

## Brendon Energy Ltd

An Industrial and Provident Society for Community Benefit  
IPO 31263R

### Reports and Unaudited Financial Statements Year Ended 31 March 2014

[www.brendonenergy.org](http://www.brendonenergy.org)

Brendon Energy Ltd is a company limited by shares governed by its rules. It was incorporated on the 11 May 2011 with the Financial Services Authority (now the Financial Conduct Authority (FCA)) as an Industrial and Provident Society for Community Benefit under company number 31263R. Brendon Energy is managed by its board of directors. Brendon Energy has a democratic structure with the legal ability to raise money directly from the public. It has a one-member-one-vote system and a board of directors elected by the membership. This provides a fair and transparent way to operate a community-owned renewable energy business.

Since the last annual report Sandra Aldworth was co-opted to the board and both Sandra and Tony Baker were elected to the board at the AGM 2013. Gareth Hoskins stood for re-election at the AGM and was re-elected to the board.

#### Directors Responsibilities

The board is required to prepare financial statements for each financial year which give a true and fair view of the state of Brendon Energy's affairs at the year end and of its profit or loss for that year. In preparing those financial statements the board is required to:

- Select suitable accounting policies and then apply them consistently
  - Make judgements and estimates that are reasonable and prudent
  - Prepare the financial statements on the going-concern basis unless it is appropriate to presume that the society will not continue in business
- The board is responsible for keeping proper records which disclose with reasonable accuracy at any time the financial position of the society and to enable them to ensure that the financial statements comply with the Industrial and Provident Act 1968 and the Industrial and Provident Societies Act 1965. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

#### Objectives and Activities

Brendon Energy Ltd is a society set up to establish community owned renewable energy projects. Projects will generate 'green' electricity, provide a return to investors and all profit after tax and share interest payments are invested in new projects and/or donated to benefit the community.



**Brendon Energy Ltd**  
**Report and Unaudited Financial Statements**  
**Year Ended 31 March 2014**

**Registered Office**

The Greenhouse, Old Brewery, Golden Hill, Wiveliscombe, Somerset TA4 2NY

**Accounting Reference Date 31/3**

**Bankers**

The Co-operative Bank, PO Box 48, 1 Balloon Street, Manchester M60 4GP

**Directors**

Sandra Aldworth, Iain Beath, Gareth Hoskins, Tony Baker, Richard Brunning

**Website**

[www.brendonenergy.org](http://www.brendonenergy.org)

**Structure, Governance and Management**

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Since the last annual report Sandra Aldworth was co-opted to the board and both Sandra and Tony Baker were elected to the board at the AGM 21<sup>st</sup> October 2013. Gareth Hoskins stood for re-election at the AGM and was re-elected to the board.

**Directors Responsibilities**

The board is required to prepare financial statements for each financial year which give a true and fair view of the state of Brendon Energy's affairs as at the year end and of its profit or loss for that year. In preparing those financial statements, the board is required to;

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
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The board is responsible for keeping proper records which disclose with reasonable accuracy, at any time, the financial position of the society and to enable them to ensure that the financial statements comply with the Industrial and Provident Act 1968 and the Industrial and Provident Societies Act 1965. It is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

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### **Achievements, Performance and Plans for the Future**

The 2013/14 year has seen the development of four new solar PV projects, the launch of the second Brendon Energy share offer and investigations into two potential hydro projects. There have also been various developments between the year end and the presentation of these accounts. Directors have been pursuing a number of promising leads in community buildings in Somerset and Devon, and there are ongoing negotiations in some of them whilst others have concluded without success. Brendon Energy offers to carry out a survey, to choose an installer, to manage the installation, to pay for the installation, to insure and to maintain the panels – all at no cost to the local community. The local community building receives all the energy it can use and a percentage of the feed-in-tariff.

Churchinford Village Hall is a 10kW solar PV roof-top power station installed in August 2013 and after some delays in registering it is now contributing to our funds. This second installation was an important next step for Brendon Energy and proved that our message had appeal across a wide area.

Directors decided on a second share offer but agreed to take out a low-interest loan from Pure Leapfrog to fund a number of community roof installations whilst this was being organised. Pure Leapfrog is a specialist community loan organisation and we were very grateful for their help. The third installation was on Wiveliscombe Community Centre, where Trustees have agreed a lease for an 8.5kW installation. The fourth was Brompton Regis Village Hall, which includes the community run shop, where another 10kW solar pv array was installed. Both of these were commissioned in January 2014.

Discussions with Transition Town Wellington led to a search for suitable community properties in that town. Various community buildings were proposed and approaches were made, but to date just the clubhouse at Wellington RFC has made any progress. WRFC Committee agreed to a 10kw solar array and this was rapidly installed in time for their end of season celebrations in May 2014. Discussions on hydro installations in the Dulverton and East Devon areas are ongoing, and we hope to have good news soon.

Following a Members-only share offer at the start of the year which raised £7,500, the second share offer was opened in April with a target of £60,000 for the combined share offers. The opportunity to invest in Brendon Energy was promoted through articles in the press, an e mail campaign, and leafleting throughout Wiveliscombe, Wellington, Churchinford and Brompton Regis. Transition Town Wellington were very helpful in promoting the share offer in Wellington.

The commissioning of the solar panels on the roof of Wellington Rugby Club provided the perfect opportunity to throw a party to celebrate. On 7<sup>th</sup> June 2014 Brendon Energy members enjoyed tea and cake in the sunshine, and got their pictures in the local paper, generating further publicity for Brendon Energy and the share offer.

At the end of July the wider share offer closed, having raised £43,750. The total raised by both offers was £51,250. Brendon Energy membership now stands at 77.

The Board decided in June, as soon as it was clear that the share offer had raised enough money, to repay the Pure Leapfrog loan early and in full.

The Board voted on 1<sup>st</sup> September to repay £10,000 of the loan from Gareth Hoskins.

The Board extends its gratitude to both Pure Leapfrog and Gareth Hoskins for the loan finance which has cash-flowed our renewable energy projects. We are delighted to note that the repayment of substantial amounts of these loans from the proceeds of the share offer means that the assets of Brendon Energy are now more fully owned by our members than they ever have been.



## Financial Review

The three new solar PV installations commissioned within the 2013/14 year had not received income from the Feed-in-Tariff at the financial year end. This is because payments are only made at quarterly intervals 6 weeks after meter readings. However the amounts relating to the year have now been confirmed and have been included as debtors.

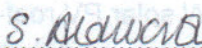
There was a donation of £2,000 from Brompton Village Hall as a contribution towards the cost of bringing a 3-phase electricity supply to the hall to make the PV installation possible.

The directors consider the surplus of £1,308 to be satisfactory.

Approved by the Directors



Date 6/10/14



Date 6.10.14

Gareth Hoskins - Company Secretary/Director

Sandra Aldworth - Finance Director

## Membership

At 1 April 2013 membership was 52. Since then one member has withdrawn their share capital and resigned. Membership at 31 March 2014 was 51. Since the year end the new share offer has attracted 26 new members bringing the total to 77.

## Risk Assessment

Risk	Impact	Probability	Mitigation
Damage to or failure of solar PV system	High	Low	Regular readings monitoring output. Systems in safe locations, guaranteed and insured including for loss of income.
Loss of financial reserves	Medium	Low	Reserves held are low and in Cooperative business account.
Misappropriation of funds by Director	Medium	Low	2 Signatories required to authorise payments. Directors elected by and accountable to members.
Reduction in Government incentives	Depends how much	Low	None, but government have guaranteed tariff and annual inflation lift.
Lack of volunteers to administer and manage society.	High	Low/ Medium	Bookkeeping and some administration contracted in. Active approach to recruitment of Directors. Regular engagement with membership.
Future projects having adverse effects on Brendon Energy	High	Low/ Medium	Risks to be assessed, cautious financial forecast undertaken. External validation of new projects.
Low number of investors attracted to future share issue.	Medium	Low	Develop marketing strategy. Contract in design and production support for share offer document to ensure it is attractive. Publicise widely.
Inherent risk of hydropower and long development phase.	Medium	Medium	Ensure diverse portfolio of projects. Ensure hydropower projects are straightforward or already well-developed. Attract grant funding for feasibility and development stage.
Environmental concerns may need mitigation resulting in higher costs.	Low	Low	Regular consultation with Environment Agency, Exmoor National Park Authority and other relevant regulatory authorities.
Trustees/building owners may change mind about granting lease.	Low	Low	Heads of agreement signed by both parties before money spent.
Slandorous press coverage	High	High	Transparency in financial transactions. Any conflicts of interest noted. Active approach to positive media coverage. Tight policy on procurement.



# Brendon Energy Ltd


## Profit and loss account for the year ended 31 March 2014

Notes	2013/14	2012/13
Turnover	13,063	8,664
Cost of sales	-	-
Gross profit	13,063	8,664
2 Overheads	7,718	9,558
Operating profit/(loss)	5,345	(895)
3 Finance costs	3,537	3,299
Taxation	-	-
4 Distributions	500	500
Profit/(Loss) for year	1,308	(4,694)

## Balance Sheet 31 March 2014

Notes	31/03/14	31/03/13
<b>Assets</b>		
5 Fixed Assets	88,046	57,637
Current Assets	11,924	11,925
Current Liabilities	3,276	2,419
Net Current Assets	8,648	9,506
Total Assets	96,694	67,143
6 Long Term Liabilities	70,739	50,000
<b>Total Net Assets</b>	25,955	17,143
7 Shareholders Funds		
Capital & Reserves		
Shares of £1 each	34,660	27,156
Retained Loss	(8,705)	(10,013)
<b>Total Shareholders Funds</b>	25,955	17,143

Approved by the Directors



Date 6/10/14

Gareth Hoskins - Company Secretary/Director



Date 6-10-14

Sandra Aldworth - Finance Director



**Notes to the Financial Statements****1. Accounting Policies**

- a. The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller entities effective January 2005.
- b. The members have not required the company to obtain an audit for the accounting period in question.

**2. Overheads**

Depreciation. The solar PV installations are to be fully depreciated in a straight-line over either 20 or 25 years in line with the period for which the feed-in-tariff is guaranteed and therefor the time that the system is of value to Brendon Energy. The office equipment is depreciated in a straight-line over 4 years.

**3. Finance Costs**

- a. Loan with DG Hoskins; interest for 12 month period 4.5% on loan of £50,000.
- b. Loan with Pure Leapfrog; interest for February and March 2014 of 5% on loan of £26,545.
- c. Share interest payments – 4 shareholders chose to convert share interest to new shares so this increased share capital by £104. 4% interest was paid to all the other shareholders. £25.60 of the cheques distributed were not cashed and have been written off.

<b>Finance costs</b>		
	<b>2013/14</b>	<b>2012/13</b>
	<b>£</b>	<b>£</b>
Loan interest		
DG Hoskins	2,250	2,250
Pure Leapfrog	220	-
Share interest payments	963	1,049
Share interest to new shares	104	-
<b>Total</b>	<b>3,537</b>	<b>3,299</b>

**4. Distributions**

Community Fund – According to the votes of members at the AGM the £500 community fund was divided between the community taxi service 'Wivey Link', new goal posts for the recreation ground in Wiveliscombe, the new shirt fund for the junior rugby team in Wiveliscombe and the charity Practical Action.

**5.**

<b>Fixed Assets</b>	<b>Solar PV installations</b>	<b>Office equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cost at 1 April 2013	61,824	1,012	62,836
Additions in year	34,879	-	34,879
<b>Cost at 31 March 2014</b>	<b>96,703</b>	<b>1,012</b>	<b>97,715</b>
Depreciation at 1 April 2013	4,946	253	5,199
Charge for year	4,217	253	4,470
<b>Depreciation as at 31 March 2014</b>	<b>9,163</b>	<b>506</b>	<b>9,669</b>
<b>NBV as at 31 March 2013</b>	<b>56,878</b>	<b>759</b>	<b>57,637</b>
<b>NBV as at 31 March 2014</b>	<b>87,540</b>	<b>506</b>	<b>88,046</b>



**6. Liabilities**

- a. Directors Loans - £50,000 loan from DG Hoskins at an interest rate of 4.5% per annum for the first five years. Loan to be repaid over 10 years starting with £2,000 paid March 2014.
- b. Pure Leapfrog loan. A short term loan enabling the installation of solar PV systems before the launch of the share offer. Pure Leapfrog is the leading provider of social investment and professional support to community energy projects in the UK. A loan was agreed in December 2013 of £26,545 at 5% interest repayable over 7 years with an option for early repayment.
- c.

<b>Long term loans</b>			
	<b>Hoskins</b>	<b>Pure Leapfrog</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 1 April 2013	50,000	-	50,000
Additions in year	-	26,545	26,545
Repayments in year	2,000	530	2,530
Balance at 31 March 2014	<u>48,000</u>	<u>26,015</u>	<u>74,015</u>
Interest paid in year	2,250	220	2,470

**7.**

<b>Shareholders Funds</b>	
Share capital of £1 shares	
Balance at 1 April 2013	27,156
Withdrawal of share capital within year	(100)
Share interest taken as new shares October 2013	104
Members' only share offer January 2014	<u>7,500</u>
Balance at 31 March 2014	<u>34,660</u>

Detailed Profit and Loss		
Year ended 31 March 2014		
	2013/14	2012/13
	£	£
<i>Revenue</i>		
Generation Tariff	12,378	8,267
Export Tariff	674	384
Bank Interest	11	13
<b>Total</b>	<b>13,063</b>	<b>8,664</b>
<i>Overheads</i>		
Directors Expenses	134	294
Print, Post and Stationary	26	9
Webhosting	-	130
BE Set-up costs (10PTI Ltd)	-	4,831
Advertising & Promotion	146	
Accounts Advice	185	
Hire of meeting venue	60	122
Bookkeeping and admin	1,000	520
Dues & Subscription	120	105
Insurance	859	790
Legal costs	610	10
Sundry expenses	108	24
Depreciation	4,470	2,726
<b>Total</b>	<b>7,718</b>	<b>9,559</b>
<b>Profit from Trading</b>	<b>5,345</b>	<b>(895)</b>
Loan interest	2,470	2,250
Share interest payments	1,067	1,049
<b>Profit before tax</b>	<b>1,808</b>	<b>(4,194)</b>
Tax	-	-
<b>Profit after tax</b>	<b>1,808</b>	<b>(4,194)</b>
<i>Distributions</i>		
Community Donations	500	500
<b>After distributions</b>	<b>1,308</b>	<b>(4,694)</b>

This page does not form part of the statutory accounts.