

# South Somerset Community Energy Society

Treasurer's Report for the 2022 AGM

Chris Adcock

# Equity and Assets 2021

## Shareholder Equity Held

- £ 517,075 at start of 2021
- £516,700 at Year End
- The board agreed to repay £400 of an investor's holding
- A new member joined, £25 of shares were issued
- Decrease in equity £375

## Value of Tangible Assets after Depreciation at 5% per annum

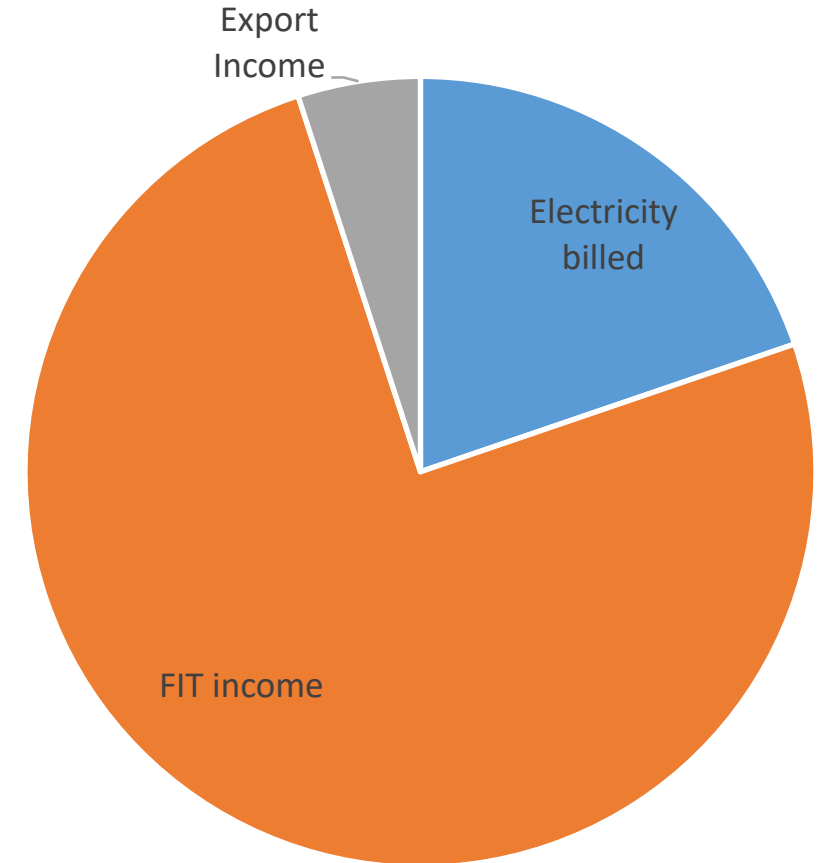
- £312,882 at end of 2021 (after depreciation of £23,266)

## Cash

- £113,924 (up by £16,174 on end of 2020)
  - including debts owed to us of £8,788

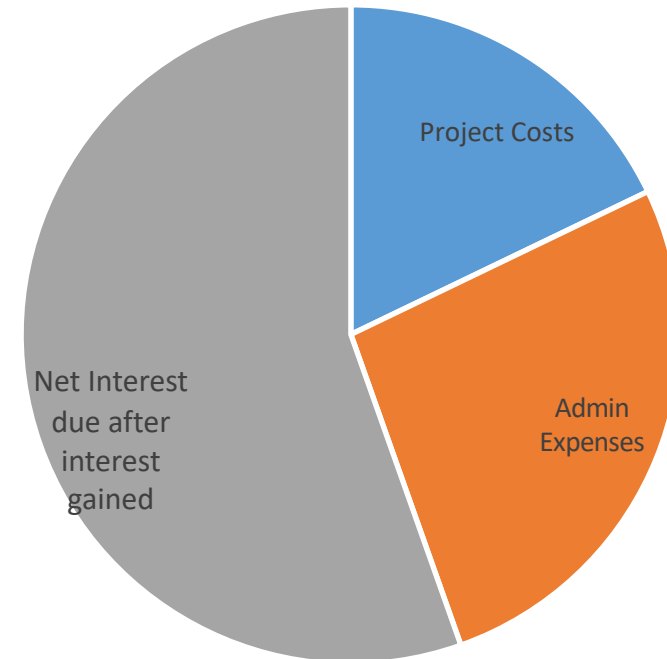
# 2021 Turnover £50,445

- Electricity Billed: £9,970 down from £10,615
- FIT Income: £37,947, down from £ 39,627
- Export Income: £2,528, down from £ 4,481

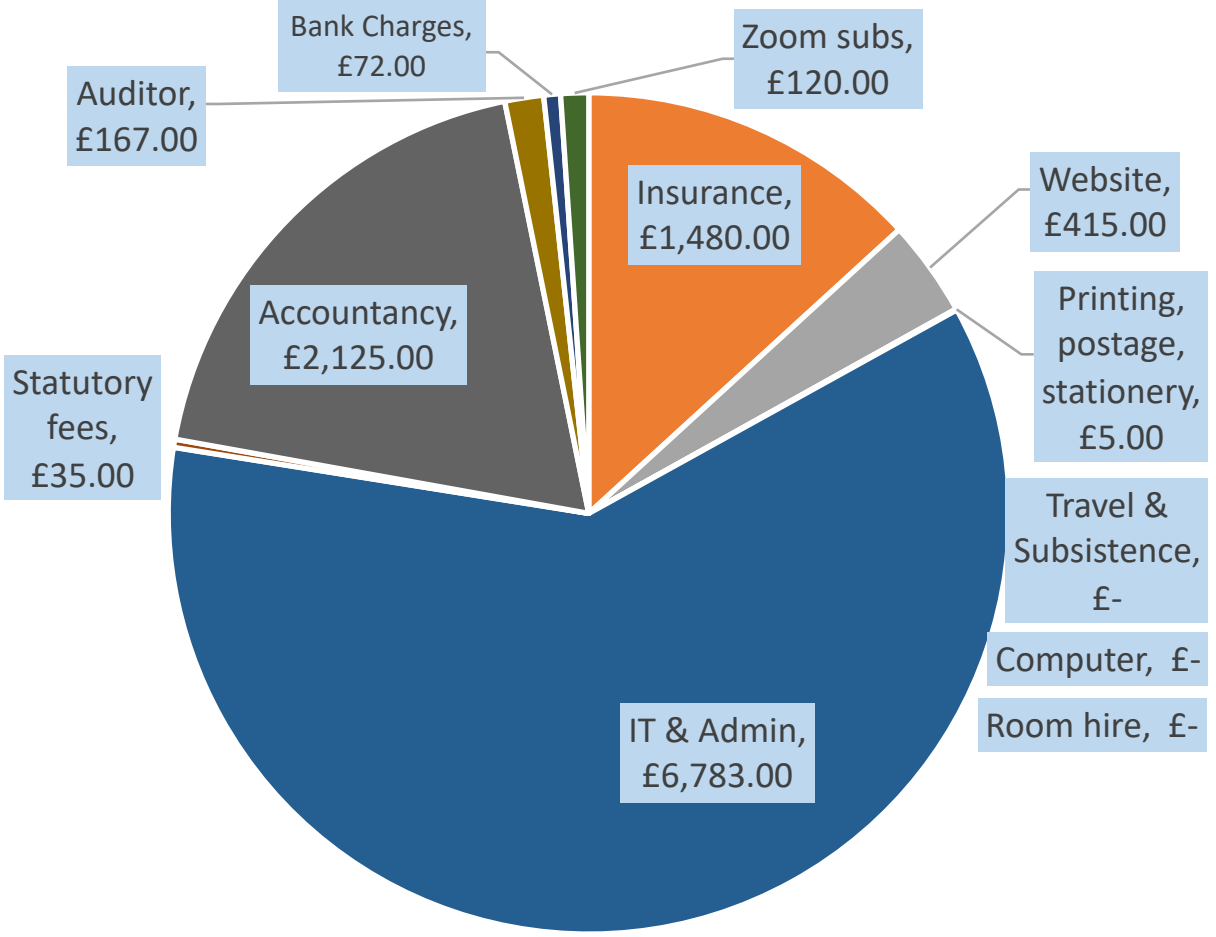


# Outgoings £41,922 (excluding depreciation)

- Project Costs: £7,488 (£1,798 in 2020)
- Administrative Expenses: £11,202 - see next chart (£8,091 in 2020)
- Net Interest due at 5% assumed: £23,232
  - Mainly to Members at 5%, £25,835
  - Reduced by £2599 to allow for over-estimate in last year's accounts (rate was reduced to 4.5%)
  - also allows for £4 interest received



# Administrative Expenses £11,202



# Profit/Loss and Tax

- Profit is calculated as
  - Turnover – Outgoings – Depreciation
- Loss of £14,743
- No corporation tax to pay
- With our business model a loss is expected in most years at this stage of the project after depreciation and interest payments
- SSCES is on track to develop a significant cash surplus for community use in future years
  - Provided that the Board resolves the current challenges due to tightening of H&S rules
- Approval of the accounts sought at this AGM

# Financial Risks Occurring in 2021

- SSCES paid £6.4k for re-stringing of solar panels at Westfield and Holyrood Academies due to faults occurring as a result of roofs flooding
- SSCES was unable to complete repairs to replace smashed panels at Holyrood due to tightening of Health and Safety rules
- Not all export payments were received for Westfield academy due to administrative issues
  - The Board aims to resolve this and secure back-payments of unpaid FITs

# Interest Payment for 2021 performance

- The RPI inflation rate in 2021 was 7.5% and the CPI rate was 5.4%.
- The financial performance of SSCES was below expectation in 2021 due to system faults, repair cost and delayed export payments.
- However, noting the inflation rate and expected improvement in performance next year (see next slide) the Board has decided to recommend paying interest of 5% for 2021 in line with expectation
- Approval of the interest payment this summer for performance in 2021 is sought in a resolution at this AGM
- Payment of interest falls due within 6 weeks



# The Future

- Improved financial performance is expected from 2022 due to
  - The price we charge for electricity and our FIT payments increasing with RPI, 7.5% for 2022
  - Completion of repairs will be pursued to improve performance
  - SSCES has signed up for the Good Energy SmartGen export tariff expected to be around 12.7p/kWh, an increase of 130% on the previous 5.48p/kWh
- Repayment of capital to members to ensure full repayment in the 20-year investment term
  - We are considering paying 1/5<sup>th</sup> every 3 years instead of 1/15<sup>th</sup> per year to reduce administrative costs
- Requests for repayment of capital resulting from the death of members will usually be granted, subject to maintaining cash flow
- SSCES has decided to invest £20,000 in the Great Western Credit Union
- The Board is considering:
  - Further development of collaboration with other groups as part of the Somerset Community Energy initiative
  - How to get a return on the current cash surplus
  - How to repay investors, maintain positive cash flow, and return the maximum surplus for charitable use during 2022-2037
  - Optimisation and maintenance of current installations
  - New projects and how to fund them
  - Potential buy-in to existing operational projects
  - When SSCES can begin to offer community grants