

Registered number: 09631133

MERSTON RENEWABLE ENERGY C.I.C.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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MERSTON RENEWABLE ENERGY C.I.C.

COMPANY INFORMATION

Directors	Christopher Charles Rowland Julia Chantal Waterlow David Barton (resigned 6 May 2020)
Registered number	09631133
Registered office	The Hub 2 Station Street Lewes BN7 2DA
Independent auditors	Griffin 165 High Street Honiton Devon EX14 1LQ

MERSTON RENEWABLE ENERGY C.I.C.

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MERSTON RENEWABLE ENERGY C.I.C.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERSTON RENEWABLE ENERGY C.I.C.

Opinion

We have audited the financial statements of Merston Renewable Energy C.I.C. (the 'Company') for the year ended 30 June 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet and the related notes, 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 2020 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 United Kingdom, including the Financial Reporting Council'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 included in the Annual Report, other than the financial statements and our Auditors' Report 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

MERSTON RENEWABLE ENERGY C.I.C.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERSTON RENEWABLE ENERGY C.I.C.
(CONTINUED)**

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.

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

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 1, 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 is 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.

MERSTON RENEWABLE ENERGY C.I.C.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERSTON RENEWABLE ENERGY C.I.C.
(CONTINUED)**

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 an Auditors' Report 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 Auditors' Report.

Use of our report

This report is made solely to the Company's members 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 an Auditors' Report 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 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

165 High Street
Honiton
Devon

EX14 1LQ

Date: 07/11/20

MERSTON RENEWABLE ENERGY C.I.C.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 £	2019 £
Turnover		727,295	711,450
Cost of sales		(88,843)	(99,304)
Gross profit		638,452	612,146
Administrative expenses		(342,989)	(335,324)
Operating profit		295,463	276,822
Interest receivable and similar income		1,886	1,817
Interest payable and expenses		(208,859)	(232,773)
Profit before tax		88,490	45,866
Profit for the financial year		88,490	45,866

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income:

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 8 to 13 form part of these financial statements.

MERSTON RENEWABLE ENERGY C.I.C.
REGISTERED NUMBER: 09631133

BALANCE SHEET
AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	4	5,309,610	5,578,869
		<u>5,309,610</u>	<u>5,578,869</u>
Current assets			
Debtors: amounts falling due within one year	5	903,385	393,922
Cash at bank and in hand		306,235	403,227
		<u>1,209,620</u>	<u>797,149</u>
Creditors: amounts falling due within one year	6	(261,521)	(248,193)
Net current assets		<u>948,099</u>	<u>548,956</u>
Total assets less current liabilities		<u>6,257,709</u>	<u>6,127,825</u>
Creditors: amounts falling due after more than one year	7	(4,385,031)	(4,343,638)
Net assets		<u><u>1,872,678</u></u>	<u><u>1,784,187</u></u>
Capital and reserves			
Called up share capital	9	1	1
Share premium account		1,732,087	1,732,087
Profit and loss account		140,590	52,099
		<u><u>1,872,678</u></u>	<u><u>1,784,187</u></u>

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 FRS 102 Section 1A - small entities.

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

Director



The notes on pages 8 to 13 form part of these financial statements.

MERSTON RENEWABLE ENERGY C.I.C.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. General information

Merston Renewable Energy C.I.C. 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

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.4 Finance costs

Finance costs are charged to profit or loss 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.

2.5 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.6 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:

Plant and machinery	-	10% and 4%
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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 profit or loss.

2.7 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.

2.8 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.

2.9 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.

2.10 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 ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in

MERSTON RENEWABLE ENERGY C.I.C.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.10 Financial instruments (continued)

case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Employees

The average monthly number of employees, including directors, during the year was 2 (2019 - 2).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

4. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 July 2019	6,356,448
At 30 June 2020	6,356,448
Depreciation	
At 1 July 2019	777,579
Charge for the year on owned assets	269,259
At 30 June 2020	1,046,838
Net book value	
At 30 June 2020	5,309,610
At 30 June 2019	5,578,869

5. Debtors

	2020 £	2019 £
Trade debtors	101,684	140,521
Amounts owed by group undertakings	518,442	204,102
Prepayments and accrued income	283,259	49,299
	903,385	393,922

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

6. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	166,182	159,441
Trade creditors	16,907	2,886
Other taxation and social security	7,310	10,479
Accruals and deferred income	71,122	75,387
	<u>261,521</u>	<u>248,193</u>

Bank loans are secured by fixed and floating charges over the company's assets.

7. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans	3,685,031	3,843,638
Other loans	700,000	500,000
	<u>4,385,031</u>	<u>4,343,638</u>

Bank loans are secured by fixed and floating charges over the company's assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

8. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	166,182	159,441
	<u>166,182</u>	<u>159,441</u>
Amounts falling due 1-2 years		
Bank loans	172,868	165,855
Other loans	-	500,000
	<u>172,868</u>	<u>665,855</u>
Amounts falling due 2-5 years		
Bank loans	648,407	574,946
	<u>648,407</u>	<u>574,946</u>
Amounts falling due after more than 5 years		
Bank loans	2,863,756	3,102,837
Other loans	700,000	-
	<u>3,563,756</u>	<u>3,102,837</u>
	<u><u>4,551,213</u></u>	<u><u>4,503,079</u></u>

9. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1.00	1	1
	<u><u>1</u></u>	<u><u>1</u></u>

10. Controlling party

The ultimate controlling party of Merston Renewable Energy C.I.C. is the immediate parent, Meadow Blue Community Energy Limited, a society registered under the Co-operative and Community Benefit Society Act 2014 (R7099) which shares the same registered office.

CIC 34

Community Interest Company Report

For official use
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*Please
complete in
typescript, or
in bold black
capitals.*

**Company Name in
full**

Merston Renewable Energy CIC

Company Number

09631133

Year Ending

30 June 2020

(N.B. A Filing Fee of £15 is payable on this document. Please enclose a cheque or postal order payable to Companies House)

PART 1 - GENERAL DESCRIPTION OF THE COMPANY'S ACTIVITIES AND IMPACT

In the space provided below, please describe the company's activities and impact on the community during the financial year 2020. This should include any projects or initiatives that have been undertaken to benefit the community.

Merston Renewable Energy CIC was set up in 2015 to build a community owned solar farm to reduce our impact on climate change and increase our energy security, and generate funds to benefit the local Sussex community. Generation of electricity commenced in June 2016. The community solar farm generates around 5,500MWh of low carbon electricity per year.

Merston Renewable Energy CIC is a wholly owned subsidiary of Meadow Blue Community Energy Ltd (a community benefit society), through which its community purpose is fulfilled.

In the year to June 2020, £5,545 was paid to Oving Parish Council towards community improvements in the Parish and £5,000 was donated to Chichester High School to provide funding for resources to help with home learning and operational issues created by the Covid-19 pandemic. The funds were used by Chichester High School to purchase books and laptops.

In addition, the solar array owned by the Company generated 5,900 MWh of renewable electricity, improving the community's energy security and resilience to climate change.

(If applicable, please provide a list of community projects or initiatives undertaken during the financial year 2020.)

(Please continue on separate continuation sheet if necessary.)

PART 2 – CONSULTATION WITH STAKEHOLDERS

Merston Renewable Energy CIC is a wholly owned subsidiary of Meadow Blue Community Energy Ltd (MBCE), a Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014, registration number 7099. Meadow Blue Community Energy Ltd is owned by its 200+ members who are engaged through regular newsletters and the AGM.

Meadow Blue Community Energy Ltd is a member of Community Energy South and Community Energy England to help support the growth of community owned renewable energy.

(If applicable, please just state "A social audit report covering these points is attached").

PART 3 – DIRECTORS' REMUNERATION –

No remuneration was received.

PART 4 – TRANSFERS OF ASSETS OTHER THAN FOR FULL CONSIDERATION

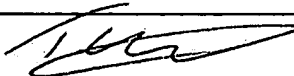
No transfer of assets other than for full consideration has been made.

(Please continue on separate continuation sheet if necessary.)

PART 5 – SIGNATORY

The original report must be signed by a director or secretary of the company

Signed



Date

29/01/21

Office held Secretary

You do not have to give any contact information in the box opposite but if you do, it will help the Registrar of Companies to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Thomas Cosgrove	
Communities for Renewables CIC	
Redruth House, Cornwall Business Park West, Scorrier, Cornwall	
TR16 5EZ	Tel 01209 705424
DX Number	DX Exchange

When you have completed and signed the form, please attach it to the accounts and send both forms by post to the Registrar of Companies at:

For companies registered in England and Wales: Companies House, Crown Way, Cardiff, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland: Companies House, 4th Floor, Edinburgh Quay 2, 139
Fountainbridge, Edinburgh, EH3 9FF DX 235 Edinburgh or LP – 4 Edinburgh.2

For companies registered in Northern Ireland: Companies House, 2nd Floor, The Linenhall, 32-38
Linenhall Street, Belfast, BT2 8BG

The accounts and CIC34 **cannot** be filed online

(N.B. Please enclose a cheque for £15 payable to Companies House)