

Report of the Directors and
Financial Statements for the Year Ended 30 June 2019
for
Merston Renewable Energy CIC

Merston Renewable Energy CIC

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for the Year Ended 30 June 2019

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Merston Renewable Energy CIC

Company Information
for the Year Ended 30 June 2019

DIRECTORS:	David Cyril Barton Christopher Charles Rowland Julia Chantal Waterlow
REGISTERED OFFICE:	The Hub 2 Station Street Lewes BN7 2DA
REGISTERED NUMBER:	09631133 (England and Wales)
AUDITORS:	Griffin Statutory Auditors 165 High Street Honiton Devon EX14 1LQ

Merston Renewable Energy CIC

Report of the Directors for the Year Ended 30 June 2019

The directors present their report with the financial statements of the company for the year ended 30 June 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 July 2018 to the date of this report.

David Cyril Barton
Christopher Charles Rowland

Other changes in directors holding office are as follows:

Roger Michael James Marshall - appointed 17 July 2018 - resigned 23 September 2018
Julia Chantal Waterlow - appointed 17 July 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 of 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 judgements and accounting estimates that are reasonable and prudent;

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Griffin, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Merston Renewable Energy CIC

Report of the Directors
for the Year Ended 30 June 2019

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

.....
Director

Date:

Report of the Independent Auditors to the Members of
Merston Renewable Energy CIC

Opinion

We have audited the financial statements of Merston Renewable Energy CIC (the 'company') for the year ended 30 June 2019 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, 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 Financial Reporting Standard 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 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Auditors' 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors 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 Report of the Directors.

We have nothing to report in respect of the following matters where 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' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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.

Auditors' 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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of
Merston Renewable Energy CIC

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 a Report of the Auditors 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.

Misty Nickells FCA (Senior Statutory Auditor)
for and on behalf of Griffin
Statutory Auditors
165 High Street
Honiton
Devon
EX14 1LQ

Date:

Merston Renewable Energy CIC

Income Statement
for the Year Ended 30 June 2019

	Notes	30.6.19 £	30.6.18 £
TURNOVER		711,450	643,463
Cost of sales		99,304	100,893
GROSS PROFIT		612,146	542,570
Administrative expenses		335,324	287,452
OPERATING PROFIT	4	276,822	255,118
Interest receivable and similar income		1,817	138
		278,639	255,256
Interest payable and similar expenses		232,773	270,095
PROFIT/(LOSS) BEFORE TAXATION		45,866	(14,839)
Tax on profit/(loss)		-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		45,866	(14,839)

The notes form part of these financial statements

Balance Sheet
30 June 2019

	Notes	30.6.19		30.6.18	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		5,578,869		5,848,128
CURRENT ASSETS					
Debtors	6	393,922		387,145	
Cash in hand		403,227		306,678	
			<u>797,149</u>		<u>693,823</u>
CREDITORS					
Amounts falling due within one year	7	248,193		260,302	
NET CURRENT ASSETS			<u>548,956</u>		<u>433,521</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,127,825</u>		<u>6,281,649</u>
CREDITORS					
Amounts falling due after more than one year	8		4,343,638		4,543,328
NET ASSETS			<u><u>1,784,187</u></u>		<u><u>1,738,321</u></u>
CAPITAL AND RESERVES					
Called up share capital	10		1		1
Share premium			1,732,087		1,732,087
Retained earnings			52,099		6,233
SHAREHOLDERS' FUNDS			<u><u>1,784,187</u></u>		<u><u>1,738,321</u></u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

.....
Director

1. **STATUTORY INFORMATION**

Merston Renewable Energy CIC is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 10% on cost and 4% on cost

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. **ACCOUNTING POLICIES - continued**

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Change of accounting estimate

The estimate of useful economic life with reference to inverters has been updated to straight line over 10 years rather than straight line over 25 years. This is to better reflect the useful economic life of these assets. The net book value of these assets at the start of the year will be depreciated on a straight line basis over the remainder of the asset's useful life.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was NIL (2018 - NIL).

4. **OPERATING PROFIT**

The operating profit is stated after charging:

	30.6.19	30.6.18
	£	£
Depreciation - owned assets	<u>269,259</u>	<u>254,160</u>

5. **TANGIBLE FIXED ASSETS**

	Plant & machinery £
COST	
At 1 July 2018 and 30 June 2019	<u>6,356,448</u>
DEPRECIATION	
At 1 July 2018	508,320
Charge for year	<u>269,259</u>
At 30 June 2019	<u>777,579</u>
NET BOOK VALUE	
At 30 June 2019	<u><u>5,578,869</u></u>
At 30 June 2018	<u><u>5,848,128</u></u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2019

6. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.6.19	30.6.18
	£	£
Trade debtors	140,521	77,483
Amounts owed by group undertakings	204,102	117,674
Other debtors	49,299	191,988
	<u>393,922</u>	<u>387,145</u>

7. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.6.19	30.6.18
	£	£
Bank loans and overdrafts	159,441	144,861
Trade creditors	2,886	1,479
Taxation and social security	10,479	-
Other creditors	75,387	113,962
	<u>248,193</u>	<u>260,302</u>

8. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	30.6.19	30.6.18
	£	£
Bank loans	3,843,638	3,043,328
Other creditors	500,000	1,500,000
	<u>4,343,638</u>	<u>4,543,328</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans - 5 years or more	3,102,837	-
	<u>3,102,837</u>	<u>-</u>

9. **SECURED DEBTS**

The following secured debts are included within creditors:

	30.6.19	30.6.18
	£	£
Bank loans	4,003,079	3,188,189
	<u>4,003,079</u>	<u>3,188,189</u>

The bank borrowings are secured by fixed and floating charges over the company's assets.

Merston Renewable Energy CIC

Notes to the Financial Statements - continued
for the Year Ended 30 June 2019

10. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.19	30.6.18
1	Ordinary	£1	£ 1	£ 1
			<u>1</u>	<u>1</u>

Merston Renewable Energy CIC

Trading and Profit and Loss Account
for the Year Ended 30 June 2019

	30.6.19		30.6.18	
	£	£	£	£
Turnover				
Feed in tariff	399,515		354,850	
Energy export income	311,935		288,613	
	<u> </u>	711,450	<u> </u>	643,463
 Cost of sales				
Other direct costs	7,223		5,899	
Site security and maintenance	36,717		35,976	
Rent	40,451		39,134	
Rates	14,913		19,884	
	<u> </u>	99,304	<u> </u>	100,893
 GROSS PROFIT		612,146		542,570
 Other income				
Deposit account interest		1,817		138
		<u> </u>		<u> </u>
		613,963		542,708
 Expenditure				
Insurance	6,772		8,295	
Management charges payable	33,741		21,000	
Sundry expenses	850		-	
Legal fees	3,757		732	
Amortisation of intangible fixed assets	12,311		-	
Depreciation of tangible fixed assets				
Plant and machinery	269,259		254,160	
Community Benefit Payments	5,400		-	
	<u> </u>	332,090	<u> </u>	284,187
		<u> </u>		<u> </u>
		281,873		258,521
 Finance costs				
Bank charges	3,234		3,265	
Bank loan interest	181,679		153,693	
Loan	51,094		116,402	
	<u> </u>	236,007	<u> </u>	273,360
 NET PROFIT/(LOSS)		<u> </u>		<u> </u>
		45,866		(14,839)
		<u> </u>		<u> </u>

This page does not form part of the statutory financial statements