

Wight Community Energy Limited
Financial Statements
31 December 2021

ELLIOTT BUNKER LTD

Chartered accountants & statutory auditor
61 Macrae Road
Ham Green
Bristol
BS20 0DD

Wight Community Energy Limited

Management Committee Report

Year ended 31 December 2021

The officers present their report and the financial statements of the society for the year ended 31 December 2021.

Principal activities

The principal activity of the company during the year was to act as a holding company.

Officers

The officers who served the society during the year were as follows:

Mr R Harrington-Vail
Mr C Palmer
Mr D Bunker
Mr L Tennant
Mr M Lilley

Management committee's responsibilities statement

The management committee is responsible for preparing the management committee report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation requires the management committee to prepare financial statements for each financial year. Under that law the management committee has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Co-operative and Community Benefit Society legislation the officers 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 the profit or loss of the society for that period.

In preparing these financial statements, the management committee are required to:

- select suitable accounting policies 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 management committee is 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 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.

Auditor

Each of the persons who is an officer at the date of approval of this report confirms that:

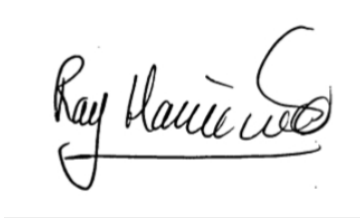
- so far as they are aware, there is no relevant audit information of which the society's auditor is unaware; and
- they have taken all steps that they ought to have taken as an officer to make themselves aware of any relevant audit information and to establish that the society's auditor is aware of that information.

Wight Community Energy Limited

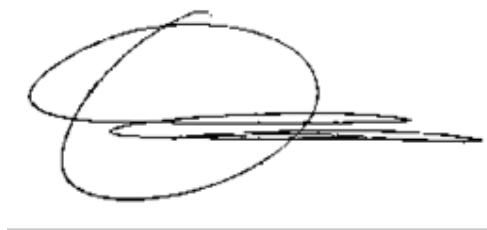
Management Committee Report *(continued)*

Year ended 31 December 2021

This report was approved by the management committee on 30 June 2022 and signed on behalf of the board by:



Mr R Harrington-Vail
Member



Mr L Tennant
Member



Community Owned Asset Management Limited
Secretary

Registered office:
Vox Studios
W106, 1-45 Durham Street
Vauxhall
London
UK
SE11 5JH

Wight Community Energy Limited

Independent Auditor's Report to Wight Community Energy Limited

Year ended 31 December 2021

Opinion

We have audited the financial statements of Wight Community Energy Limited (the 'society') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, statement of financial position 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 FRS 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 society's affairs as at 31 December 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

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 respective responsibilities of management committee and auditor section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

In auditing the financial statements, we have concluded that the management committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the management committee with respect to going concern are described in the relevant sections of this report.

Wight Community Energy Limited

Independent Auditor's Report to Wight Community Energy Limited *(continued)*

Year ended 31 December 2021

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The management committee is responsible for the other information. 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 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the society and its environment obtained in the course of the audit, we have not identified material misstatements in the management committee report.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the society has not kept proper books of account or has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the society's books of account; or
- we fail to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Respective responsibilities of the management committee and independent accountant

As explained more fully in the management committee's responsibilities statement, the management committee is 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 management committee determines 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 management committee is responsible for assessing the society'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 management committee either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Wight Community Energy Limited

Independent Auditor's Report to Wight Community Energy Limited *(continued)*

Year ended 31 December 2021

Respective responsibilities of management committee and auditor

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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that in our professional judgement were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the allocation of resources in the audit, and directing the efforts of the engagement team. There are no key areas identified as the audit is very low risk with normal audit procedures adequate in all audit areas.

We agreed to report to the board of trustees any corrected or uncorrected identified misstatements.

Whilst we were unable to perform site visit due to the restrictions imposed by the Coronavirus pandemic, we were able to obtain key audit evidence via email and telephone meetings.

Identifying and reporting of risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of accountant and directors and inspection of key papers provided to those charged with governance as to high level policies and procedures to prevent and detect fraud
- Reading board minutes

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet targets and our overall knowledge of the control environment, we perform procedures to address the risks of management override of controls. To address the pervasive risk as it relates to management override, we identified journal entries to test to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the accountant and directors. As the entity is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of

Wight Community Energy Limited

Independent Auditor's Report to Wight Community Energy Limited *(continued)*

Year ended 31 December 2021

non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting regulation (including related companies regulation), taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items.

Secondly, the company is subject to many other laws and regulations where the consequence of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Health and safety laws, environment laws. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and directors and inspection of regulatory and legal correspondence, if any. Therefore, if any breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitation of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.
- Conclude on the appropriateness of the management committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern.

Wight Community Energy Limited

Independent Auditor's Report to Wight Community Energy Limited *(continued)*

Year ended 31 December 2021

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the society, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society those matters we are required to state to it in an auditor's 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 society, for our audit work, for this report, or for the opinions we have formed.

N Michael

Nicolas Michael (Senior Statutory Auditor)

For and on behalf of
Elliott Bunker Ltd
Chartered accountants & statutory auditor
61 Macrae Road
Ham Green
Bristol
BS20 0DD

30 June 2022

Wight Community Energy Limited

Statement of Income and Retained Earnings

Year ended 31 December 2021

	Note	2021 £	2020 £
Administrative expenses		66,911	14,328
Other operating income		80,953	—
Operating profit/(loss)		14,042	(14,328)
Amounts written back to investments		—	(34,082)
Interest payable and similar expenses		93,529	89,267
Loss before taxation	4	(79,487)	(69,513)
Tax on loss		—	—
Loss for the financial year and total comprehensive income		<u>(79,487)</u>	<u>(69,513)</u>
Retained losses at the start of the year		(1,378,723)	(1,309,210)
Retained losses at the end of the year		<u>(1,458,210)</u>	<u>(1,378,723)</u>

The notes on pages 10 to 13 form part of these financial statements.

Wight Community Energy Limited

Statement of Financial Position

31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	5	835,214	835,214
Current assets			
Debtors	6	3,464	2,789
Cash at bank and in hand		6,049	53,922
		9,513	56,711
Creditors: amounts falling due within one year	7	1,601,937	1,549,148
Net current liabilities		1,592,424	1,492,437
Total assets less current liabilities		(757,210)	(657,223)
Creditors: amounts falling due after more than one year	8	–	20,500
Net liabilities		(757,210)	(677,723)
Capital and reserves			
Called up share capital	9	701,000	701,000
Profit and loss account		(1,458,210)	(1,378,723)
Members deficit		(757,210)	(677,723)

These financial statements have been prepared in accordance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the management committee and authorised for issue on 30 June 2022, and are signed on their behalf by:



Mr R Harrington-Vail
Member



Mr L Tennant
Member



Community Owned Asset Management Limited
Secretary

Registration number: RS007234

The notes on pages 10 to 13 form part of these financial statements.

Wight Community Energy Limited

Notes to the Financial Statements

Year ended 31 December 2021

1. General information

The society is registered under the Co-operative and Community Benefit Societies Act 2014. The address of the registered office is Vox Studios, W106, 1-45 Durham Street, Vauxhall, London, SE11 5JH, UK.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

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 prepared in sterling, which is the functional currency of the entity.

Interest income

Interest income is recognised in the statement of income and retained earnings using the effective interest method.

Going concern

The company balance sheet is showing net liabilities of £757,210. This has arisen due to an ongoing process to refinance the investment held on the balance sheet. Part of the refinancing arrangement has required Wight Community Energy Limited to temporarily relinquish 50.1% in its key investment to its financing partner, the result of which has led to a write down in the value of the investment in previous years. Once the refinancing exercise is complete, the directors propose to be able to repurchase the 50.1% equity back and this will lead to an improved asset value being held on the balance sheet.

Included within current liabilities is a loan from Core Gemini Limited, a related company in which Wight Community Energy Limited own 49.9%, which is repayable on demand. It is anticipated this loan will be repaid from a future refinancing exercise. Directors of Core Gemini Limited have confirmed that they will not seek to call in the loan or accrued interest in the foreseeable future and definitely not within the next 24 months.

On this basis, the directors, having considered the above and made due enquiries, continue to adopt the going concern basis in preparing the financial statements which assumes that the company will continue in operation for the foreseeable future.

Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings 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.

Wight Community Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted society shares, whose market value can be reliably determined, are remeasured at market value at each balance sheet date. Gains and losses on remeasurement are recognised in the statement of income and retained earnings for the period. Where market value cannot be reliably determined, such investments are stated at historic value less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the profit or loss for the period.

Investments in associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

Grants

Grant income relating to revenue is recognised on a systematic basis over the periods in which the society recognises the related costs for which the grant is intended to compensate.

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.

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.

Creditors

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

4. Profit before taxation

Profit before taxation is stated after crediting:

	2021 £	2020 £
Impairment of investments in associates	—	(34,082)

Wight Community Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

5. Investments

	Shares in participating interests £
Cost	
At 1 January 2021 and 31 December 2021	<u>801,132</u>
Impairment	
At 1 January 2021 and 31 December 2021	<u>(34,082)</u>
Carrying amount	
At 31 December 2021	<u>835,214</u>
At 31 December 2020	<u>835,214</u>

During the year, there was a share for share exchange of the investment in Homestead Community Solar CIC with Core Gemini Limited now owning 100% of the share capital of Homestead Community Solar CIC and Wight Community Energy Limited owning 49.9% of the share capital of CORE Gemini limited. The investment now comprises a 49.9% interest in the share capital of CORE Gemini Limited. The carrying value of the investment is calculated as 49.9% of the net asset value of the associates and effectively 49.9% share of Homestead Community Solar CIC.

6. Debtors

	2021 £	2020 £
Prepayments and accrued income	1,181	1,593
Other debtors	<u>2,283</u>	<u>1,196</u>
	<u>3,464</u>	<u>2,789</u>

7. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	987	2,606
Amounts owed to undertakings in which the society has a participating interest	1,599,714	1,510,238
Accruals and deferred income	<u>1,236</u>	<u>36,304</u>
	<u>1,601,937</u>	<u>1,549,148</u>

Following the share for share exchange in Homestead Community Solar CIC, the unsecured loan of £1,510,238 including interest was transferred to CORE Gemini Limited (Investment in which Wight Community Energy Limited owns 49.9%). The loan accrues interest at 5% per annum and is repayable on demand.

It is the intention of the current shareholders that the company acquires the remaining 50.1% interest in the share capital of CORE Gemini Limited (which owns 100% of Homestead Community Energy Limited) in one or more future steps to be determined.

Wight Community Energy Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2021

8. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Other loans	<u>—</u>	<u>20,500</u>

9. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>701,000</u>	<u>701,000</u>	<u>701,000</u>	<u>701,000</u>

Wight Community Energy Limited

Management Information

Year ended 31 December 2021

The following pages do not form part of the financial statements.

Wight Community Energy Limited

Detailed Income Statement

Year ended 31 December 2021

	2021 £	2020 £
Overheads		
Administrative expenses	66,911	14,328
Loss on society trading	<u>(66,911)</u>	<u>(14,328)</u>
Other income	32,550	—
Government grants released to profit or loss	48,403	—
	<u>80,953</u>	<u>—</u>
Operating profit/(loss)	<u>14,042</u>	<u>(14,328)</u>
Amounts written back to investments	—	34,082
Interest payable and similar expenses	(93,529)	(89,267)
Loss before taxation	<u><u>(79,487)</u></u>	<u><u>(69,513)</u></u>

Wight Community Energy Limited

Notes to the Detailed Income Statement

Year ended 31 December 2021

	2021 £	2020 £
Administrative expenses		
Insurance	1,792	2,856
Subscription fees	804	686
Sundry expenses	1,964	4,285
Charitable donations (allowable)	8,000	–
Management charges payable	2,122	2,122
Legal and professional fees (allowable)	–	1,050
Registrar costs	1,989	2,107
Project funding grant expenses	48,403	–
Accountancy fees	1,825	1,208
Bank charges	12	14
	<u>66,911</u>	<u>14,328</u>
 Amounts written back to investments		
Impairment of investments in associates	<u>–</u>	<u>(34,082)</u>
 Interest payable and similar expenses		
Other interest payable and similar charges	<u>93,529</u>	<u>89,267</u>