



Community Energy
Warwickshire

**ANNUAL REPORT
AND ACCOUNTS
2012**

Community Energy Warwickshire Limited is registered in England as an Industrial and Provident Society for community benefit, register no. 31145R

Registered office:

108 Shipston Road, Stratford-upon-Avon CV37 7LR

Tel: 01789 290736, e-mail: info@cew.coop, website: www.ceb.coop



Cover picture: Up on the roof - Paul Hutchens (Eco2Solar Ltd), Siobhan Hill (South Warwickshire NHS Foundation Trust) and Chris Begg (CEW) at Warwick Hospital, February 2012

Directors' report

The directors of Community Energy Warwickshire Limited (CEW) present their report and the unaudited financial statements of the Society for the year ended 31 December 2012.

Objects

CEW is registered in England as an Industrial and Provident Society for the benefit of the community (Community Benefit Society). Its objects as set out in its Rules are to carry on its business for the benefit of the community by:

- promoting renewable energy and developing, installing and operating renewable energy sources;
- promoting sustainable use of energy and reductions in carbon emissions through the provision of advice on energy efficiency and the supply of energy-efficient products and services; and
- promoting public awareness of environmental and related issues and supporting educational initiatives related to renewable energy, energy efficiency and sustainability

Renewable energy

Solar-powered hospitals

CEW owns solar photovoltaic (PV) generating plant with a total peak capacity of 60 kilowatts (kWp), comprising a 10kWp system at Stratford Hospital completed in December 2011 and a 50kWp system at Warwick Hospital completed in February 2012. The systems were installed under agreements with South Warwickshire NHS Foundation Trust which grant CEW rent-free leases enabling the systems to remain in place for at least 25 years. In return, the Trust has the right to purchase all energy generated at a discount to the price it normally pays for electricity. CEW also supports the Trust's energy efficiency and carbon reduction programme by providing energy awareness training for its staff.

Despite the generally poor weather experienced during 2012, the PV systems have performed well and output has exceeded the levels forecast on the basis of the panel manufacturers' estimates. The table below gives a breakdown by billing period of the metered electricity produced by each system:

Billing period	Electricity generated		
	Stratford 10kWp	Warwick 50kWp	Total generation
Jan - March 2012	1,651 kWh	5,526 kWh*	7,177 kWh*
April - June 2012	3,340 kWh	15,071 kWh	18,411 kWh
July - Sept 2012	3,275 kWh	17,773 kWh	21,048 kWh
Oct - Dec 2012	1,335 kWh	6,538 kWh	7,873 kWh
		Total for the year	54,509 kWh

*Warwick 50kWp system commissioned February 2012

Follow-on solar PV projects

Discussions are in progress about a possible further solar PV system at a third hospital managed by the Trust, which could proceed in 2013. Other potential follow-on solar PV projects have been investigated, including a parish centre in Warwick, a school in Leamington Spa and a community centre just outside Stratford-upon-Avon. Any future solar PV projects are likely to be financed from the proceeds of community share offers.

Other renewable technologies

Anaerobic digestion

In early 2012, CEW received a grant of £29,000 from the Government's Local Energy Assessment Fund (LEAF), which was used to commission a study into the feasibility of energy production from food waste by anaerobic digestion (AD). The study highlighted the contractual barriers to community AD projects and gave rise to further work to develop an alternative partnership-based model which formed the basis of a funding application to the Co-operative Community Energy Challenge. This application was not successful, but CEW continues to explore potential opportunities for the use of AD technology.

Hydro generation

In the light of discussion at a strategy session in July 2012 attended by nearly 30 CEW members, work has been undertaken to investigate the possibility of installing micro-hydro generation systems at two locations on the River Leam in Leamington Spa. Despite encouraging initial discussions with landowners and potential users of electricity generated, the Environment Agency has indicated that it will not consent to the installation of turbines on the grounds of potential interference with its gauging arrangements. CEW continues to seek opportunities for hydro generation.

Renewable heat

CEW is in discussion with the national charity Garden Organic about possible collaboration on work to improve energy efficiency and reduce carbon emissions at Garden Organic's site at Ryton Organic Gardens near Coventry, in particular by replacing the existing LPG-fuelled heating system with a renewable heat source such as locally-produced biomass. The organisations have jointly commissioned an independent energy audit of the Ryton site, the final report and recommendations of which were received in April 2013 and are currently under consideration.

Energy efficiency

In partnership with Act on Energy, a registered charity which provides energy advice to householders and small businesses in Warwickshire, CEW organised a number of free events during 2012 to raise awareness of energy saving at home and at work and to provide practical help and support for people trying to reduce their energy consumption. These included:

- community energy fairs in Alcester, Henley-in-Arden, Shipston-on-Stour, Southam, Stratford-upon-Avon and Studley, featuring energy advice and displays by local businesses supplying energy-efficient products and services
- energy awareness sessions for NHS staff at Warwick Hospital

CEW also ran stalls at a number of public events in Warwickshire, including the Midcounties Co-operative's Fun Day in Warwick, the Stratford-upon-Avon River Festival and the Small Is....Festival at Bourton-on-Dunsmore.

Governance

Members

As at 31 December 2012, CEW had 88 members, many of whom participate actively in workshops and other events. A web-based survey of members' views about CEW and its performance to date was launched in March 2013, the results of which will be presented at the Annual General Meeting on 1 June 2013.

We were saddened by the death in July 2012 of Hugh Chatwin. Hugh was a founder-member of CEW and a loyal and enthusiastic supporter of its activities and is greatly missed.

Board of directors

The directors of CEW at 31 December 2012 were:

Chris Begg
Barbara Cooper
Paul Huband (elected 22 May 2012)
Roger Matthews
James Pavitt (re-elected 22 May 2012)
Keith Sinfield (re-elected 22 May 2012)
David Wood
Ian Wood (elected 22 May 2012)

Glyn Thomas, a founder-member of CEW and a director since the inaugural general meeting in February 2011, was re-elected to the board on 22 May 2012 but resigned in October 2012 due to relocation. We thank Glyn for his contribution to CEW in its critical early stages and extend our best wishes for the future to him and Jane.

As required by the Rules, three directors (Barbara Cooper, Roger Matthews and David Wood) will retire by rotation at the AGM on 1 June 2013 and will stand for re-election at that meeting.

All directors serve in a voluntary capacity and are unpaid. Details of the directors' interests in the shares of the Society are set out in Note 13 to the financial statements on page 11.

Officers

At 31 December 2012, the officers of CEW were Keith Sinfield (Chair), David Wood (Treasurer) and Barbara Cooper (Secretary). The officers are appointed by the board and are unpaid.

Financial statements

The financial statements for the year to 31 December 2012 are set out on pages 5 to 11.

Directors' responsibilities for the financial statements

Legislation governing Industrial and Provident Societies requires the directors to prepare financial statements for each financial year which 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Society will continue in business.

The directors are responsible for ensuring the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and which enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts. They are also responsible for taking such steps as are reasonably open to them to safeguard the Society's assets and to prevent and detect

fraud and other irregularities.

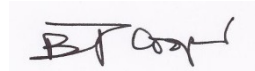
Disapplication of requirement for statutory audit

Under the legislation governing Industrial and Provident Societies, a Society whose turnover is less than £90,000 and whose total assets are less than £2.8 million may, with the approval of its members, disapply the requirement for a full professional audit of its financial statements provided that:

- it is not a subsidiary of another Society and does not have subsidiaries of its own; and
- it is not a housing association, a body covered by the Insurance Accounts Directive or a body which takes deposits (other than deposits in the form of withdrawable share capital); and
- its Rules allow it to disapply the requirement for a full professional audit.

The directors consider that CEW has met all the above conditions throughout the period to which the financial statements relate and will propose a resolution at the AGM on 1 June 2013 to enable the requirement for a full professional audit to be disapplied. The resolution will be passed if the number of votes cast against it is less than 20% of the total number of votes cast and less than 10% of the total number of members.

Approved by the directors on 14 May 2013 and signed on their behalf



Barbara Cooper
Secretary

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Income and expenditure

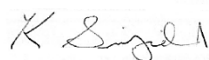
	Notes	Year to 31 Dec	
		2012	2011
		£	£
Revenue		22,245	96
Cost of sales		5,407	111
		<hr/>	<hr/>
Gross surplus/(deficit)		16,838	(15)
Administrative expenses		1,163	1,173
Other operating income	2	(2,785)	(14)
		<hr/>	<hr/>
Operating surplus/(deficit)	3	18,460	(1,174)
Interest receivable		63	13
Surplus/(deficit) on ordinary activities before taxation		18,523	(1,161)
Tax on surplus/(deficit) on ordinary activities	5	2,933	-
		<hr/>	<hr/>
Surplus/(deficit) for the financial year	14	15,590	(1,161)
		=====	=====

Balance sheet as at 31 December

	Notes	£	2012 £	2011 £
Fixed assets				
Tangible assets	6		104,277	24,635
Current assets				
Debtors	7	4,053		11,300
Cash at bank		22,364		99,887
			26,417	111,187
Creditors: amounts falling due within one year	8	599		35,000
Net current assets			25,818	76,187
Total assets less current liabilities			130,095	100,822
Provisions for liabilities				
Deferred taxation	9		2,933	-
			127,162	100,822
			=====	=====
Capital and reserves				
Called-up equity share capital	11		113,200	102,450
Income and expenditure account	14		13,962	(1,628)
Members' funds	14		127,162	100,822
			=====	=====

These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities effective April 2008.

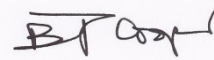
The financial statements were approved by the directors and authorised for issue on 14 May 2013 and are signed on their behalf by:



Keith Sinfield
Chair



David Wood
Treasurer



Barbara Cooper
Secretary

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Notes to the financial statements

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities effective April 2008.

Cash flow statement

The directors have taken advantage of the exemption in the Financial Reporting Standard for Smaller Entities effective April 2008 from the requirement to include a cash flow statement in the financial statements on the grounds that the Society is small.

Turnover

Turnover is accounted for on an accruals basis and represents electricity sales and Feed-in Tariff payments, based in both cases on kWh of electricity generated.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Plant & Machinery:	Solar panels 25 years and inverters 10 years, both straight line
Equipment:	Three years, straight line

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less or to receive more tax. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Share capital

The directors have applied Urgent Issues Task Force abstract 39 in determining the accounting treatment of members' shares. Rule 53 of the Society's Rules entitles any member to request withdrawal of their share capital, but also gives the directors an unconditional right to refuse such a request. Accordingly, members' shares are treated as equity.

2. Other operating income

	2012	2011
	£	£
Donations from organisations	50	-
Donations from individuals	2,735	14
	<u>2,785</u>	<u>14</u>

3. Operating surplus/(deficit)

Operating surplus/(deficit) is stated after charging:

	2012	2011
	£	£
Directors' remuneration	-	-
Depreciation of owned fixed assets	5,108	125
	<u>5,108</u>	<u>125</u>

4. Particulars of employees

No salaries or wages have been paid to employees, including the directors, during the year. No expenses were reimbursed to directors during the year.

5. Taxation

CEW's trading activities are taxable and CEW is registered for corporation tax. Due to the different tax and accounting treatment of capital expenditure, CEW does not have a current tax liability, nor do the directors expect such a liability to arise in the next several years. However, a deferred tax liability has been computed to reflect the tax payable in the future as a result of this year's operations and is set out below.

	2012	2011
	£	£
Current tax liability	nil	nil
Deferred tax on origination and reversal of timing differences		
Accelerated capital allowances	10,044	-
Tax losses carried forward	(7,111)	-
	<u>2,933</u>	<u>-</u>
Tax on surplus on ordinary activities	2,933	-

6. Tangible fixed assets

	Plant & Machinery £	Equipment £	Total £
Cost			
At 1 January 2012	24,540	220	24,760
Additions	84,750	-	84,750
At 31 December 2012	<u>109,290</u>	<u>220</u>	<u>109,510</u>
Depreciation			
At 1 January 2012	95	30	125
Charge for the year	5,036	72	5,108
At 31 December 2012	<u>5,131</u>	<u>102</u>	<u>5,233</u>
Net book value			
At 31 December 2012	<u>104,159</u>	<u>118</u>	<u>104,277</u>
At 31 December 2011	24,445	190	24,635
	=====	=====	=====

7. Debtors

	2012 £	2011 £
Trade debtors	3,138	8
Other debtors	-	10,695
Prepayments and accrued income	915	597
	<u>4,053</u>	<u>11,300</u>
	=====	=====

8. Creditors: amounts falling due within one year

	2012 £	2011 £
Other creditors including taxation:		
VAT	69	-
Directors' current accounts	-	35,000
Accruals and deferred income	530	-
	<u>599</u>	<u>35,000</u>
	=====	=====

9. Deferred taxation

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2012	2011
	£	£
Excess of taxation allowances over depreciation on fixed assets	10,044	-
Tax losses available	(7,111)	-
	<u>2,933</u>	<u>-</u>
	=====	=====

10. Related party transactions

A director of CEW made a cash advance of £35,000 to CEW in 2011, the full amount of which was outstanding at 31 December 2011. During 2012, this advance was repaid in full and without interest. Another director of CEW made a cash advance of £2,000 in April 2012 to cover short-term cash requirements. This was repaid in full in July 2012 without interest. Donations totalling £2,700 were received in respect of consultancy work undertaken by CEW directors on behalf of third parties.

11. Share capital

	2012	2011
	£	£
At 1 January	102,450	10,550
Shares issued	10,750	93,400
Other movements	-	(1,500)
	<u>113,200</u>	<u>102,450</u>
At 31 December	113,200	102,450
	<u>113,200</u>	<u>102,450</u>
	=====	=====

CEW's share capital is made up of ordinary shares of £1 each. Each member is entitled to one vote, irrespective of the number of shares held. Shares are non-transferable and cannot be bought or sold. Shares may be withdrawn by members by giving three months' notice, but the directors may at their absolute discretion decline to allow the withdrawal of share capital if, in their view, this would jeopardise CEW's financial position.

The Rules also authorise the directors to suspend the rights of members to withdraw share capital. The directors resolved in May 2011 to suspend the right to withdraw share capital until further notice. The directors do not expect to restore the right to withdraw share capital until October 2014 at the earliest. Until the right to withdraw share capital is restored, shares may be withdrawn only with the consent of the board, which the directors expect to grant only in exceptional circumstances - for example at the request of the personal representative of a deceased member or the trustee in bankruptcy of a bankrupt member. A copy of the Rules of the Society may be obtained on request from the Secretary or on the website www.cew.coop.

The following changes in CEW's issued share capital during the year to 31 December 2012 arose from the allotment of ordinary shares of £1 each in response to applications received pursuant to the community share offer launched on 24 October 2011:

	2012	2011
	£	£
At 1 January	102,450	10,550
Shares issued	10,750	93,400
Other movements	-	(1,500)
	<hr/>	<hr/>
At 31 December	113,200	102,450
	<hr/>	<hr/>
Amounts presented in equity	113,200	102,450
	<hr/>	<hr/>
Number of members as at 31 December	88	80

12. Interest on share capital

As an Industrial and Provident Society for community benefit, CEW can pay interest on share capital, provided that the rate paid does not exceed the minimum required to attract and retain capital. No interest has been paid on share capital in the year to 31 December 2012.

13. Directors' interests in shares

The directors of the Society during the period and their beneficial interests in the shares of the Society were as follows:

	Ordinary shares of £1 each	
	As at 31 Dec	
	2012	2011
Chris Begg	1,050	1,050
Barbara Cooper	20,000	20,000
Paul Huband (elected May 2012)	250	250
Roger Matthews	1,500	1,500
James Pavitt	1,500	1,500
Keith Sinfield	1,000	1,000
Glyn Thomas (resigned October 2012)	1,000	1,000
David Wood	1,000	1,000
Ian Wood (elected May 2012)	500	500

14. Reconciliation of members' funds and movement on reserves

	Share capital	Income and expenditure account	Total members' funds
	£	£	£
Balance brought forward	102,450	(1,628)	100,822
Surplus for the year	-	15,590	15,590
Other movements:			
Shares issued	10,750	-	10,750
	<hr/>	<hr/>	<hr/>
Balance carried forward	113,200	13,962	127,162
	=====	=====	=====

Detailed income and expenditure account

NB this does not form part of the statutory financial statements

	Year ended 31 Dec 2012 £	Year ended 31 Dec 2011 £
Revenue		
Sale of electricity	2,699	11
Feed-in Tariff	19,379	82
Deemed export tariff	167	3
	<u>22,245</u>	<u>96</u>
Cost of sales		
Panel insurance	371	16
Depreciation of panels and inverters	5,036	95
	<u>5,407</u>	<u>111</u>
Gross surplus/(deficit)	<u>16,838</u>	<u>(15)</u>
Overheads		
Meeting room costs	135	126
Insurance	159	7
Telephone	340	228
Printing, stationery and postage	85	-
Advertising	-	521
Legal and professional fees	100	-
Statutory registration costs	180	55
Subscriptions	75	-
Anaerobic Digestion study costs	27,405	-
Anaerobic Digestion study income (LEAF grant)	(27,405)	-
Depreciation of equipment	72	30
Bank charges	17	206
	<u>1,163</u>	<u>1,173</u>
Surplus/(deficit) on society trading	<u>15,675</u>	<u>(1,188)</u>
Donations from organisations	50	-
Donations from individuals	2,735	14
	<u>18,460</u>	<u>(1,174)</u>
Operating surplus/(deficit)	<u>18,460</u>	<u>(1,174)</u>
Bank interest receivable	63	13
	<u>18,523</u>	<u>(1,161)</u>
Surplus/(deficit) on ordinary activities	<u>18,523</u>	<u>(1,161)</u>
	=====	=====