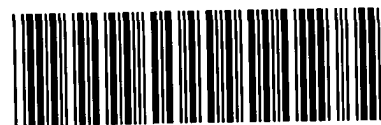

HERMIA COMMUNITY ENERGY C.I.C

UNAUDITED
FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE PERIOD ENDED 31 DECEMBER 2019

THURSDAY



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HERMIA COMMUNITY ENERGY C.I.C
REGISTERED NUMBER: 09639199

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	4	1,052,114	1,113,977
Investments	5	1,128,389	1,126,939
		<u>2,180,503</u>	<u>2,240,916</u>
Current assets			
Debtors: amounts falling due after more than one year	6	901,616	-
Debtors: amounts falling due within one year	6	97,867	108,896
Cash at bank and in hand	7	4,453,207	825,888
		<u>5,452,690</u>	<u>934,784</u>
Creditors: amounts falling due within one year	8	(516,746)	(372,311)
Net current assets		<u>4,935,944</u>	<u>562,473</u>
Total assets less current liabilities		<u>7,116,447</u>	<u>2,803,389</u>
Creditors: amounts falling due after more than one year	9	(7,537,500)	(2,977,570)
Net liabilities		<u>(421,053)</u>	<u>(174,181)</u>
Capital and reserves			
Called up share capital		10	10
Profit and loss account		(421,063)	(174,191)
		<u>(421,053)</u>	<u>(174,181)</u>

HERMIA COMMUNITY ENERGY C.I.C
REGISTERED NUMBER: 09639199

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

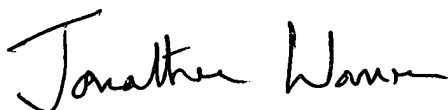
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 July 2020.



J Waxman
Director

The notes on pages 3 to 9 form part of these financial statements.

HERMIA COMMUNITY ENERGY C.I.C

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

1. General information

Hermia Community Energy C.I.C. is a company limited by shares incorporated in England and Wales. The company's registered office is 34 Norrice Lea, London, England N2 0RE. The company's main activity is the operation of a wind turbine.

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 financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Going concern

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

HERMIA COMMUNITY ENERGY C.I.C

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.4 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.

2.5 Interest income

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

2.6 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.

2.7 Borrowing costs

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

2.8 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.

HERMIA COMMUNITY ENERGY C.I.C

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

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:

Wind turbine	- 20 years straight line
--------------	--------------------------

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.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of

HERMIA COMMUNITY ENERGY C.I.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.13 Financial instruments (continued)

derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

3. Employees

The average monthly number of employees, including directors, during the period was 1 (2018 - 1).

4. Tangible fixed assets

	Wind Turbine £
Cost or valuation	
At 1 January 2019	1,113,977
At 31 December 2019	1,113,977
Depreciation	
Charge for the period on owned assets	61,863
At 31 December 2019	61,863
Net book value	
At 31 December 2019	1,052,114
At 31 December 2018	1,113,977

HERMIA COMMUNITY ENERGY C.I.C

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	1,126,939
Additions	1,450
At 31 December 2019	<u>1,128,389</u>

6. Debtors

	2019 £	2018 £
Due after more than one year		
Due from participating interests	901,616	-
	<u>901,616</u>	<u>-</u>
	2019 £	2018 £
Due within one year		
Trade debtors	5,243	16,424
Other debtors	19,509	31,596
Prepayments and accrued income	73,115	60,876
	<u>97,867</u>	<u>108,896</u>

7. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	4,453,207	825,888
	<u>4,453,207</u>	<u>825,888</u>

HERMIA COMMUNITY ENERGY C.I.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

8. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	62,696	66,874
Trade creditors	12,839	73,765
Other creditors	1,884	1,884
Accruals and deferred income	439,327	229,788
	<u>516,746</u>	<u>372,311</u>

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

	2019 £	2018 £
Other loans	7,537,500	2,977,570
	<u>7,537,500</u>	<u>2,977,570</u>

The other loans are loans from individuals to the C.I.C on which interest is accruing at 7.5% & 4% per annum. There is 356,849 of accrued interest included within accruals and deferred income less than one year.

HERMIA COMMUNITY ENERGY C.I.C

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

10. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year		
Other loans	62,696	66,874
	<u>62,696</u>	<u>66,874</u>
Amounts falling due 1-2 years		
Other loans	246,759	62,696
	<u>246,759</u>	<u>62,696</u>
Amounts falling due 2-5 years		
Other loans	883,551	812,453
	<u>883,551</u>	<u>812,453</u>
Amounts falling due after more than 5 years		
Other loans	6,407,190	2,102,421
	<u>6,407,190</u>	<u>2,102,421</u>
	<u>7,600,196</u>	<u>3,044,444</u>

11. Community Benefit Donation

During the year, the C.I.C made community benefit payments of £600 (2018: £30,200). These were made in November 2019. A further £30,000 has been pledged to a number of different charities. ~~These will be paid in 2020.~~

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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**

Hermia Community Energy C.I.C.

Company Number

09639199

Year Ending

31st December 2019

This template illustrates what the Regulator of Community Interest Companies considers to be best practice for completing a simplified community interest company report. All such reports must be delivered in accordance with section 34 of the Companies (Audit, Investigations and Community Enterprise) Act 2004 and contain the information required by Part 7 of the Community Interest Company Regulations 2005. For further guidance see chapter 8 of the Regulator's guidance notes and the alternate example provided for a more complex company with more detailed notes.

(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 insert a general account of the company's activities in the financial year to which the report relates, including a description of how they have benefited the community.

2019 was an important but also a challenging year for Hermia Community Energy C.I.C. following

1. Priestsides Wind Turbine – 0.5MW Inverclyde

At the end of 2016 our 500kW wind turbine was completed on time and on budget and started exporting electricity into the national grid.

Electricity production during 2019 was 1,387,139 kwhr. This was 3% lower than 2018 and 6% below what we would regard as an average year, but still within the range expected from the site; the windiness does vary from year to year. This is a great contribution to cleaning up our electricity grid (enough to power 350 average UK homes' annual electricity demand) and we are very proud to be a small part of the transition to a more sustainable energy system. Renewables provided in excess of 37% of electricity in the UK in 2019 – so we are part of a great wave.

Our Enercon E44 turbine has performed extremely well, with technical availability of 99.4% and is being maintained under a fully warranted agreement with the manufacturer (the agreement is for 15 years). Hermia is paid for the electricity that we export under a power purchase agreement. Feed In Tariff accreditation for 20 years for the wind turbine was granted by OFGEM in March 2017. As a result of this Hermia receives feed in tariff payments.

The £1.35m in debt financing put in place to fund the construction of the project was serviced in full and on time. We also paid all our rent on time and in full. The turbine is insured through Bruce Stevenson Risk Management.

2. Pogbie Wind Farm – 9.6MW East Lothian

At the end of 2018, we acquired Pogbie Holding Limited, the owner of two co-located 4.8MW wind farms at Pogbie Farm in East Lothian (through its subsidiaries MP1 Ltd and PB Community Energy CIC). The economics of this wind farm, with its extremely low feed in tariff of 0.8p / kwhr, are not at all easy but we forecast that we will generate around 23,000,000 kwhr per year from these two sites which will make our clean energy contribution 16 times larger! We also hope that we will be able to further increase our community benefits.

Phase 1 (4.8MW across 6 turbines owned by our subsidiary MP1 Ltd) was commissioned in September 2018. During 2019, that phase generated 11,207,141 kwhr of clean electricity into the grid with a technical availability of around 97%. This was a great start although a little below what we might expect in an average year.

Phase 2 (4.8MW across 6 turbines owned by our subsidiary PB Community Energy CIC) was commissioned in March 2019. However, we had significant construction problems with this phase that led to both cost and time overruns that have caused us some financial challenges. During 2019, Phase 2 generated 7,580,243 kwhr of electricity with a technical availability of around 94% from April to December.

With the additional cash constraints under which we are operating for the moment, with acquisition of Pogie wind farm and the requirement to service the new debt we have assumed (totalling more than £15.7m), we have had to reduce our community payments in the short term. In the longer term we project that our community payments will be higher than the previous levels which we achieved.

In respect of the year 2019, we committed to a total of £55,000 community benefits - £30,000 from Hermia and £25,000 from our subsidiary PB Community Energy CIC. We have simply not had the cash resources to pay out all those community benefits yet (from a responsible financial management perspective) but, despite the challenges we have faced, we were determined as company to dig a bit deeper and we have paid out £12,000 from that commitment so far. The details of these are set out in Part 4 and we have actually substantially raised our commitments to charities tackling hardship in the areas local to our wind farms.

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

(Please continue on separate continuation sheet if necessary.)

PART 2 – CONSULTATION WITH STAKEHOLDERS – Please indicate who the company's stakeholders are; how the stakeholders have been consulted and what action, if any, has the company taken in response to feedback from its consultations? If there has been no consultation, this should be made clear.

The general objectives of Hermia as follows:

- (i) support for those suffering from fuel poverty in Scotland
- (ii) research into energy technology
- (iii) research into malignant, neurological and wasting diseases,
- (iv) support for those suffering from such diseases
- (v) the deployment of renewable energy in Africa and
- (vi) support for the elderly, disabled and poor of the UK

We have been consulting with People's Energy CIC and with Fuel Bank Foundation (in conjunction with East Lothian Council and ChangeWorks) to find a route to supporting those in fuel poverty in the areas around our wind farms. We expect to form a partnership to work on this topic in the next year.

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

PART 3 – DIRECTORS' REMUNERATION – if you have provided full details in your accounts you need not reproduce it here. Please clearly identify the information within the accounts and confirm that, "There were no other transactions or arrangements in connection with the remuneration of directors, or compensation for director's loss of office, which require to be disclosed" (See example with full notes). If no remuneration was received you must state that "no remuneration was received" below.

No remuneration was paid to directors in the period during 2019.

PART 4 – TRANSFERS OF ASSETS OTHER THAN FOR FULL CONSIDERATION – Please insert full details of any transfers of assets other than for full consideration e.g. Donations to outside bodies. If this does not apply you must state that “no transfer of assets other than for full consideration has been made” below.

Hermia (as a group) paid out £12,000 in community benefits in respect of 2019. The benefits are as follows (all the recipients are registered charities):

Oxton Community Development Fund	£2,000
Age Scotland *	£5,000
i58 (food bank in Inverclyde)	£4,000
Gourock Coal Fund (fuel poverty in Port Glasgow)	£1,000

* paid from subsidiary PB Community Energy CIC

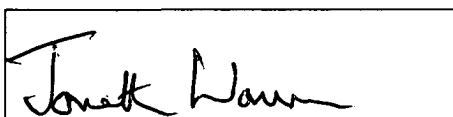
No dividends or performance related interest payments were made by Hermia.

(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

16th
December
2020

Jonathan Waxman

Director

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.

Tel	
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)