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LOCHBROOM COMMUNITY RENEWABLES LIMITED

Company registration number RS007126

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2019

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LOCHBROOM COMMUNITY RENEWABLES LIMITED

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LOCHBROOM COMMUNITY RENEWABLES LIMITED

COMPANY INFORMATION

Directors

Tim Gauntlett
Andy Kaye
Dave Maxwell
Sandy Osborne
Rebekah Lwin
Kathleen Donald
Rob Gibson
Amanda Barry-Hirst (resigned 27 October 2018)
Ewan Young (appointed 27 October 2018)

Registered number

RS007126

Registered office

28 Argyle Street
Ullapool
IV26 2UB

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LOCHBROOM COMMUNITY RENEWABLES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2019

The directors present their report and the financial statements for the year ended 31 May 2019.

Directors' responsibilities statement

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

The law governing Co-operative and Community Benefit Societies 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 society and of the profit or loss of the society for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the society's financial statements 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 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 to 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.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

Tim Gauntlett
Andy Kaye
Dave Maxwell
Sandy Osborne
Rebekah Lwin
Kathleen Donald
Rob Gibson
Amanda Barry-Hirst (resigned 27 October 2018)
Ewan Young (appointed 27 October 2018)

LOCHBROOM COMMUNITY RENEWABLES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2019**

This report was approved by the board and signed on its behalf by:

Tim Gauntlett

Director

Date:

Dave Maxwell

Director

Date:

Andy Kaye

Director

Date:

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LOCHBROOM COMMUNITY RENEWABLES LIMITED

REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF LOCHBROOM COMMUNITY RENEWABLES LIMITED FOR THE YEAR ENDED 31 MAY 2019

In order to assist you to fulfil your duties under the Co-operative and Community Benefit Societies Act 2014, we have prepared for your approval the financial statements of Lochbroom Community Renewables Limited for the year ended 31 May 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes from the company's accounting records and from information and explanations you have given to us.

As a member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Lochbroom Community Renewables Limited, as a body, in accordance with the terms of our engagement letter dated 16 November 2017. Our work has been undertaken solely to prepare for your approval the financial statements of Lochbroom Community Renewables Limited and state those matters that we have agreed to state to the Board of Directors of Lochbroom Community Renewables Limited, as a body, in this report in accordance with ICAEW Technical release TECH07/16AAF . To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lochbroom Community Renewables Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Lochbroom Community Renewables Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Lochbroom Community Renewables Limited. You consider that Lochbroom Community Renewables Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Lochbroom Community Renewables Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Scott-Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

Date:

LOCHBROOM COMMUNITY RENEWABLES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2019

	Note	2019 £	2018 £
Turnover		71,878	68,790
Gross profit		<u>71,878</u>	<u>68,790</u>
Administrative expenses		(51,796)	(33,040)
Operating profit		<u>20,082</u>	<u>35,750</u>
Interest receivable and similar income		322	-
Interest payable and expenses		(27,516)	-
(Loss)/profit before tax		<u>(7,112)</u>	<u>35,750</u>
(Loss)/profit for the financial year		<u><u>(7,112)</u></u>	<u><u>35,750</u></u>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 9 to 13 form part of these financial statements.

LOCHBROOM COMMUNITY RENEWABLES LIMITED
REGISTERED NUMBER:RS007126

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	5	773,262	761,643
		<u>773,262</u>	<u>761,643</u>
Current assets			
Debtors: amounts falling due within one year	6	12,933	9,265
Cash at bank and in hand		111,128	133,436
		<u>124,061</u>	<u>142,701</u>
Creditors: amounts falling due within one year	7	(3,325)	(3,234)
Net current assets		<u>120,736</u>	<u>139,467</u>
Total assets less current liabilities		<u>893,998</u>	<u>901,110</u>
Net assets		<u><u>893,998</u></u>	<u><u>901,110</u></u>
Capital and reserves			
Called up share capital		907,540	907,540
Capital redemption reserve	8	1,500	1,500
Profit and loss account	8	(15,042)	(7,930)
		<u>893,998</u>	<u>901,110</u>

The directors consider that the society is entitled to exemption from audit under section 84 of the Co-operative and Community Benefit Societies Act 2014 ("the Act") and members have not required the society to obtain an audit for the year in question in accordance with the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of Section 1A 'Small Entities' of Financial Reporting Standard 102.

LOCHBROOM COMMUNITY RENEWABLES LIMITED
REGISTERED NUMBER:RS007126

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MAY 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Tim Gauntlett
Director

Dave Maxwell
Director

Andy Kaye
Director

Date:

The notes on pages 9 to 13 form part of these financial statements.

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LOCHBROOM COMMUNITY RENEWABLES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2019

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 June 2017	908,950	-	(42,180)	866,770
Comprehensive income for the year				
Profit for the year	-	-	35,750	35,750
Purchase of own shares	-	1,500	-	1,500
Shares issued during the year	90	-	-	90
Shares cancelled during the year	(1,500)	-	-	(1,500)
Transfer to/from profit and loss account	-	-	(1,500)	(1,500)
Total transactions with owners	(1,410)	1,500	(1,500)	(1,410)
At 1 June 2018	907,540	1,500	(7,930)	901,110
Comprehensive income for the year				
Loss for the year	-	-	(7,112)	(7,112)
At 31 May 2019	907,540	1,500	(15,042)	893,998

The notes on pages 9 to 13 form part of these financial statements.

LOCHBROOM COMMUNITY RENEWABLES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019**

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the society's transactions are denominated. They comprise the financial statements of the society drawn up for the year ended 31 May 2019.

The continuing activities of Lochbroom Community Renewables Limited ("the society") is the development and operation of a hydro-electric scheme.

The society is a private company limited by shares and is incorporated in United Kingdom and registered in Scotland. It is also registered with the FCA. Details of the registered office can be found on the company information page of these financial statements. The society's registered number is RS007126.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with applicable law and United Kingdom Accounting Standards including Section 1A 'Small Entities' of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities).

The preparation of financial statements in compliance with Section 1A 'Small Entities' of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered a period of at least 12 months from the date on which the accounts have been signed and consider that the society can continue to trade for at least this period and consequently these financial statements have been prepared on a going concern basis.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

LOCHBROOM COMMUNITY RENEWABLES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019**

2. Accounting policies (continued)**2.4 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Lease payments vary depending on income generated from the turbine.

2.5 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Turbine	- 2.5%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

LOCHBROOM COMMUNITY RENEWABLES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019**

2. Accounting policies (continued)

2.10 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3. Employees

The average monthly number of employees, including directors, during the year was 8 (2018 - 8).

4. Taxation

Factors affecting tax charge for the year

Due to tax losses there is no charge for corporation tax in either the current or prior year. There are losses carried forward of £XXX.

LOCHBROOM COMMUNITY RENEWABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019

5. Tangible fixed assets

	Turbine £
Cost or valuation	
At 1 June 2018	779,116
Additions	31,894
At 31 May 2019	<u>811,010</u>
Depreciation	
At 1 June 2018	17,473
Charge for the year on owned assets	20,275
At 31 May 2019	<u>37,748</u>
Net book value	
At 31 May 2019	<u><u>773,262</u></u>
At 31 May 2018	<u><u>761,643</u></u>

6. Debtors

	2019 £	2018 £
Other debtors	2,744	1,221
Prepayments and accrued income	10,189	8,044
	<u>12,933</u>	<u>9,265</u>

7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Accruals and deferred income	3,325	3,234
	<u>3,325</u>	<u>3,234</u>

LOCHBROOM COMMUNITY RENEWABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2019**8. Reserves****Capital redemption reserve**

The capital redemption reserve has arisen on the purchase of the company's own shares and is a non-distributable reserve.

Profit and loss account

The profit and loss account includes all current and prior year profit and losses.

9. Capital commitments

At 31 May 2019 the company had capital commitments as follows:

	2019	<i>2018</i>
	£	£
Lochbroom Hydro Scheme		
Contracted for but not provided in these financial statements	18,765	<i>49,456</i>
	18,765	<i>49,456</i>

The society has entered into a contract with Gilbert, Gilkes & Gordon Limited for the completion of the turbine project. The total contract price was £107,230 and at 31 May 2019, they had 17.5% of the balance remaining as per the payment terms. This will be repaid within the next 12 months.

LOCHBROOM COMMUNITY RENEWABLES LIMITED

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2019

	Note	2019 £	2018 £
Turnover		71,878	68,790
Gross profit		<u>71,878</u>	<u>68,790</u>
Gross profit %		100.0 %	100.0 %
Less: overheads			
Administration expenses		(51,796)	(33,040)
Operating profit		<u>20,082</u>	<u>35,750</u>
Interest receivable		322	-
Interest payable		(27,516)	-
(Loss)/Profit for the year		<u>(7,112)</u>	<u>35,750</u>

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LOCHBROOM COMMUNITY RENEWABLES LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2019

	2019 £	2018 £
Turnover		
Sales	16,966	20,454
Feed in tariff	54,912	28,236
SSE payment	-	20,100
	<u>71,878</u>	<u>68,790</u>
	2019 £	2018 £
Administration expenses		
Telephone and fax	220	310
Computer costs	115	182
General office expenses	178	330
Advertising and promotion	97	-
Trade subscriptions	408	96
Legal and professional	800	-
Tax consultancy	7,435	-
Accountancy fees	3,324	4,084
Bank charges	73	22
Sundry expenses	175	-
Room hire	125	150
Light and heat	1,330	742
Insurances	5,694	4,900
Depreciation - plant and machinery	20,275	17,473
Lease of land	1,267	-
Site costs	1,416	52
Grid connection services	194	-
Tree consultancy	-	4,699
Engineering consulting	80	-
Community Benefit Fund donations	8,590	-
	<u>51,796</u>	<u>33,040</u>
	2019 £	2018 £
Interest receivable		
Bank interest receivable	322	-
	<u>322</u>	<u>-</u>

LOCHBROOM COMMUNITY RENEWABLES LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2019

	2019 £	2018 £
Interest payable		
Shareholder interest payments	27,516	-
	<hr/>	<hr/>
	27,516	-
	<hr/> <hr/>	<hr/> <hr/>

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