	11
The following pages do not form part of the financial statements	
Detailed profit and loss account	19

ORCHARD COMMUNITY ENERGY LIMITED

SOCIETY INFORMATION

Directors	D Bunker M Gale (appointed 21 July 2016) S Karpetas J Lancaster (resigned 30 June 2016) F Mahon J Salmon P Shepherd MBE – Chair I Smith (co-opted 7 November 2016) T Valentine (appointed 21 July 2016)
Registered office	Overmoor Farm Neston Corsham Wiltshire SN13 9TZ
Auditor	Stone & Partners Chartered Accountants & Registered Auditor 571 Fishponds Road Fishponds ORCHARD BS16 3AF
Bankers	Triodos Bank Deanery Road Bristol BS1 5AS

ORCHARD COMMUNITY ENERGY LIMITED

THE REPORT OF THE DIRECTORS

YEAR ENDED 31 MARCH 2017

The Directors have pleasure in presenting their report and the financial statements of the society for the year ended 31 March 2017.

DIRECTORS

The directors who held office during the year were as follows:

D Bunker

M Gale (appointed 21 July 2016)

S Karpetas

J Lancaster (resigned 30 June 2016)

F Mahon

J Salmon

P Shepherd MBE - Chair

I Smith (co-opted 7 November 2016)

T Valentine (appointed 21 July 2016)

STATEMENT OF RESPONSIBILITIES OF THE DIRECTORS

The Directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 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 Co-operative and Community Benefit Societies the officers 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 society and of the profit or loss for that year.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in operation.

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.

ORCHARD COMMUNITY ENERGY LIMITED

THE REPORT OF THE DIRECTORS

YEAR ENDED 31 MARCH 2017

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information 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.

Registered office:
Overmoor Farm
Neston
Corsham
Wiltshire
SN13 9TZ

.....
Penny Shepherd MBE
Chair

.....
Julie Salmon
Company Secretary

Approved by the Directors on

Date

ORCHARD COMMUNITY ENERGY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD COMMUNITY ENERGY LIMITED

YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Orchard Community Energy Limited for the year ended 31 March 2017 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)".

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

ORCHARD COMMUNITY ENERGY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD
COMMUNITY ENERGY LIMITED (*continued*)**

YEAR ENDED 31 MARCH 2017

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

**OPINION ON OTHER MATTER PRESCRIBED BY THE CO-OPERATIVE AND COMMUNITY
BENEFIT SOCIETIES ACT 2014**

In our opinion the Report of the Directors has been prepared in accordance with Co-operative and Community Benefit Societies Act 2014 and the regulations made under it, and the information given there is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations and access to documents that we require for our audit.

STONE & PARTNERS
Chartered Accountants
& Registered Auditor
571 Fishponds Road
Fishponds
ORCHARD
BS16 3AF

ORCHARD COMMUNITY ENERGY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
REVENUE		-	-
Administrative expenses		<u>21,976</u>	-
OPERATING (LOSS)/PROFIT	3	(21,976)	-
Interest receivable	4	15,392	-
Interest payable and similar charges	4	<u>(27,405)</u>	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(33,989)	-
LOSS FOR THE FINANCIAL YEAR		<u>(33,989)</u>	-
Balance brought forward		<u>-</u>	-
Balance carried forward		<u>(33,989)</u>	-

ORCHARD COMMUNITY ENERGY LIMITED

BALANCE SHEET

31 MARCH 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Intangible assets	5	42,540	-
Investments	6	<u>1,522,998</u>	-
		<u>1,565,538</u>	-
CURRENT ASSETS			
Debtors	7	32,635	-
Cash at bank		<u>23,558</u>	<u>522,950</u>
		56,193	522,950
CREDITORS: Amounts falling due within one year	8	<u>29,770</u>	-
NET CURRENT ASSETS		<u>26,423</u>	<u>522,950</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,591,961	522,950
CREDITORS: Amounts falling due after more than one year	9	<u>1,079,000</u>	-
NET ASSETS		<u>512,961</u>	<u>522,950</u>
CAPITAL AND RESERVES			
Called-up equity share capital	10	546,950	522,950
Profit and loss account		<u>(33,989)</u>	-
MEMBERS' FUNDS		<u>512,961</u>	<u>522,950</u>

These financial statements were approved by the Directors and authorised for issue on the
and are signed on their behalf by:

David Bunker
Director

Julie Salmon
Director and Company Secretary

Society Registration Number: RS007217

ORCHARD COMMUNITY ENERGY LIMITED
NOTES TO STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2017

	Equity share capital	Profit and loss account	Total equity
Balance at April 1, 2016	522,950	-	522,950
Loss in the year	-	(33,989)	(33,989)
Proceeds from shares issued	<u>24,000</u>	-	<u>24,000</u>
	<u>546,950</u>	<u>(33,989)</u>	<u>512,961</u>

ORCHARD COMMUNITY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

1. **General Information**

Orchard Community Energy Limited (the Society) funds and implements renewable energy and energy efficient measures, in collaboration with people, communities and businesses.

The Society is a co-operative society registered and domiciled in England under the Co-operative and Community Benefit Societies Act 2014.

2. **Statement of compliance**

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS102').

2a. **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Society has adopted FRS 102 in these financial statements.

a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Society's accounting policies.

b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied and services rendered, net of returns, discounts and rebates allowed by the Society and value added taxes.

The Society bases the estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

c) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

ORCHARD COMMUNITY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

Current or deferred taxation assets and liabilities are not discounted.

i. *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

d) Tangible assets

Tangible assets are stated at cost (or deemed at cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs are directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

ORCHARD COMMUNITY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

i. Plant machinery and fixtures, fittings, tools and equipment

Plant and machinery which represents solar panel installations and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

ii. Depreciation and residual values

Depreciation is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

- Plant and machinery - over 25 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for retrospectively.

e) Investments

Investment in subsidiary companies is held at cost less accumulated impairment losses.

f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

g) Provisions and contingencies

i) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

ii) Contingencies

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

ORCHARD COMMUNITY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

h) Financial instruments

The Society has chosen to adopt the sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

i) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction.

j) Related party transactions

The Society discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its' parent or with members of the same group.

ORCHARD COMMUNITY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

3. OPERATING LOSS

Operating loss is stated after charging:

	2017	2016
	£	£
Amortisation of owned intangible fixed assets	5,699	-
Auditor's fees	<u>4,080</u>	<u>-</u>

4. NET INTEREST

	2017	2016
	£	£
Loan interest receivable	<u>15,392</u>	<u>-</u>
Interest paid on Loans	12,013	-
Interest payable on Bonds	<u>15,392</u>	<u>-</u>
	<u>27,405</u>	<u>-</u>

5. INTANGIBLE FIXED ASSETS

	Bond Issue Costs £	Total £
COST		
Additions	<u>48,239</u>	<u>48,239</u>
At 31 MARCH 2017	<u>48,239</u>	<u>48,239</u>
AMORTISATION		
Charge for the year	<u>5,699</u>	<u>5,699</u>
At 31 MARCH 2017	<u>5,699</u>	<u>5,699</u>
NET BOOK VALUE		
At 31 MARCH 2017	<u>42,540</u>	<u>42,540</u>
At 31 March 2016	<u>-</u>	<u>-</u>

ORCHARD COMMUNITY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

6. FIXED ASSETS INVESTMENTS

	Shares in subsidiary £	Loan to subsidiary £	Total £
Cost			
Additions	<u>522,950</u>	<u>1,000,048</u>	<u>1,522,998</u>
At April 30, 2017	<u>522,950</u>	<u>1,000,048</u>	<u>1,522,998</u>

Fixed asset investments comprise equity shares in the following:

	Country of incorporation	Nature of business	Interest
Orchard Farm Community Solar C. I. C.	UK	Orchard Farm Solar Panels	100%

7. DEBTORS

	2017 £	2016 £
Other debtors	<u>32,635</u>	<u>-</u>

8 CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	13,738	-
Accruals and deferred income	<u>16,032</u>	<u>-</u>
	<u>29,770</u>	<u>-</u>

ORCHARD COMMUNITY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

9. CREDITORS: Amounts falling due after more than one year	2017	2016
	£	£
Unsecured Solar Bonds	<u>1,079,000</u>	<u>-</u>

10. SHARE CAPITAL	2017	2016
	£	£
At April 1, 2016	522,950	-
Issued during the year	<u>24,000</u>	<u>522,950</u>
At March 31, 2017	<u>546,950</u>	<u>522,950</u>

11. FINANCIAL INSTRUMENTS	2017	2016
	£	£
Financial liabilities measured at amortised cost.		
Unsecured Solar Bonds	<u>1,079,000</u>	<u>-</u>

12. CONTINGENCIES

The society has given guarantees in respect of the borrowings from banks and other institutional lenders of its subsidiary, Orchard Farm Community Solar C. I. C.

These guarantees are secured by charges dated 16th June 2016 and 12th September 2017 on the present and future assets of the society.

13. RELATED PARTY TRANSACTIONS

The Society had a director in common with Mongoose Energy until 16th September 2016 when he resigned from that company. Mongoose Energy has been paid £48,000 in fees relating to the Bond issue, and £5,600 in monthly management fees

ORCHARD COMMUNITY ENERGY LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31 MARCH 2017

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 6 to 7.

ORCHARD COMMUNITY ENERGY LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
OVERHEADS			
Travel and subsistence		197	-
Office expenses		3,480	-
Printing, stationery and postage		4	-
Sundry expenses		2,773	-
Management charges payable		5,641	-
Auditors remuneration		4,080	-
Amortisation - Bond Issue costs		5,699	-
Bank charges		<u>102</u>	<u>-</u>
		<u>21,976</u>	<u>-</u>
OPERATING COSTS		(21,976)	-
Loan interest receivable		<u>15,392</u>	<u>-</u>
		(6,584)	-
Interest payable and similar charges		<u>(27,405)</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES		<u>(33,989)</u>	<u>-</u>