

Benefit society number 7364

SOLAR FOR SCHOOLS CBS LTD

**DIRECTOR'S REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2018**

SOLAR FOR SCHOOLS CBS LTD

BENEFIT SOCIETY INFORMATION

Directors

Ann Flaherty

Robert Schrimppf

Ann Finlayson

Marino Charalambous

Peter Roberts

Benefit society number 7364

Registered office

146 Kings Road

Bury St. Edmunds

IP33 3DJ

Accountants

Innovative Business Consultants (UK) Limited

(ICAEW Chartered Accountants & Business Advisors)

60 The Cambria,

Regatta Quay,

Key Street,

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SOLAR FOR SCHOOLS CBS LTD

CONTENTS

	Page
Director's report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	4-10

SOLAR FOR SCHOOLS CBS LTD

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The director presents his report and financial statements for the period from 1st April 2017 to year ended 31st March 2018. The Benefit society was initially incorporated on 22nd July 2016.

Cash generation and profitability were ahead of expectations.

During the period, overall electricity generation of the systems was about 1% above target despite a very dark last quarter of the financial year (Jan-March). Revenues for the period were £2,481 below target (5.5%), due to delays in implementing collection of export revenues from Cuckoo Hall and delays related to revenue collection on the two sites installed in Q1 2018. Both issues have since been rectified.

Operating costs for the period were 25% below budget. After non budgeted fund level costs such as additional insurance costs and bank charges, operating cost were 14% below budget. (£13,738 vs. model forecast of £15,957).

Earnings before interest, tax and depreciation were £31,432 vs. model forecast of £31,694.

Interest charges for the period were lower at £19,596 vs. forecast of £20,862, mainly due to timing of funds raised vs. final payment for Cuckoo Hall.

Resulting net cash inflows from operations after interest charges were nearly 10% ahead of forecast at £11,835 vs. model forecast of £10,832 for the period.

Depreciation charges are calculated based on 5% per year as the Directors originally assumed a 20 year lifetime. Most contracts are now based on 25 years and as such the Directors may wish to revise depreciation policy or consider valuing assets based on DCF in future and in line with other solar asset operators. This has no impact on the business from a cash generation and hence interest and repayment perspective, but does affect when the CBS would show a taxable profit.

Under the original depreciation schedule each project becomes profitable from a tax perspective 7-8 years after installation. Hence overall profitability at the CBS level is achieved about 8 years after the last project is installed. The model assumes interest costs remain at 5% and inflation averages 2.7% per year. Higher inflation rates or lower interest costs, would result in higher cash generation and mean profitability would be achieved sooner.

Taxable loss for the period was £6,909 vs. forecast taxable losses of £8,134

The Directors noted at the AGM that the CBS is performing ahead of forecast, but voted to not distribute any of the surplus cash flow and instead build a reserve to pay for the accounts to be audited in the financial year ending March 2019.

SOLAR FOR SCHOOLS CBS LTD

DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2018

Director

The following directors have held office since 1st April 2017:

Ann Flaherty
Robert Schrimppff
Ann Finlayson
Peter Roberts
Marino Charalambous

The benefit society has appointed below mentioned directors with effect from 29th January 2018.

Julian Lesley

Director's interests

The director's interest in the loans payable of the company was as stated below:

Robert Schrimppff
£50,000 loan given to the company by Robert Schrimppff (Bonds). Loan is payable on 22nd September 2021 (5 years from the date of the loan). Loan carries 5% interest paid on annual basis at the end of October each year.

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

On behalf of the board

Robert Schrimppff

Director

24 October 2018

SOLAR FOR SCHOOLS CBS LTD

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover		45,170	9,863
Project cost & asset management fees		<u>(11,861)</u>	<u>(3,000)</u>
Gross profit		33,309	6,863
Administrative expenses	2	<u>(1,878)</u>	<u>(1,286)</u>
EBITDA (Cashflow from operations)		<u>31,431</u>	<u>5,577</u>
Depreciation		<u>(18,745)</u>	<u>(8,382)</u>
Profit (Loss) on ordinary activities before taxation		<u>12,686</u>	<u>(2,805)</u>
Interest expense		<u>(19,596)</u>	<u>(6,371)</u>
Loss before tax	3	<u>(6,910)</u>	<u>(9,176)</u>
Tax on profit (loss) on ordinary activities	4	<u>(-)</u>	<u>(-)</u>
Net expense over income		<u>(6,910)</u>	<u>(9,176)</u>

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the income and expenditure account.

SOLAR FOR SCHOOLS CBS LTD

BALANCE SHEET (SURPLUS OR DEFICIT STATEMENT)

AS AT 31 MARCH 2018

	Notes	2018 £	2017 £
Fixed assets			
Fixtures, fittings & equipment	5	460,814	326,905
Current assets			
Cash at bank and in hand		54,358	6,842
Accrued income		4,814	5,674
Prepayments		488	1,285
Other assets	6	4,421	-
Total current assets		<u>64,081</u>	<u>13,801</u>
Total assets and liabilities		<u>524,895</u>	<u>340,706</u>
Capital and reserves			
Accumulated deficit	7	(16,086)	(9,176)
Members net deficit		<u>(16,086)</u>	<u>(9,176)</u>
Non-current liabilities			
Bonds issued (Long-term loan payable)	8	508,425	285,000
Current liabilities			
Other trade payables	9	<u>32,556</u>	<u>64,882</u>
Total liabilities		<u>540,981</u>	<u>349,882</u>
Total Capital reserves and liabilities		<u>524,895</u>	<u>340,706</u>

SOLAR FOR SCHOOLS CBS LTD

Auditing of Accounts

For the financial year ended 31st March 2018 the company was entitled to exemption from audit under section 84 of the Benefit societies Act relating to small benefit societies. The Directors had previously agreed not to Audit the accounts in this period for cost considerations, but determined that a budget should be set aside and an Auditor appointed for accounts ending 31st March 2019.

Director's responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 84;
- The director acknowledges their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements. These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board and authorised for issue on 24 October 2018.

Directors:



Ann Finlayson, Chairman

Robert Schrimppf, Secretary



Ann Flaherty, Director

SOLAR FOR SCHOOLS CBS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Accounting convention

1.1 Accounting convention The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

Turnover

1.3 Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Main activities of the business include provision of solar panels to schools and obtain fee income based on the solar electricity generation.

Solar for Schools CBS Ltd. revenue recognized on accrual basis in line with accounting standards.

Tangible fixed assets and depreciation

1.4 Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost over 20 years, as follows:

Fixtures, fittings & equipment : 5% per annum from the date of acquisition

Equipment mainly consists of Solar panels and related equipment.

1.5 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

SOLAR FOR SCHOOLS CBS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2017 £	2017 £
2 Administrative expenses		2018 £	2017 £
Insurance		1,878	1,286
Depreciation Equipment		<u>18,745</u>	<u>8,382</u>
Total		<u>20,623</u>	<u>9,668</u>
3 Operating loss			
Operating loss is stated after charging:			
Depreciation of tangible assets		<u>18,745</u>	<u>8,382</u>
4 Taxation			
Domestic current year tax			
U.K. corporation tax		—	—
Factors affecting the tax charge for the year			
Profit on ordinary activities before taxation		—	—
Profit on ordinary activities before taxation multiplied by Standard rate of UK corporation tax of 20.00%		—	—
Effects of:			
Non deductible expenses		-	-
Depreciation add back		-	-
Capital allowances		(-)	(-)
Other tax adjustments		(-)	(-)
		<u>(-)</u>	<u>(-)</u>
Current tax charge for the year		=	=

SOLAR FOR SCHOOLS CBS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

5 Tangible fixed assets	Fixtures, fittings & equipment	
£		
Cost		
At 1st April 2017		335,287
Additions		<u>152,654</u>
At 31st March 2018		<u>487,941</u>
Depreciation		
At 1st April 2017		8,382
Charge for the year		<u>18,745</u>
At 31st March 2017		<u>27,127</u>
Net book value		
At 31st March 2018		<u>460,814</u>
At 31st March 2017		<u>326,905</u>
	2018	2017
	£	£
6 Other assets		
VAT (Value Added Tax) Receivable	<u>4,421</u>	-
	2018	2017
	£	£
7 Accumulated deficit		
Balance as at 1 st April 2017	(9,176)	-
Current year loss	<u>(6,910)</u>	<u>(9,176)</u>
Balance as at 31 st March 2017	<u>(16,086)</u>	<u>(9,176)</u>
8 Long-term bonds payable		
Long-term bonds payable	<u>508,525</u>	<u>285,000</u>

SOLAR FOR SCHOOLS CBS LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
9 Creditors: amounts falling due within one year		
Taxation and social security	-	210
Interest on short term loan / bonds payable	6,862	6,371
Other creditors	<u>25,694</u>	<u>58,301</u>
	<u>32,556</u>	<u>64,882</u>