

ORCHARD FARM COMMUNITY SOLAR C.I.C.
FINANCIAL STATEMENTS
31 MARCH 2019

ELLIOTT BUNKER LIMITED
Chartered Accountants & Statutory Auditor
61 Macrae Road
Ham Green
Bristol
BS20 0DD

ORCHARD FARM COMMUNITY SOLAR C.I.C.

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

F A Mahon (Appointed 27 September 2018)
J C Salmon
I Smith

Registered office

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

Auditor

Elliott Bunker Limited
Chartered Accountants & Statutory Auditor
61 Macrae Road
Ham Green
Bristol
BS20 0DD

ORCHARD FARM COMMUNITY SOLAR C.I.C.

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2019

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

DIRECTORS

The directors who served the company during the year were as follows:

J C Salmon

I Smith

T Valentine

(Resigned 30 May 2019)

F A Mahon

(Appointed 27 September 2018)

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company 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 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 company and the profit or loss of the company for that period.

In preparing these 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

Each of the persons who is a director 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 company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

ORCHARD FARM COMMUNITY SOLAR C.I.C.

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2019

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

J C Salmon
Director

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

ORCHARD FARM COMMUNITY SOLAR C.I.C.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD FARM COMMUNITY SOLAR C.I.C.

YEAR ENDED 31 MARCH 2019

OPINION

We have audited the financial statements of Orchard Farm Community Solar C.I.C. (the 'company') for the year ended 31 March 2019 which comprise the statement of income and retained earnings, statement of financial position 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 company's affairs as at 31 March 2019 and of its profit 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 Companies Act 2006.

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 auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 FARM COMMUNITY SOLAR C.I.C.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD FARM COMMUNITY SOLAR C.I.C. *(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 directors are 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.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

ORCHARD FARM COMMUNITY SOLAR C.I.C.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD FARM COMMUNITY SOLAR C.I.C. *(continued)*

YEAR ENDED 31 MARCH 2019

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are 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 directors determine 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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.

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 directors.
- Conclude on the appropriateness of the directors' 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 company'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 company 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.

ORCHARD FARM COMMUNITY SOLAR C.I.C.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD FARM COMMUNITY SOLAR C.I.C. *(continued)*

YEAR ENDED 31 MARCH 2019

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 company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them 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 company and the company's members as a body, 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 FARM COMMUNITY SOLAR C.I.C.

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
TURNOVER		670,222	580,827
Cost of sales		(334,527)	(276,698)
GROSS PROFIT		335,695	304,129
Administrative expenses		(63,856)	(88,086)
OPERATING PROFIT	4	271,839	216,043
Other interest receivable and similar income	6	1,247	539
Interest payable and similar expenses	7	(196,761)	(244,711)
PROFIT/(LOSS) BEFORE TAXATION		76,325	(28,129)
Tax on profit/(loss)		—	—
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>76,325</u>	<u>(28,129)</u>
RETAINED LOSSES AT THE START OF THE YEAR		(132,705)	(104,575)
RETAINED LOSSES AT THE END OF THE YEAR		<u>(56,380)</u>	<u>(132,704)</u>

All the activities of the company are from continuing operations.

The notes on pages 10 to 14 form part of these financial statements.

ORCHARD FARM COMMUNITY SOLAR C.I.C.

STATEMENT OF FINANCIAL POSITION

31 MARCH 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	8	5,164,727	5,427,365
Investments	9	50	–
		<u>5,164,777</u>	<u>5,427,365</u>
CURRENT ASSETS			
Debtors	10	100,777	107,597
Cash at bank and in hand		291,710	355,656
		<u>392,487</u>	<u>463,253</u>
CREDITORS: amounts falling due within one year	11	(1,430,835)	(1,780,815)
NET CURRENT LIABILITIES		<u>(1,038,348)</u>	<u>(1,317,562)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,126,429	4,109,803
CREDITORS: amounts falling due after more than one year	12	(3,659,859)	(3,719,557)
NET ASSETS		<u>466,570</u>	<u>390,246</u>
CAPITAL AND RESERVES			
Called up share capital		522,950	522,950
Profit and loss account		(56,380)	(132,704)
SHAREHOLDERS FUNDS		<u>466,570</u>	<u>390,246</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 29 August 2019, and are signed on behalf of the board by:

J C Salmon
Director

Company registration number: 09655669

The notes on pages 10 to 14 form part of these financial statements.

ORCHARD FARM COMMUNITY SOLAR C.I.C.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

1. GENERAL INFORMATION

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Vox Studios, Room W106, 1-45 Durham Street, 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.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Orchard Community Energy Ltd. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

ORCHARD FARM COMMUNITY SOLAR C.I.C.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2019

3. ACCOUNTING POLICIES *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery - over 10-25 years

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.

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 company are assigned to those units.

Financial instruments

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.

ORCHARD FARM COMMUNITY SOLAR C.I.C.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2019

4. OPERATING PROFIT

Operating profit or loss is stated after charging:

	2019	2018
	£	£
Depreciation of tangible assets	262,638	223,977

5. AUDITOR'S REMUNERATION

	2019	2018
	£	£
Fees payable for the audit of the financial statements	1,747	1,503

6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Interest on bank deposits	1,247	539

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Interest on banks loans and overdrafts	155,258	198,702
Interest due to group undertakings	40,595	46,009
Refinance fees released	908	–
	<u>196,761</u>	<u>244,711</u>

8. TANGIBLE ASSETS

	Plant and machinery £
Cost	
At 1 April 2018 and 31 March 2019	5,849,412
Depreciation	
At 1 April 2018	422,047
Charge for the year	262,638
At 31 March 2019	<u>684,685</u>
Carrying amount	
At 31 March 2019	<u>5,164,727</u>
At 31 March 2018	<u>5,427,365</u>

ORCHARD FARM COMMUNITY SOLAR C.I.C.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2019

9. INVESTMENTS

	Shares in participating interests £
Cost	
At 1 April 2018	–
Additions	50
At 31 March 2019	<u>50</u>
Impairment	
At 1 April 2018 and 31 March 2019	<u>–</u>
Carrying amount	
At 31 March 2019	<u>50</u>
At 31 March 2018	<u>–</u>

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 Grid-Co Ltd	Ordinary Shares	100

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

10. DEBTORS

	2019 £	2018 £
Trade debtors	78,195	–
Other debtors	22,582	107,597
	<u>100,777</u>	<u>107,597</u>

11. CREDITORS: amounts falling due within one year

	2019 £	2018 £
Bank loans and overdrafts	153,115	141,983
Trade creditors	32,190	46,264
Amounts owed to group undertakings and undertakings in which the company has a participating interest	1,212,179	1,528,084
Social security and other taxes	5,829	–
Other creditors	27,522	64,484
	<u>1,430,835</u>	<u>1,780,815</u>

Creditors falling due within one year include amounts secured by charges on the company's assets created on June 16, 2016.

ORCHARD FARM COMMUNITY SOLAR C.I.C.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 MARCH 2019

12. CREDITORS: amounts falling due after more than one year

	2019	2018
	£	£
Bank loans and overdrafts	3,659,859	3,054,506
Other loans	–	665,051
	<u>3,659,859</u>	<u>3,719,557</u>

Included within creditors: amounts falling due after more than one year is an amount of £2,857,354 (2018: £2,418,919) in respect of liabilities payable or repayable otherwise than by instalments which fall due for payment after more than five years from the reporting date.

Creditors falling due after more than one year include amounts secured by charges on the company's assets created on June 16, 2016.

13. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	21,603	21,603
Later than 1 year and not later than 5 years	86,411	86,411
Later than 5 years	383,450	405,053
	<u>491,464</u>	<u>513,067</u>

14. CONTROLLING PARTY

The company is a wholly owned subsidiary of Orchard Community Energy Limited a Society registered in England under the Co-operative and Community Benefit Societies Act 2014.

ORCHARD FARM COMMUNITY SOLAR C.I.C.
MANAGEMENT INFORMATION
YEAR ENDED 31 MARCH 2019

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

ORCHARD FARM COMMUNITY SOLAR C.I.C.

DETAILED INCOME STATEMENT

YEAR ENDED 31 MARCH 2019

	2019	2018
	£	£
TURNOVER		
Sales - Feed in Tariff	364,224	326,264
Sales - Export and PPA	305,998	254,563
	<u>670,222</u>	<u>580,827</u>
COST OF SALES		
Operations and maintenance	42,486	41,213
Direct costs - other	22,798	4,250
Insurance	6,605	7,258
Depreciation of tangible assets	262,638	223,977
	<u>334,527</u>	<u>276,698</u>
GROSS PROFIT	<u>335,695</u>	<u>304,129</u>
OVERHEADS		
Administrative expenses	63,856	88,086
OPERATING PROFIT	<u>271,839</u>	<u>216,043</u>
Other interest receivable and similar income	1,247	539
Interest payable and similar expenses	(196,761)	(244,711)
PROFIT/(LOSS) BEFORE TAXATION	<u><u>76,325</u></u>	<u><u>(28,129)</u></u>

ORCHARD FARM COMMUNITY SOLAR C.I.C.

NOTES TO THE DETAILED INCOME STATEMENT

YEAR ENDED 31 MARCH 2019

	2019	2018
	£	£
ADMINISTRATIVE EXPENSES		
Rent	21,553	22,232
Rates	11,390	15,798
Community Fund	–	9,535
General expenses (allowable)	(200)	2,704
Management charges payable	26,607	33,254
Legal and professional fees (allowable)	–	458
Auditors remuneration	1,747	1,503
Other bank fees	2,670	2,558
Bank charges	89	44
	<u>63,856</u>	<u>88,086</u>
 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME		
Interest on bank deposits	<u>1,247</u>	<u>539</u>
 INTEREST PAYABLE AND SIMILAR EXPENSES		
Interest on banks loans and overdrafts	155,258	198,702
Interest on amounts due to group undertakings	40,595	46,009
Refinance fees released	908	–
	<u>196,761</u>	<u>244,711</u>