

Brendon Energy Ltd

An Industrial and provident Society for Community Benefit
IPO 31263 R

Reports and Unaudited Financial Statements
Year Ended 31 March 2013

Brendon Energy Ltd, Registered Number IPO31263R

**Report and Unaudited Financial Statements
Year Ended 31 March 2013**

Approved by the Directors

 Date 21/10/13

Gareth Hoskins
Company Secretary/Director

 Date 21.10.13

Richard Brunning
Director

 Date 21.10.13

Tony Baker
Director

 Date 21/10/13

Iain Beath
Director

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

Iain Beath, Gareth Hoskins, Tony Baker, Richard Brunning

Website

www.brendonenergy.org

Structure, Governance and Management

Brendon Energy Ltd is a company limited by shares governed by its rules. It was incorporated 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 from the membership; this provides a fair and transparent way to operate a community-owned renewable energy business.

Since the last annual report Dave Mansell resigned as director 18/10/12. James Grischeff was elected to the board at the AGM 18/10/12 resignation accepted 17/6/13. Tony Baker was Co-opted to the board 26/10/12. Mark Ogden was Co-opted to the board 28/11/12 resignation accepted 25/4/13.

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 the society'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;
- Prepare the financial statements on the on-going concern basis unless it is inappropriate to presume that the society will continue in business.

The board is responsible for keeping proper accounting 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 Societies 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 profits after tax and share interest payments are invested in new projects and/or donated to benefit the community.

Achievements, Performance and Plans for the Future

The share offer document published July 2011 looked forward to a number of projects involving community buildings in the area and the installation of solar PV on their roofs. The first project, a 29kW PV array on the roof of the Children's Centre in Wiveliscombe, was commissioned in December 2011. That project is continuing to be successful with electricity generated exceeding expectations. There are a variety of new projects in the pipeline to expand Brendon Energy's portfolio.

A variety of technologies are being assessed to spread investment risk. There has been discussion with the trustees of various local village halls about PV roof installations. There has been an offer of a field in the Wiveliscombe area as a site for a 4 acre solar PV ground mounted system. There has been discussion with members of the Exmoor community about joint ventures in solar PV, hydro and biomass (wood).

Brendon Wind - Brendon Energy were one of the winners of the Co-operative Energy Challenge which has made available funding for the investigation into the possibilities of wind turbines in the Ten Parishes Area. This funding and other support has been made available through the Centre for Sustainable Energy. A new interest group of members and directors was established to progress the wind project – Brendon Wind. This group have undertaken a radar study and are planning a community survey.

Exmoor Community Energy – There have been useful discussions with the Exmoor community and Exmoor National Park Authority relating to how to bring the Brendon Energy model of community owned renewable energy to Exmoor. It became apparent that this project would benefit from Brendon Energy's direct involvement thereby securing all the advantages that the society has. The proposal that has been offered and accepted is that Brendon Energy as a community benefit society registered with the FCA, registered for VAT and Enterprise Investment Scheme compliant is responsible for the projects while the Exmoor Community are involved at each stage. Projects on Exmoor each need to be locally run and the community will benefit from a local community pot funded by their project. A wholly owned subsidiary named Exmoor Community Energy will be developed with project subsidiaries for hydro, biomass and solar. Brendon Energy will be represented on the boards of these subsidiaries along with residents of Exmoor and representatives from various Exmoor organisations.

New Share Offer – Once new schemes are shown to be financially viable and are expected to be granted planning permission, Brendon Energy will seek to raise funds to develop these projects. The finance will fund single or multiple projects, depending on which ones are in a position to be advanced. The method for financing the projects would be to have a share issue. If this does not raise enough finance, bonds and loans will be considered. Each project will be carefully assessed and externally validated before being undertaken. The intention is to launch a new share offer by the autumn of 2013 advertising this widely but prioritising existing shareholders and the residents in project locations.

Financial Review

2012/13 Has seen a full year of generation of the solar PV array on the Children's Centre in Wiveliscombe. Analysis of the 12 months between December 2012 and December 2013 shows total income from generation tariff and export tariff of £10,146. This is £634 more than projected for a typical 12 month period.

Once Brendon Energy became established, it was able to repay 10PTI Ltd for the portion of Brendon Energy set-up costs not covered by grant funding. This appears as an expense of £4, 831 and can be considered exceptional.

Income detailed in the financial spreadsheets is for 3 quarters of electricity generation rather than the 4 that would be expected in a 12 month period. This is because of changes during the year in the way the customer 'Good Energy' received generation figures and processed payments.

With the Brendon Energy set-up cost coming within the year there is no profit from trading. It was decided however that the share interest payments and community fund should be honoured for the year. Share interest was distributed at 4% to all shareholders at the October AGM. A community fund of £500 was assigned and in accordance with the wishes of the membership voting at the AGM this was split 2 ways between 10CY – the local youth group - and Brendon Orchards, a local apple pressing cooperative.

Membership

At 31 March 2012 membership was 53. Since then there has been one death. Membership at 31 March 2013 was 52.

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.

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Brendon Energy Ltd
Statement of Comprehensive Income for the year ended
31 March 2013

Notes	2012/13 £	2011/12 £
	<i>Revenue</i>	
2	8,267	1,428
2	384	67
	13	4
	8,664	1,499
	<i>Overheads</i>	
	<i>Administrative expenses</i>	
	294	
	9	
		3,175
	130	
3a	4,831	
	122	
	520	100
	105	
	790	
	10	
	23	
3b	2,726	2,473
	9,558	5,748
	(895)	(4,249)
4	2,250	1,070
	(3,145)	(5,319)
	-	-
	(3,145)	(5,319)
	<i>Distributions</i>	
5a	1,049	-
5b	500	-
	(4,694)	(5,319)
	(5,319)	
	(10,013)	(5,319)

Brendon Energy Ltd
Balance Sheet as at
31 March 2013

Notes	£
	<i>Assets</i>
6	<i>Fixed Assets</i>
	PV Solar array 56,878
	Laptop and projector 759
	57,637
	<i>Current Assets</i>
	Cash and cash equivalents 11,925
	VAT receivable -
	Trade receivables -
	11,925
	<i>Current Liabilities</i>
7	Accruals 2,400
	Short Term Loan -
	VAT payable 18
	2,418
	<i>Net Current Assets</i>
	9,506
	Total Assets
	67,143
	<i>Liabilities falling due in more than one year</i>
8	Directors Loan 50,000
	17,143
	<i>Equity and Liabilities</i>
	<i>Capital and Reserves</i>
	Shares of £1 each 27,156
	Net Operating Loss (10,013)
	17,143

Statement of Cash Flow for the year ending
31 March 2013

Notes	£
	0
9	Net cash flow from operating activities 1,831
	Cash flow from non-cash current assets being realised
	VAT repayment 12,351
	Trade receivables (2011/12) 1,509
	Payments to acquire fixed assets (1,012)
	Cash flow from finance costs (2,250)
	Cash flows from distributions (1,549)
	Cash flow from loan repayments (524)
	Net difference in accruals 1,550
	VAT payable 18
	Net increase in cash and cash equivalents 11,925
	11,925
	Cash and cash equivalents at end of period
	11,925

