

Chase Community Solar Limited

Annual Review for Year Ended 31 December 2023

Introduction

Welcome to this year's review, which covers the operations during the Society's financial year January to December 2023. We have continued to oversee the operation of the Society's PV systems successfully on the roofs of 312 properties in Cannock Chase District, providing free solar power to the occupants, while bedding in the 77 battery systems installed the previous year and exploring ways in which we could provide additional benefits to the local community.

During the year the Society:

- Reviewed our policy on the deployment of our annual surplus in relation to our policy on interest payments following discussions with the Financial Conduct Authority
- Produced a total of 678,370kWh of solar electricity
- Achieved a surplus of £57,207, which will support an interest payment of 6% and a Community Fund contribution of £21,375
- Worked to ensure the effective operation of the new battery systems

According to Orsis, who manage the portal for tracking our systems, we have now generated a total of 6,604,437 kWh of energy and avoided 3,365,090 kg of carbon emissions since establishment.

Board of Directors

Our former Treasurer, Elaine Berry stood down at last year's AGM in June, Dave Crosby having already stepped into the role and we were delighted to welcome Tom Bedford to the Board as an External Independent Director. Tom did an excellent job as Project Manager for the Battery installation project and is now Net Zero & Smart Energy Training Manager at Keele University. He has a great reservoir of knowledge on climate and energy issues and will provide a welcome input of expertise to our Board.

There are still a number of vacancies on the Board and we are keen to recruit new Directors. We would welcome new member additions to the Board, either by election at the AGM or alternatively we do have the ability to co-opt during the year.

Performance

2023 was a disappointing year for insolation and this is reflected in our poorest level of output yet by some distance. In addition to the lack of sunshine, void properties again contributed to the lower than projected output. The battery installations have had a small effect on the solar power output from the properties concerned as power from the systems feeds the routers used to provide information to the monitoring portal.

Year	Actual	Original Projection*	Adjusted Projection	%age of original	%age of adjusted
2023	678370	778068	743833	87.2	91.2
2022	758346	778068	748501	97.5	101.3
2021	733260	778068	753170	94.2	97.4
2020	781088	778068	758616	100.4	102.9
2019	761985	780697	765863	97.6	99.5
2018	773492	780697	770860	99.1	100.3
2017	736396	783506	778570	94.0	94.6
2016	793930	783506	783506	101.3	101.3

Battery Project

The year saw completion of the project involving the installation of batteries in 75 of the properties funded by the Energy Redress grant. As part of the project an Afore hybrid inverter replaced the existing string inverter for the solar PV system and a DC-coupled Afore LFPWall-2500 battery was installed with a total capacity of 2.56kWh and usable capacity of 2.3kWh.

Follow-up calls were made to tenants who received the batteries by Beat the Cold and a sample were surveyed for their views and the data for generation and consumption analysed by our evaluation partner, National Energy Action (NEA). NEA produced an evaluation report for the project.

A detailed analysis was undertaken regarding the usage of 30 of the households receiving the batteries. The self-consumption was typically between 36% and 66%. This compared with an estimated average self-consumption in the range 20-25% for households without batteries, which was a driving force for undertaking the project. The associated battery savings using a unit rate of 30p/kWh were between £101.19 and £221.43 per household per year with an average of £156.32.

There were high levels of satisfaction with the installations and project with 43 households out of 52 who responded saying the overall installation was very good, 7 saying it was good and 2 average; out of a monitored group of 30 households, 27 were happy with the installation and 29 would recommend a similar installation to their friends.

A key recommendation emerging is that any future battery installations should ideally have a larger capacity which should enable a higher level of self-consumption and therefore financial benefit to tenants.

Community Fund

The Board's intention is to use the majority of funds in the current Community Fund to offer energy advice sessions to tenants with PV but no batteries. It had been intended to commence this work during 2023 but it had to be delayed because our partner Beat the Cold (BtC) did not have sufficient resource to undertake the work over the winter period. This issue has been resolved and we are now in the process of putting in place data-sharing arrangements so that Beat the Cold can contact the appropriate tenants regarding the offer.

Future Interest and Capital Repayments

In our January Newsletter we informed Members that future annual decisions on interest rates would need to be based on an assessment of the rate necessary to attract and retain capital. The Newsletter also stated that the Board would provide Members with more information and recommendations on future interest and capital repayments at the AGM in June 2024.

The change in basis - from an Internal Rate of Return target of 7.0% across the project lifetime to a discretionary target of 6.0% to be reviewed each year arose from discussions conducted with the Financial Conduct Authority (FCA) to ensure that our current interest rate policy is in keeping with their Community Benefit Society guidelines. Their guidance was that interest rates must be aligned with the minimum rate deemed necessary to attract or retain capital when compared to similar alternative investments. See below for the Board's recommendation on the figure for 2023.

The Society's overall financial situation is good. Income from the Feed in Tariff increases with inflation but the total share capital is reduced each year. After payment of interest to Members, the surplus as a percentage of share capital tends to increase each year, providing for increased payments for social or community purposes within the community served by the Society and for a general reserve for the continuation and development of the Society.

The procedures for setting and paying interest and capital repayment which the Board proposes to follow are as follows:

1. In May each year, the Board will review the accounts for the previous year, and decide on the proposed interest rate to be paid to Members, based on their shareholdings at 31st December of that year. This will be based on the financial performance of the Society for the year and the Board's assessment of the lowest interest rate which will attract and retain funds, subject to constraints of cashflow and reserves.
2. The proposed interest rate will be put to Members at the AGM in June, in the form of a resolution.
3. The surplus will be retained and paid into a Community Fund or retained for the furtherance of the Society's registered aims and objectives. It will then be unnecessary to offer Members the option of waiving a portion of their interest for payment into the Community Fund as has been done for several years. (Members are still able to waive the whole of their interest payment for payment into the Community Fund, if they so wish).
4. Interest payments will be made as soon as possible after the AGM, once the Board has approved and circulated the draft Minutes. We anticipate that interest will be paid to Members by September each year, rather than in December as in the past.
5. The Board intends to have fully repaid Members' investment in the Society by the end of the roof leases with Cannock Chase District Council (2035) and therefore aims to reduce the Society's share capital steadily by redeeming a proportion of the shares each year, subject to constraints of cashflow and reserves.

6. Members can request withdrawal of some or all of their shares at any time. Repayment is entirely at the Board's discretion, subject to funds being available, and made at the original amount paid for the shares. Members may choose to retain the minimum shareholding of 100 shares (£100) in order to remain members of the Society.
7. In November each year the Board will review any withdrawal requests received and current cashflow projections, and confirm the number of shares to be withdrawn, made up of specific requests from Members and any balance spread proportionately across all shareholdings.
8. Capital repayments will then be made in December each year.

Financial Results

The income for the 2023 year was £135,487 - up by approx. £3,500 as a result of increased FiT Tariff (+13.4%) but offset by lower generation (-10.5%) during the year. In addition, a new source of income was created from the panels installed on the roof of Rugeley Community Centre. The Society income comprised £111,012 from Feed-In Tariff payments and £23,683 from Export Tariff payments, with the balance from the new Rugeley CC panels.

The largest contributors to changes in cost on the year were:

Type	Changes vs 2022 (+/-)	Description
Maintenance	+£3400	Several invoices from previous Y/E arrived early in 2023
Depreciation	+£11700	New equipment (batteries)
Insurance	+£1800	New equipment plus inflation in insurance costs
Administration	+£1000	Shareenergy charge increase
Consultancy, Legal & Professional Fees	-£13,700	Non-repeating costs in 2022

The tax provision arises because of funds that have accumulated in the Community Fund leading to a "taxable profit" which will reduce as and when those funds are deployed to projects or charitable donations.

The Operating Surplus for the year was £57,207 compared with £58,925 in the previous year. After reviewing Community Benefit Society share offers for new projects currently seeking investment the Directors believe that 6% is an appropriate return to members compared with 9.7% for 2022. This means that, subject to members' approval, £35,832 will be made available for distribution as interest, and the remainder of the Operating Surplus (£21375) will go to the Community Fund.

The Board of Directors
Chase Community Solar Limited

Registered number
32420R

Chase Community Solar Limited

Report and Accounts

31 December 2023

Chase Community Solar Limited
Report and accounts
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Chase Community Solar Limited Society Information

Directors

Elaine Berry (retired 27/06/2023)

Deborah Crane

David Crosby

Michael Kinghan

Andrea Simpson

Ian Smout

Gordon Telling

Thomas Bedford (External Independent Director, appointed 15/11/2023)

Secretary

Ian Smout

Accountants

Third Sector Accountancy Limited

Holyoake House

Hanover Street

Manchester

M60 0AS

Registered office

The Pump House

Coton Hill

Shrewsbury

SY1 2DP

Registered number

32420R

Chase Community Solar Limited
Registered number: 32420R
Directors' Report

The directors present their report and accounts for the year ended 31 December 2023.

Principal activities

The society's principal activity throughout the year was the management of 312 arrays of solar photovoltaic panels as installed in 2015 on bungalow roofs leased for a term of 20 years from Cannock Chase Council or any subsequent assignees.

Directors

The following persons served as directors during the year:

Elaine Berry (retired 27/06/2023)
Deborah Crane
David Crosby
Michael Kinghan
Andrea Simpson
Ian Smout
Gordon Telling
Thomas Bedford (External Independent Director, appointed 15/11/2023)

Directors' responsibilities

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

The law governing Registered 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 as at the balance sheet date and of its income and expenditure for the year then ended. In preparing these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the co-operative will continue in business.

The directors are responsible for keeping proper books of account such as are necessary to give a true and fair view of the society's state of affairs and to explain its financial transactions. The directors must also establish and maintain a satisfactory system of control of its books of account, its cash holdings and all its receipts and remittances, and hence are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Reporting Criteria

This report has been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

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

Director's signature

Director's name

Independent reporting accountant's report to the Directors on the unaudited accounts of Chase Community Solar Limited

We report on the accounts for the year ended 31 December 2023 set out on pages 4 to 10.

Respective responsibilities of the committee of management and the independent reporting accountant

The society's committee of management is responsible for the preparation of the accounts, and they consider that the society is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our procedures consisted of comparing the accounts with the books of account kept by the society and making such limited enquiries of the officers of the society as we considered necessary for the purpose of this report. These procedures provide the only assurance expressed in our opinion.

Opinion

In our opinion:

- the revenue account and balance sheet for year ended 31 December 2023 are in agreement with the books of account kept by the society under section 75 of the Co-operative and Community Benefit Societies Act 2014;
- having regard only to, and on the basis of the information contained in the books of account, the revenue account and balance sheet for the year ended 31 December 2023 comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- the society met the financial criteria enabling it to disapply the requirement to have an audit of the accounts for the year specified in section 84 of the Co-operative and Community Benefit Societies Act 2014.

*Third Sector Accountancy Limited
Reporting Accountants
Statutory Auditor
Holyoake House
Hanover Street
Manchester M60 0AS*

Date

Chase Community Solar Limited
Revenue Account
for the year ended 31 December 2023

	Notes	2023 £	2022 £
Turnover		135,487	132,024
Cost of sales		(96,361)	(79,572)
Gross surplus		<u>39,126</u>	<u>52,452</u>
Operating expenses		(25,515)	(37,855)
Other operating income	3	42,919	44,328
Operating surplus	4	<u>56,530</u>	<u>58,925</u>
Surplus before taxation		<u>56,530</u>	<u>58,925</u>
Tax on surplus	5	(16,586)	-
Surplus for the financial year		<u><u>39,944</u></u>	<u><u>58,925</u></u>

Chase Community Solar Limited
Balance Sheet
as at 31 December 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets	6	759,534	807,269
Current assets			
Debtors	7	45,281	40,355
Cash at bank and in hand		68,894	35,184
		114,175	75,539
Creditors: amounts falling due within one year	8	(31,369)	(36,320)
Net current assets		82,806	39,219
Total assets less current liabilities		842,340	846,488
Creditors: amounts falling due after more than one year	9	(170,993)	(171,121)
Provisions for liabilities	10	(16,586)	-
Net assets		654,761	675,367
Capital and reserves			
Share capital	11	597,194	601,641
Retained surplus		57,567	73,726
Shareholders' funds		654,761	675,367

The directors are satisfied that the Society is entitled to exemption from the requirement to obtain an audit under section 84 of the Co-operative and Community Benefit Societies Act 2014.

The members passed a resolution in general meeting to disapply the requirement to have the accounts audited.

The directors acknowledge their responsibilities for complying with the requirements of the Co-operative and Community Benefit Societies Act 2014 with respect to accounting records and the preparation of accounts.

The accounts have been prepared in accordance with the provisions in the Co-operative and Community Benefit Societies Act 2014.

Approved by the board on _____

 Director's signature

 Director's signature

 Secretary's signature

 Director's name

 Director's name

 Secretary's name

Chase Community Solar Limited
Statement of Changes in Equity
for the year ended 31 December 2023

	Share capital	Unrestricted Designated Fund	Revenue account	Total
	£	£	£	£
At 1 January 2022	666,377	12,584	44,455	723,416
Surplus for the financial year			58,925	58,925
Transfers between funds		3,057	(3,057)	-
Used for Diverter installation		(334)	334	-
Share Interest			(42,238)	(42,238)
Shares redeemed	(64,736)			(64,736)
At 31 December 2022	<u>601,641</u>	<u>15,307</u>	<u>58,419</u>	<u>675,367</u>
At 1 January 2023	601,641	15,307	58,419	675,367
Surplus for the financial year			39,944	39,944
Transfers to different funds		6,979	(6,979)	-
Used for Diverter installation		(667)	667	-
Share Interest			(56,103)	(56,103)
Shares redeemed	(4,447)			(4,447)
At 31 December 2023	<u>597,194</u>	<u>21,619</u>	<u>35,948</u>	<u>654,761</u>

The designated fund is money pledged by the society to benefit the local community.

Chase Community Solar Limited
Notes to the Accounts
for the year ended 31 December 2023

1 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These have remained unchanged from the previous year and have been consistently applied within the accounts.

General information

Chase Community Solar Limited is a registered society incorporated in England within the United Kingdom. The address of the registered office is given on Page 1 of these financial statements. Chase Community Solar Limited meets the definition of a public benefit entity under FRS102.

Basis of preparation

These financial statements have been prepared under FRS 102 Section1A - small entities and there were no material departures from that standard. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents Feed In Tariff and other electricity generating income, net of value added tax where applicable, derived from the generation of electricity from solar panel installations.

Depreciation

Depreciation of the solar panel installations has been provided at 5% straight line in order to write off the assets over their 20 year economic life.

Interest on loan commitments

Interest is calculated on the loan balance outstanding at the end of each calendar month and is expensed to the Revenue Account as calculated to reflect the reducing capital balance over the term of the loan.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Government grants or assistance

Government grants are recognised in the income and expenditure account in an appropriate manner that matches them with the expenditure towards which they are intended to contribute. Grants for immediate financial support or to cover costs already incurred are recognised immediately in the income and expenditure account. Grants towards general activities of the entity over a specific period are recognised in the income and expenditure account over that period.

Grants towards fixed assets are recognised over the expected useful lives of the related assets and are treated as deferred income and released to the income and expenditure account over the useful life of the asset concerned.

All grants in the income and expenditure account are recognised when all conditions for receipt have been complied with.

Chase Community Solar Limited
Notes to the Accounts
for the year ended 31 December 2023

Non-Government grants

Non-government grants and donations are recognised in the income and expenditure account once the entity has become entitled to the funds.

2 Employees

The average monthly number of persons (including directors) employed by the society during the year was 0 (2022 - 0)

3 Other operating income	2023	2022
	£	£
Grant income	42,888	34,140
Other income	31	10,188
	<u>42,919</u>	<u>44,328</u>

Grant income includes funding from Innovate UK and relates to the Zero Carbon Rugeley Project. Also includes funding from Beat the Cold to cover the professional fees for the batteries project.

4 Operating Surplus	2023	2022
	£	£
This is stated after charging:		
Depreciation of tangible fixed assets	70,728	59,029
	<u>70,728</u>	<u>59,029</u>

5 Tax in Surplus	2023	2022
	£	£
The tax on the surplus after interest is as follows:		
UK Deferred Taxation	16,586	-
	<u>16,586</u>	<u>-</u>

Chase Community Solar Limited
Notes to the Accounts
for the year ended 31 December 2023

6 Tangible fixed assets

	Plant and machinery etc £	Battery Storage £	Iboost Systems	Total £
Cost				
At 1 January 2023	972,525	194,610	12,710	1,179,845
Additions	13,541	7,200	2,250	22,991
At 31 December 2023	<u>986,066</u>	<u>201,810</u>	<u>14,960</u>	<u>1,202,836</u>
Depreciation				
At 1 January 2023	362,210	9,730	636	372,576
Charge for the year	49,001	20,218	1,507	70,726
At 31 December 2023	<u>411,211</u>	<u>29,948</u>	<u>2,143</u>	<u>443,302</u>
Net book value				
At 31 December 2023	<u>574,855</u>	<u>171,862</u>	<u>12,817</u>	<u>759,534</u>
At 31 December 2022	<u>610,315</u>	<u>184,880</u>	<u>12,074</u>	<u>807,269</u>

7 Debtors

	2023 £	2022 £
Trade debtors	5,545	-
Accrued income	32,361	33,760
Prepaid expenses	7,375	6,595
	<u>45,281</u>	<u>40,355</u>

8 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	1,172	8,005
Accruals	3,788	4,793
VAT creditor	2,508	1,293
Deferred income	21,786	20,114
Deferred unspent grant	2,115	2,115
	<u>31,369</u>	<u>36,320</u>

Deferred income is grants received from The Energy Saving Trust through Beat the Cold and from Cannock Council for the purchase of the batteries. Both grants are considered to be Government grants and will be amortised over the life of the batteries.

Chase Community Solar Limited
Notes to the Accounts
for the year ended 31 December 2023

9 Creditors: amounts falling due after one year	2023	2022
	£	£
Deferred income	<u>170,993</u>	<u>171,121</u>

Deferred Income is made up of capital government grants deferred and systematically released to the Revenue account over the life of the asset.

10 Provision for Liabilities	2023	2022
	£	£
Deferred Taxation		
Brought forwards	-	-
Charged for the year	16,586	-
Carried forwards	16,586	-

11 Share Capital	2023	2022
Members' Shares	595,224	599,496
Share capital to be repaid	1,970	2,145
	<u>597,194</u>	<u>601,641</u>

All shares have a nominal value of £1 and cannot be transferred. Shares may be redeemed at par at the discretion of the board. Interest may be paid on shares at the discretion of the board. Shares do not entitle the shareholder to the assets in the event of a winding up, but shareholders are entitled to attend and vote at the Annual General Meeting.

12 Non-adjusting post balance sheet event

The directors have decided to pay 6% share interest to the members of the society which will be paid in 2024 if agreed at the AGM.

Chase Community Solar Limited
Detailed Revenue Account
for the year ended 31 December 2023

	2023	2022
	£	£
Sales		
Feed in tariff	111,012	109,677
Electricity sales	23,683	22,347
Sales to site	792	-
	<u>135,487</u>	<u>132,024</u>
Cost of sales		
Metering	8,191	8,362
Maintenance	10,488	7,083
Depreciation	70,728	59,029
Insurance	5,982	4,168
VAT paid on free electricity	972	930
	<u>96,361</u>	<u>79,572</u>
Operating expenses		
Administrative charge	5,632	4,662
Subscriptions	947	1,068
Bank charges	115	112
Insurance	520	451
Sundry expenses	62	227
Accountancy fees	900	300
Consultancy fees	5,715	31,035
Other legal and professional	11,624	-
	<u>25,515</u>	<u>37,855</u>
Other operating income		
Other operating income	<u>42,919</u>	<u>44,328</u>