

LOCHBROOM COMMUNITY RENEWABLES LIMITED

Company registration number RS007126

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2018

LOCHBROOM COMMUNITY RENEWABLES LIMITED

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LOCHBROOM COMMUNITY RENEWABLES LIMITED

COMPANY INFORMATION

Directors

Tim Gauntlett
Andy Kaye
Sandy MacKenzie (resigned 29 November 2017)
Dave Maxwell
Sandy Osborne
Rebekah Lwin
Kathleen Donald
Rob Gibson
Amanda Barry-Hirst

Registered number

RS007126

Registered office

The Village Hall
7 Market Street
Ullapool
IV26 2XE

LOCHBROOM COMMUNITY RENEWABLES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2018

The directors present their report and the financial statements for the year ended 31 May 2018.

Directors' responsibilities statement

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

The law governing Co-operative and Community Benefit Societies 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 society and of the profit or loss of the society for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the society's financial statements 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 to 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.

Directors

The directors who served during the year were:

Tim Gauntlett
Andy Kaye
Sandy MacKenzie (resigned 29 November 2017)
Dave Maxwell
Sandy Osborne
Rebekah Lwin
Kathleen Donald
Rob Gibson
Amanda Barry-Hirst

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

LOCHBROOM COMMUNITY RENEWABLES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2018**

This report was approved by the board and signed on its behalf by:

Tim Gauntlett

Director

Date:

Dave Maxwell

Director

Date:

Andy Kaye

Director

Date:

LOCHBROOM COMMUNITY RENEWABLES LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF LOCHBROOM COMMUNITY RENEWABLES LIMITED FOR THE YEAR ENDED 31 MAY 2018

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Lochbroom Community Renewables Limited for the year ended 31 May 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes from the company's accounting records and from information and explanations you have given to us.

As a member firm of the Institute of Chartered Accountants of Scotland, we are subject to its ethical and other professional requirements which are detailed at www.icas.com/technical-resources/framework-for-the-preparation-of-accounts-revised-january-2017.

This report is made solely to the Board of Directors of Lochbroom Community Renewables Limited, as a body, in accordance with the terms of our engagement letter dated 16 November 2017. Our work has been undertaken solely to prepare for your approval the financial statements of Lochbroom Community Renewables Limited and state those matters that we have agreed to state to the Board of Directors of Lochbroom Community Renewables Limited, as a body, in this report in accordance with the requirements of the Institute of Chartered Accountants of Scotland as detailed at www.icas.com/technical-resources/framework-for-the-preparation-of-accounts-revised-january-2017. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lochbroom Community Renewables Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Lochbroom Community Renewables Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Lochbroom Community Renewables Limited. You consider that Lochbroom Community Renewables Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Lochbroom Community Renewables 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 statutory financial statements.

Scott-Moncrieff
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Date:

LOCHBROOM COMMUNITY RENEWABLES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2018

	Note	2018 £	2017 £
Turnover		68,790	594
Gross profit		<u>68,790</u>	<u>594</u>
Administrative expenses		(32,840)	(22,499)
Other operating income	3	-	7,490
Operating profit/(loss)		<u>35,950</u>	<u>(14,415)</u>
Interest payable and expenses		-	(9,186)
Profit/(loss) before tax		<u>35,950</u>	<u>(23,601)</u>
Profit/(loss) for the financial year		<u>35,950</u>	<u>(23,601)</u>
Other comprehensive income for the year			
Total comprehensive income for the year		<u>35,950</u>	<u>(23,601)</u>

The notes on pages 9 to 14 form part of these financial statements.

LOCHBROOM COMMUNITY RENEWABLES LIMITED
REGISTERED NUMBER:RS007126

BALANCE SHEET
AS AT 31 MAY 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	6	761,643	182,007
		<u>761,643</u>	<u>182,007</u>
Current assets			
Debtors: amounts falling due within one year	7	9,265	8,177
Cash at bank and in hand		133,436	679,786
		<u>142,701</u>	<u>687,963</u>
Creditors: amounts falling due within one year	8	(3,034)	(3,200)
Net current assets		<u>139,667</u>	<u>684,763</u>
Total assets less current liabilities		<u>901,310</u>	<u>866,770</u>
Net assets		<u><u>901,310</u></u>	<u><u>866,770</u></u>
Capital and reserves			
Called up share capital	9	907,540	908,950
Capital redemption reserve		1,500	-
Profit and loss account		(7,730)	(42,180)
		<u>901,310</u>	<u>866,770</u>

The directors consider that the society is entitled to exemption from audit under section 84 of the Co-operative and Community Benefit Societies Act 2014 ("the Act") and members have not required the society to obtain an audit for the year in question in accordance with the Act.

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

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of Section 1A 'Small Entities' of Financial Reporting Standard 102.

LOCHBROOM COMMUNITY RENEWABLES LIMITED
REGISTERED NUMBER:RS007126

BALANCE SHEET (CONTINUED)
AS AT 31 MAY 2018

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Tim Gauntlett
Director

Dave Maxwell
Director

Andy Kaye
Director

Date:

The notes on pages 9 to 14 form part of these financial statements.

LOCHBROOM COMMUNITY RENEWABLES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2018**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 13 June 2016	36,600	-	(18,579)	18,021
Comprehensive income for the year				
Loss for the year	-	-	(23,601)	(23,601)
Shares issued during the year	872,350	-	-	872,350
At 1 June 2017	908,950	-	(42,180)	866,770
Comprehensive income for the year				
Profit for the year	-	-	35,950	35,950
Purchase of own shares	-	1,500	-	1,500
Shares issued during the year	90	-	-	90
Shares cancelled during the year	(1,500)	-	-	(1,500)
Transfer to/from profit and loss account	-	-	(1,500)	(1,500)
Total transactions with owners	(1,410)	1,500	(1,500)	(1,410)
At 31 May 2018	907,540	1,500	(7,730)	901,310

The notes on pages 9 to 14 form part of these financial statements.

LOCHBROOM COMMUNITY RENEWABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the society's transactions are denominated. They comprise the financial statements of the society drawn up for the year ended 31 May 2018.

The society is a private company limited by shares and is incorporated in United Kingdom and registered in Scotland. It is also registered with the FCA. Details of the registered office can be found on the company information page of these financial statements. The society's registered number is RS007126.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with applicable law and United Kingdom Accounting Standards including Section 1A 'Small Entities' of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities).

The preparation of financial statements in compliance with Section 1A 'Small Entities' of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered a period of at least 12 months from the date on which the accounts have been signed and consider that the society can continue to trade for at least this period and consequently these financial statements have been prepared on a going concern basis.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018**

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Turbine	- 2.5%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

LOCHBROOM COMMUNITY RENEWABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

2. Accounting policies (continued)

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3. Other operating income

	2018 £	2017 £
Government grants receivable	-	7,490
	<u>-</u>	<u>7,490</u>
	<u>-</u>	<u>7,490</u>

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2017 - £NIL).

5. Taxation

Factors affecting tax charge for the year

Due to tax losses there is no charge for corporation tax in either the current or prior year. There are losses carried forward of £222,106.

LOCHBROOM COMMUNITY RENEWABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018

6. Tangible fixed assets

	Turbine £
Cost or valuation	
At 1 June 2017	182,007
Additions	597,109
	<hr/>
At 31 May 2018	779,116
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Depreciation	
Charge for the year on owned assets	17,473
	<hr/>
At 31 May 2018	17,473
	<hr/>
Net book value	
At 31 May 2018	761,643
	<hr/> <hr/>
<i>At 31 May 2017</i>	<i>182,007</i>
	<hr/> <hr/>

LOCHBROOM COMMUNITY RENEWABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018

7. Debtors

	2018 £	2017 £
Other debtors	1,221	8,177
Prepayments and accrued income	8,044	-
	<u>9,265</u>	<u>8,177</u>

8. Creditors: Amounts falling due within one year

	2018 £	2017 £
Accruals and deferred income	3,034	3,200
	<u>3,034</u>	<u>3,200</u>

9. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
907,540 (2017 - 908,950) Ordinary shares of £1 each	<u>907,540</u>	<u>908,950</u>

During the year there was a further share issue of 90 £1 Ordinary shares.

In addition 1,500 £1 Ordinary shares were cancelled and refunded.

LOCHBROOM COMMUNITY RENEWABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

10. Capital commitments

At 31 May 2018 the company had capital commitments as follows:

	2018	<i>2017</i>
	£	£
Lochbroom Hydro Scheme		
Contracted for but not provided in these financial statements	49,456	<i>80,423</i>
	<u>49,456</u>	<u><i>80,423</i></u>
	<u>49,456</u>	<u><i>80,423</i></u>

The society has entered into a contract with Gilbert, Gilkes & Gordon Limited for the completion of the turbine project. The total contract price was £107,230 and at 31 May 2018, they had 35% of the balance remaining as per the payment terms.

The society has also entered in to a contract for services with contractor Bobby Ross. At 31 May 2018 there is an amount due to Bobby of £11,926 for repayment of retentions held till contract completion. This will be repaid within the next 12 months.

LOCHBROOM COMMUNITY RENEWABLES LIMITED

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2018

	Note	2018 £	2017 £
Turnover		68,790	594
Gross profit		<u>68,790</u>	<u>594</u>
Gross profit %		100.0 %	100.0 %
Other operating income		-	7,490
Less: overheads			
Administration expenses		(32,840)	(22,501)
Operating profit/(loss)		<u>35,950</u>	<u>(14,417)</u>
Interest payable		-	(9,186)
Profit/(Loss) for the year		<u>35,950</u>	<u>(23,603)</u>

LOCHBROOM COMMUNITY RENEWABLES LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2018**

	2018 £	2017 £
Turnover		
Sales	20,454	-
Feed in tariff	48,336	594
	<u>68,790</u>	<u>594</u>
	2018 £	2017 £
Other operating income		
Government grants receivable	-	7,490
	<u>-</u>	<u>7,490</u>
	2018 £	2017 £
Administration expenses		
Postage	-	324
Telephone and fax	310	-
Computer costs	182	123
General office expenses	330	337
Advertising and promotion	-	1,735
Trade subscriptions	96	143
Legal and professional	-	677
Accountancy fees	3,884	3,445
Bank charges	22	-
Sundry expenses	-	278
Rent - non-operating leases	150	1,056
Light and heat	742	-
Insurances	4,900	6,985
Depreciation - plant and machinery	17,473	-
Lease of land	-	688
Site Costs	52	-
Project Management Services	-	6,710
Tree consultancy	4,699	-
	<u>32,840</u>	<u>22,501</u>

LOCHBROOM COMMUNITY RENEWABLES LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2018**

	2018	<i>2017</i>
	£	£
Interest payable		
Other loan interest payable	-	9,186
	<hr/>	<hr/>
	-	9,186
	<hr/> <hr/>	<hr/> <hr/>