

**CWM ARIAN RENEWABLE ENERGY LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

**Cwm Arian Renewable Energy Limited
Directors' Report and Financial Statements
For The Year Ended 30 September 2020**

Contents

Page

Society Information	1
Directors' Report	2–4
Accountant's Report	5
Revenue Account	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9–12
The following pages do not form part of the statutory accounts:	
Detailed Revenue Account	13–14

Cwm Arian Renewable Energy Limited
Society Information
For The Year Ended 30 September 2020

Directors

Daniel Blackburn
Holly Cross
Cristoffer Tomos
Tomos Morgan
Chris Vernon
Marc Pell

Secretary

Holly Cross

Society Number

31380R

Registered Office

Canolfan Clydau
Tegryn
Llanfyrnach
Pembrokeshire
SA35 0BE

Accountants

Third Sector Accountancy Limited
Chartered Accountants and Registered Auditors
Holyoake House
Hanover Street
Manchester
M60 0AS

Cwm Arian Renewable Energy Limited
Society No. 31380R
Directors' Report For The Year Ended 30 September 2020

The directors present their report and the financial statements for the year ended 30 September 2020.

Statement of Directors' Responsibilities

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

Society law 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 Society 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 the financial statements the directors 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 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.

Principal Activity

The principal activity of the society is "to carry on any business for the benefit of the community by establishing a low carbon economy within Cwm Arian and its surrounding areas". In the period under review, this work was carried out in the following areas:

- Community Wind Turbine – The construction phase of this project was completed and electricity production from the new turbine commenced at the end of November 2019.
- Growing Better Connections – This new project started delivering opportunities for people and nature to thrive; it runs from 2020 to 2023 in North East Pembrokeshire - working from the uplands to the sea.
- Studio for a Community – This project will deliver an "Eco" community space for potential environmental enterprises and public utilisation at the centre of the village of Hermon. Work has been ongoing with the re-evaluation of the studio design during this period, to ensure the best chance of the initiative remaining within budget.

Cwm Arian Renewable Energy Limited
Directors' Report (continued)
For The Year Ended 30 September 2020

Review of Business

- **Community Wind Turbine** – The organisation employed two part time staff to deliver the project through commissioning and beyond initial establishment teething troubles. After which a single member of staff has been employed for a day per week to manage the operation of the turbine. The £1.36 million DBW loan made the commissioning of the turbine possible. The activities in the lead up to commissioning in this quarter included taking delivery of the turbine and its component parts, erection, grid connection and earthing works. Post commissioning, the turbine site has been secured by fencing and levelling finished. Subsequently revenues from electricity generation have been used for turbine management and for interest and loan repayments.
- **Growing Better Connections** – Grant funding from the Welsh European Funding Office's Sustainable Management Scheme (SMS) has enabled the employment of three part time staff. These staff and the revenue funding from the scheme have enabled: the establishment of an office base for the team; community and network engagement and a range of public events. The SMS were able to make an advance payment of £43,178.00 to initiate the project after which the remaining funding will be drawn down after it has been defrayed.
- **Studio for a Community** – One part time member of staff was employed briefly at the beginning of 2020 to manage this project after which this role was taken on by a self-employed individual. Architects and a construction consultant have worked to take the build feasibility further forward.

Financial review

- **Community Wind Turbine** – The last instalment of the Development Bank of Wales (DBW) loan was transferred to CARE on 4 November 2019. This enabled the effective finalisation of the purchase of the turbine and payment of the civil engineering works on 3 January 2020. The funds paid out to this point for the construction have been capitalised. From the commissioning of the turbine depreciation calculations have been initiated which are included in these accounts. Commissioning has also started principal and interest payments to DBW for the loan. The project has gone through 3 quarterly repayment cycles with DBW. DBW repayments and the project maintenance costs are being serviced by the income from the sale of generated electricity and the associated revenue from Feed in Tariffs, Distribution Use of System (DUoS) payments and Renewable Energy Generation of Origin (REGO) certificates.
- **Growing Better Connections** – This project will receive a grant of £215,891.00 over roughly three years. As mentioned above after the initial advance payment this financial year all payments will be retrospectively claimed following proof of defrayment. This grant is predominantly revenue funding, as such the balance of the initial advance payment will be deferred over for each remaining year of the project until completion.
- **Studio for a Community** – The funding spent in this year has gone on staff time, architect's fees and a construction consultant. As this has all been in the pursuit of establishing the future capital asset of the studio these expenses are capitalised in the accounts.

Note on Revenue Account Deficit

Care made a surplus of £3,047 in the period, but the accumulated revenue reserves are still negative. This deficit is after charging £41,580.00 in asset depreciation mainly attributable to the wind turbine. This does not affect the day-to-day financial viability of CARE's activities - currently or going forward.

**Cwm Arian Renewable Energy Limited
Directors' Report (continued)
For The Year Ended 30 September 2020**

Directors

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

Daniel Blackburn

Holly Cross

Cristoffer Tomos

Tomos Morgan

Chris Vernon

APPOINTED

12/11/2019

Marc Pell

APPOINTED

12/11/2019

.
By order of the board

Date

**Cwm Arian Renewable Energy Limited
Accountant's Report
For The Year Ended 30 September 2020**

Chartered Accountant's report to the directors on the preparation of the unaudited statutory accounts of Cwm Arian Renewable Energy Limited For The Year Ended 30 September 2020

In order to assist you to fulfil your duties under the Co-operative and Community Benefit Societies Act 2014, I have prepared for your approval the accounts of Cwm Arian Renewable Energy Limited For The Year Ended 30 September 2020 which comprise the Revenue Account, the Balance Sheet and the related notes from the Society's accounting records and from information and explanations you have given to us.

As a practising member 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 directors of Cwm Arian Renewable Energy Limited, as a body, in accordance with the terms of our engagement letter dated 31 January 2021. Our work has been undertaken solely to prepare for your approval the accounts of Cwm Arian Renewable Energy Limited and state those matters that we have agreed to state to the directors of Cwm Arian Renewable Energy Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Cwm Arian Renewable Energy Limited and its directors, as a body, for our work or for this report.

It is your duty to ensure that Cwm Arian Renewable Energy Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and profit or loss of Cwm Arian Renewable Energy Limited. You consider that Cwm Arian Renewable Energy Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit of the accounts of Cwm Arian Renewable Energy 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 financial statements.

Date
Third Sector Accountancy Limited
Chartered Accountants and Registered Auditors
Holyoake House
Hanover Street
Manchester
M60 0AS

Cwm Arian Renewable Energy Limited
Revenue Account
For The Year Ended 30 September 2020

	Notes	2020 £	2019 £
TURNOVER		169,970	27,312
GROSS PROFIT		169,970	27,312
Administrative expenses		(108,226)	(39,445)
OPERATING PROFIT/(LOSS)		61,744	(12,133)
Interest payable and similar charges		(58,697)	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		3,047	(12,133)

The notes on pages 9 to 12 form part of these financial statements.

Cwm Arian Renewable Energy Limited
Balance Sheet
As at 30 September 2020

		2020		2019	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible Assets	3		1,269,215		1,205,250
			<u>1,269,215</u>		<u>1,205,250</u>
CURRENT ASSETS					
Debtors	4	17,514		68,230	
Cash at bank and in hand		216,934		141,113	
			<u>234,448</u>		<u>209,343</u>
Creditors: Amounts Falling Due Within One Year	5	(58,842)		(25,632)	
			<u>175,606</u>		<u>183,711</u>
NET CURRENT ASSETS (LIABILITIES)			175,606		183,711
TOTAL ASSETS LESS CURRENT LIABILITIES			1,444,821		1,388,961
Creditors: Amounts Falling Due After More Than One Year	6		(1,453,862)		(1,401,051)
			<u>(9,041)</u>		<u>(12,090)</u>
NET LIABILITIES			(9,041)		(12,090)
CAPITAL AND RESERVES					
Called up share capital	8		6		4
Revenue Account			(9,047)		(12,094)
			<u>(9,041)</u>		<u>(12,090)</u>
SHAREHOLDERS' FUNDS			(9,041)		(12,090)

The notes on pages 9 to 12 form part of these financial statements.

For the year ending 30 September 2020 the society was entitled to disapply the requirement to have its financial statements for the financial year audited. The members passed a resolution in general meeting to disapply the audit requirement, as required by S84(2) Co-operative and Community Benefit Societies Act 2014.

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

Approved by the board on _____ and signed on their behalf by:

(Daniel Blackburn, Director)

(Cristoffer Tomos, Director)

(Holly Cross, Secretary)

Cwm Arian Renewable Energy Limited
Statement of Changes in Equity
For The Year Ended 30 September 2020

	Share Capital	Revenue Account	Total
	£	£	£
As at 1 October 2018	4	39	43
Loss for the year and total comprehensive income	-	(12,133)	(12,133)
As at 30 September 2019 and 1 October 2019	4	(12,094)	(12,090)
Profit for the year and total comprehensive income	-	3,047	3,047
New shares issued to members	2	-	2
As at 30 September 2020	6	(9,047)	(9,041)

Cwm Arian Renewable Energy Limited
Notes to the Financial Statements
For The Year Ended 30 September 2020

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention and in accordance with the FRS 102 Section 1A Small Entities - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Co-operative and Community Benefit Societies Act 2014. The society is a Public Benefit Entity as defined by FRS102.

1.2. Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes grants receivable and revenue earned from the rendering of consultancy services, and the sale of electricity and related government funding.

Grants receivable

Grant income of a revenue nature is credited to the income statement as the related expenditure is incurred.

Grants for the purchase of fixed assets are treated as deferred income and are credited to the income statement by instalments over the expected useful economic life of the related assets, on a basis consistent with the depreciation policy.

1.3. Tangible Fixed Assets and Depreciation

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided when the assets are in use, at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases. Interest on development loans has been capitalised, and the total amount capitalised at the balance sheet date was £19,540 (2019: £19,540).

Studio for a Community	not depreciated as not brought into use yet
Wind Turbine	4% straight line
Office Equipment	25% straight line

2. Average Number of Employees

Average number of employees, including directors, during the year was 3 (2019: 2)

Cwm Arian Renewable Energy Limited
Notes to the Financial Statements (continued)
For The Year Ended 30 September 2020

3. Tangible Assets

	Land & Property Studio for a Community	Wind Turbine	Office Equipment	Total
	£	£	£	£
Cost				
As at 1 October 2019	44,933	1,160,170	196	1,205,299
Additions	7,128	98,173	758	106,059
As at 30 September 2020	<u>52,061</u>	<u>1,258,343</u>	<u>954</u>	<u>1,311,358</u>
Depreciation				
As at 1 October 2019	-	-	49	49
Provided during the period	-	41,945	149	42,094
As at 30 September 2020	<u>-</u>	<u>41,945</u>	<u>198</u>	<u>42,143</u>
Net Book Value				
As at 30 September 2020	<u>52,061</u>	<u>1,216,398</u>	<u>756</u>	<u>1,269,215</u>
As at 1 October 2019	<u>44,933</u>	<u>1,160,170</u>	<u>147</u>	<u>1,205,250</u>

4. Debtors

	2020	2019
	£	£
Due within one year		
Trade debtors	701	776
Prepayments and accrued income	16,143	7,360
Other debtors	-	60,094
Corporation tax recoverable assets	670	-
	<u>17,514</u>	<u>68,230</u>

Cwm Arian Renewable Energy Limited
Notes to the Financial Statements (continued)
For The Year Ended 30 September 2020

5. Creditors: Amounts Falling Due Within One Year

	2020	2019
	£	£
Trade creditors	1,500	-
Bank loans and overdrafts	45,332	18,553
VAT	6,620	-
Other creditors	-	146
Accruals and deferred income	2,381	750
Capital grants	3,009	6,183
	<u>58,842</u>	<u>25,632</u>

6. Creditors: Amounts Falling Due After More Than One Year

	2020	2019
	£	£
Bank loans	1,298,957	1,252,661
Deferred capital grants	154,905	148,390
	<u>1,453,862</u>	<u>1,401,051</u>

Of the creditors falling due within and after more than one year the following amounts are due after more than five years.

	2020	2019
	£	£
Bank loans and overdrafts	1,099,865	1,091,545

7. Secured Creditors

Of the creditors falling due within and after more than one year the following amounts are secured by way of a mortgage over the leasehold land held by the Society, the plant and equipment on it, and the benefit of business contracts entered into by the society.

	2020	2019
	£	£
Bank loans and overdrafts	1,344,289	1,266,068

8. Share Capital

	2020	2019
Members' shares	<u>6</u>	<u>4</u>

Cwm Arian Renewable Energy Limited
Notes to the Financial Statements (continued)
For The Year Ended 30 September 2020

9. Other Commitments

At the balance sheet date the Society had agreed an option on a lease for land required for the wind turbine installation. The option took effect on 4 February 2019, and the lease on 2nd May 2019 with guaranteed rent payable of £5,000 pa from 3 months after commissioning of the wind turbine, subject to annual review. The term is 26 years. The turbine was commissioned on 29th November 2019.

There is a break clause permitting the society as tenant to give six months' notice to be released from all obligations under the lease. The total lease payments to which the Society is committed at the balance sheet date is therefore six months rent:

	Land and buildings	
	2020	2019
	£	£
Within 1 year	2,500	2,500
	<u>2,500</u>	<u>2,500</u>

10. General Information

Cwm Arian Renewable Energy Limited is a community benefit society, limited by shares, incorporated in England & Wales, registered number 31380R. The registered office is Canolfan Clydau, Tegryn, Llanfyrnach, Pembrokeshire, SA35 0BE.

Cwm Arian Renewable Energy Limited
Detailed Revenue Account
For The Year Ended 30 September 2020

	2020		2019	
	£	£	£	£
TURNOVER				
Grants receivable		54,674		26,646
Donations and miscellaneous income		-		220
Consultancy income		1,263		446
Sales of electricity		79,316		-
DUoS charges		6,626		-
Feed-in Tariff		26,712		-
REGOs		1,379		-
		169,970		27,312
GROSS PROFIT		169,970		27,312
Administrative Expenses				
Wages and salaries	30,502		9,156	
Employers NI	2,906		-	
Employers pensions - defined contributions scheme	1,336		75	
Recruitment costs	34		-	
Staff training	88		-	
Travel expenses	655		1,002	
Rent	5,489		-	
Light and heat	4,409		-	
Repairs and maintenance	109		-	
Insurance	6,161		2,332	
Printing, postage and stationery	1,626		439	
Advertising and marketing costs	717		-	
Events and workshops	452		1,696	
Telecommunications and data costs	877		176	
Professional fees	9,281		19,469	
Subscriptions	237		-	
Bank charges	-		100	
Charitable donations	100		-	

...CONTINUED

**Cwm Arian Renewable Energy Limited
Detailed Revenue Account (continued)
For The Year Ended 30 September 2020**

Other office costs	655	644
Depreciation	42,094	49
Sundry expenses	498	4,307
	(108,226)	(39,445)
OPERATING PROFIT/(LOSS)	61,744	(12,133)
 Interest payable and similar expenses		
Bank loan interest	58,697	-
	(58,697)	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	3,047	(12,133)