

Orchard Community Energy Limited
Financial Statements
31 March 2019

ELLIOTT BUNKER LIMITED
Chartered accountants & statutory auditor
61 Macrae Road
Ham Green
Bristol
BS20 0DD

Orchard Community Energy Limited

Officers and Professional Advisers

Management committee

F Mahon
J Salmon
P Shepherd MBE
T Valentine
P Gladdish
I Smith

Secretary

Community Owned Asset Management Ltd

Registered office

Vox Studios
Room W106
1-45 Durham Street
Vauxhall
London
SE11 5JH

Auditor

Elliott Bunker Limited
Chartered accountants & statutory auditor
61 Macrae Road
Ham Green
Bristol
BS20 0DD

Bankers

Triodos Bank
Deanery Road
Bristol
BS1 5AS

Orchard Community Energy Limited

Management Committee Report

Year ended 31 March 2019

The officers present their report and the financial statements of the society for the year ended 31 March 2019.

Principal activities

The principal activity of the society during the year was to deliver community owned renewable energy. The society's principal activities are; - to enable meaningful cuts in carbon emissions, and reduce dependence on unsustainable sources of energy.

- to fund and implement renewable energy and energy efficient measures, in collaboration with people, communities and businesses.

- to work co-operatively with people and communities to make carbon reduction technologies available to all regardless of financial resources, and support mutual action to respond to the challenges of climate change.

Officers

The officers who served the society during the year were as follows:

M Gale	(Resigned 13 September 2018)
F Mahon	
J Salmon	
P Shepherd MBE	
T Valentine	
B Kelsey	(Resigned 11 February 2019)
P Gladdish	<u>(Appointed 23 August 2018)</u>
I Smith	
D Bunker	(Resigned 7 May 2018)

Management committee's responsibilities statement

The management committee is responsible for preparing the management committee report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation requires the management committee to prepare financial statements for each financial year. Under that law the management committee has 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 Society legislation 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 the profit or loss of the society for that period.

In preparing these financial statements, the management committee are required to:

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

The management committee is 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

Management Committee Report *(continued)*

Year ended 31 March 2019

Auditor

Each of the persons who is an officer at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the society's auditor is unaware; and
- they have taken all steps that they ought to have taken as an officer to make themselves aware of any relevant audit information and to establish that the society's auditor is aware of that information.

This report was approved by the management committee on 29 August 2019 and signed on behalf of the board by:

J Salmon
Member

P Shepherd MBE
Member

Community Owned Asset Management Limited
Secretary

Registered office:
Vox Studios
Room W106
1-45 Durham Street
Vauxhall
London
SE11 5JH

Orchard Community Energy Limited

Independent Auditor's Report to Orchard Community Energy Limited

Year ended 31 March 2019

Opinion

We have audited the financial statements of Orchard Community Energy Limited (the 'society') for the year ended 31 March 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, 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 FRS 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 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 respective responsibilities of management committee and auditor 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 management committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the management committee has 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.

Orchard Community Energy Limited

Independent Auditor's Report to Orchard Community Energy Limited *(continued)*

Year ended 31 March 2019

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The management committee is responsible for the other information. 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 management committee report.

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

- the society has not kept proper books of account or has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the society's books of account; or
- we fail to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Respective responsibilities of the management committee and independent accountant

As explained more fully in the management committee's responsibilities statement, the management committee is 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 management committee determines is 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 management committee is 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 management committee either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Respective responsibilities of management committee and auditor

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 an auditor's report 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.

Orchard Community Energy Limited

Independent Auditor's Report to Orchard Community Energy Limited *(continued)*

Year ended 31 March 2019

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.
- Conclude on the appropriateness of the management committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the society, 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 those matters we are required to state to it 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, for our audit work, for this report, or for the opinions we have formed.

Nicolas Michael FCA (Senior Statutory Auditor)

For and on behalf of
Elliott Bunker Limited
Chartered accountants & statutory auditor

61 Macrae Road
Ham Green
Bristol
BS20 0DD

29 August 2019

Orchard Community Energy Limited

Statement of Comprehensive Income

Year ended 31 March 2019

	Note	2019 £	2018 £
Turnover		4,473	12,318
Gross profit		<u>4,473</u>	<u>12,318</u>
Administrative expenses		(22,417)	(72,657)
Operating loss		<u>(17,944)</u>	<u>(60,339)</u>
Other interest receivable and similar income		40,595	47,438
Interest payable and similar expenses		(131,249)	(152,171)
Loss before taxation	4	<u>(108,598)</u>	<u>(165,072)</u>
Tax on loss		-	-
Loss for the financial year and total comprehensive income		<u>(108,598)</u>	<u>(165,072)</u>

The society has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 10 to 13 form part of these financial statements.

Orchard Community Energy Limited

Statement of Financial Position

31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	5	1,755,122	2,051,034
Current assets			
Debtors	6	20,261	17,899
Cash at bank and in hand		188,839	3,386
		<u>209,100</u>	<u>21,285</u>
Creditors: amounts falling due within one year	7	(50,081)	(49,580)
Net current assets/(liabilities)		159,019	(28,295)
Total assets less current liabilities		1,914,141	2,022,739
Creditors: amounts falling due after more than one year	8	(1,674,400)	(1,674,400)
Net assets		239,741	348,339
Capital and reserves			
Called up share capital		547,400	547,400
Profit and loss account		(307,659)	(199,061)
Shareholders funds		239,741	348,339

These financial statements have been prepared in accordance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the management committee and authorised for issue on 29 August 2019, and are signed on their behalf by:

J Salmon
Member

P Shepherd MBE
Member

Community Owned Asset Management Limited
Secretary

Registration number: RS007217

The notes on pages 10 to 13 form part of these financial statements.

Orchard Community Energy Limited

Statement of Changes in Equity

Year ended 31 March 2019

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2017	546,950	(33,989)	512,961
Loss for the year		(165,072)	(165,072)
Total comprehensive income for the year	—	(165,072)	(165,072)
Issue of shares	450	—	450
Total investments by and distributions to owners	450	—	450
At 31 March 2018	547,400	(199,061)	348,339
Loss for the year		(108,598)	(108,598)
Total comprehensive income for the year	—	(108,598)	(108,598)
At 31 March 2019	<u>547,400</u>	<u>(307,659)</u>	<u>239,741</u>

The notes on pages 10 to 13 form part of these financial statements.

Orchard Community Energy Limited

Notes to the Financial Statements

Year ended 31 March 2019

1. General information

The society is registered under the Co-operative and Community Benefit Societies Act 2014. The address of the registered office is Vox Studios, Room W106, 1-45 Durham Street, Vauxhall, SE11 5JH, London.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Orchard Community Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Investments in associates *(continued)*

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the society are assigned to those units.

Financial instruments

A financial asset or a financial liability is recognised only when the society becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Orchard Community Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Profit before taxation

Profit before taxation is stated after charging/crediting:

	2019 £	2018 £
Amortisation of intangible assets	–	57,123
Interest receivable from group undertakings	(40,595)	(46,009)
Fees payable for the audit of the financial statements	1,540	3,480

5. Investments

	Shares in group undertakings £	Loans to group undertakings £	Other investments other than loans £	Total £
Cost				
At 1 April 2018	522,950	1,528,084	–	2,051,034
Additions	1	40,595	19,992	60,588
Disposals	–	(356,500)	–	(356,500)
At 31 March 2019	<u>522,951</u>	<u>1,212,179</u>	<u>19,992</u>	<u>1,755,122</u>
Impairment				
At 1 April 2018 and 31 March 2019	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Carrying amount				
At 31 March 2019	<u>522,951</u>	<u>1,212,179</u>	<u>19,992</u>	<u>1,755,122</u>
At 31 March 2018	<u>522,950</u>	<u>1,528,084</u>	<u>–</u>	<u>2,051,034</u>

Orchard Community Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

Details of the investments in which the company has an interest are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Orchard Farm Community Solar CIC	Ordinary Shares	100
Swale Community Solar CIC	Ordinary Shares	100

The address of the registered office of all the group companies is Vox Studios, Room W106, 1-45 Durham Street, London, SE11 5JH.

6. Debtors

	2019 £	2018 £
Trade debtors	9,390	10,258
Other debtors	10,871	7,641
	<u>20,261</u>	<u>17,899</u>

7. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,129	–
Other creditors	48,952	49,580
	<u>50,081</u>	<u>49,580</u>

8. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Unsecured Solar Bonds	<u>1,674,400</u>	<u>1,674,400</u>

Orchard Community Energy Limited

Management Information

Year ended 31 March 2019

The following pages do not form part of the financial statements.

Orchard Community Energy Limited

Detailed Income Statement

Year ended 31 March 2019

	2019	2018
	£	£
Turnover	4,473	12,318
Gross profit	4,473	12,318
Overheads		
Administrative expenses	22,417	72,657
Loss on society trading	(17,944)	(60,339)
Operating loss	(17,944)	(60,339)
Other interest receivable and similar income	40,595	47,438
Interest payable and similar expenses	(131,249)	(152,171)
Loss before taxation	(108,598)	(165,072)

Orchard Community Energy Limited

Notes to the Detailed Income Statement

Year ended 31 March 2019

	2019	2018
	£	£
Administrative expenses		
Insurance	2,723	2,509
Travel and subsistence	858	435
Printing postage and stationery	4	–
Sundry expenses	796	524
Community Fund	9,994	–
Marketing	20	960
Management charges payable	5,436	7,376
Other professional fees	750	250
Subscriptions	288	–
Auditors remuneration	1,540	3,480
Amortisation of bond issue costs	–	57,123
Bank charges	8	–
	<u>22,417</u>	<u>72,657</u>
Other interest receivable and similar income		
Interest on loans and receivables	–	1,429
Interest from group undertakings	40,595	46,009
	<u>40,595</u>	<u>47,438</u>
Interest payable and similar expenses		
Interest on bank loans and overdrafts	–	172
Other interest payable and similar charges	131,249	151,999
	<u>131,249</u>	<u>152,171</u>