

**CHAIRPERSON'S STATEMENT, REPORT OF THE DIRECTORS AND  
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017  
FOR  
BRIGHTON & HOVE ENERGY SERVICES CO-OPERATIVE LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Chairperson's Statement</b>	<b>2</b>
<b>Report of the Directors</b>	<b>3</b>
<b>Income Statement</b>	<b>4</b>
<b>Balance Sheet</b>	<b>5</b>
<b>Notes to the Financial Statements</b>	<b>7</b>
<b>Trading and Profit and Loss Account</b>	<b>10</b>

**BRIGHTON & HOVE ENERGY SERVICES CO-OPERATIVE LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2017**

**DIRECTORS:**

Ms K Ente  
Ms D Smith  
Ms R Espinosa  
Mr J Nugent  
Mr M Kenber  
Mr N Handley

**REGISTERED OFFICE:**

The Old Casino  
28 Fourth Avenue  
Hove  
East Sussex  
BN3 2PJ

**REGISTERED NUMBER:**

IP032097 (England and Wales)

**ACCOUNTANTS:**

Cardens Accountants LLP  
The Old Casino  
28 Fourth Avenue  
Hove  
East Sussex  
BN3 2PJ

## **BRIGHTON & HOVE ENERGY SERVICES CO-OPERATIVE LIMITED**

### **CHAIRPERSON'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**

#### **AUDITORS**

There was no auditor required for the year ending 31 March 2017. The position will be kept under review by the Board.

#### **STATEMENT OF FINANCIAL POSITION**

This year BHESCo was again at the forefront of innovation, leading the way in the development of energy saving and renewable energy generation projects. Despite the challenges in our industry, when many renewable energy suppliers are struggling to continue trading, BHESCo experienced another year of growth at a 41% increase from last year. Our shareholder membership increased by 16, bringing us to 132 shareholders members while our customer members increased by 6 bringing us to 17 customer members. Many of the projects that we undertook were repeat customers, like the Werks Group for which we have 7 projects and The Montessori Place school in Framfield, where we have 3 projects. This year, we raised £288,000 in investment capital. Of this fundraising round 44% of the funds raised had been invested in renewable energy and energy efficiency projects at various locations in Brighton and Hove and Sussex by 31 March 2017.

Our reputation is growing as well. This year, we were named the archetype for local consumer services in OFGEM's Future Insights report. We won Community Energy England Energy Savings award and National Energy Actions Heat Heroes award for our work combatting fuel poverty in Brighton and Hove.

#### **THE BOARD**

The Non-Executive members of the Board work on a voluntary basis. The board meets at least eight times each year to review the business of the Co-operative. During the year ending 31 March 2017, two directors resigned and two new directors were appointed. The new directors have spent a lot of their time helping BHESCo to achieve its aims.



John Nugent  
Chair, Brighton & Hove Energy Services Co-operative Limited

## **BRIGHTON & HOVE ENERGY SERVICES CO-OPERATIVE LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017**

The directors present their report with the financial statements of the company for the year ended 31 March 2017.

This report is prepared in accordance with the Best Code of Practice adopted by Co-operatives UK in 2005. The Code sets out the recommended best practice on issues of governance for the co-operative sector and performance is assessed every year.

#### **PRINCIPAL ACTIVITY**

The principle activity of the co-operative is the fulfilment of its mission to help its members save money on their energy bills through the generation of renewable energy and the provision of energy saving advice.

#### **REVIEW OF BUSINESS**

BHESCo achieved another successful year of introducing innovative projects while further developing its pay as you save business model and intellectual property around its energy savings service. We have met our operating target of reaching close to break-even on our operational performance by keeping a close eye on spending while working hard to improve our turnover despite a barrage of cuts to support for environmental projects from the government.

This year BHESCo demonstrated the contribution that it makes to tackling fuel poverty through a collaborative project, partnering with charitable groups like Money Advice, Citizens Advice, Age UK and the Possibility People, conducting home visits where we installed electricity monitors and small measures that make a big difference to curtailing draughts in the home of people who didn't have the money to turn on their heating without creating more debt or compounding their anxiety around money. By the end of our financial year, BHESCo had conducted more than 250 home visits since its inception saving almost £100,000 for our community.

BHESCo had four full time employees at 31 March 2017 (2016: 6) and two part time employees. We are carefully managing our costs in order to deliver cost effective services to the local community while delivering value to our members. The Cooperative incurred a loss of £3,214, which is £20,000 improvement from the previous year. Most of the cost was to fund the cost of operating equipment and the payment of salaries.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

Ms K Ente  
Ms D Smith  
Ms R Espinosa  
Mr J Nugent

Other changes in directors holding office are as follows:

Mr A Hunt - resigned 8 December 2016  
Mr O Pendered - resigned 8 December 2016  
Mr M Kenber - appointed 8 December 2016  
Mr N Handley - appointed 8 December 2016

Two directors stood down at the last AGM but were re-appointed

#### **REMUNERATION OF DIRECTORS**

The Co-operative had two director employees at 31 March 2017. The nonexecutive directors all worked for BHESCo on a voluntary basis.

#### **DIRECTOR'S RESPONSIBILITIES**

The rules of the Co-operative require the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Co-operative and of the profit or loss of the Co-operative for that period. In preparing those financial statements, 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 accounting records that disclose with reasonable accuracy at any time the financial position of the Co-operative and enable them to ensure that the financial statements comply with the Cooperative and Community Benefit Societies Act 2014.

The notes form part of these financial statements


They are also responsible for safeguarding the assets of the Co-operative and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

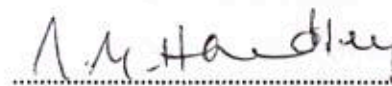
#### **BOARD PROCEDURES**

The Board meets eight times a year, or more often if required, to review its operations, taking any necessary decisions about the governance and management of the Co-operative.

This report was approved by the Directors of Brighton and Hove Energy Services Co-operative Ltd on 21 September 2017 and signed on its behalf by

  
.....  
Ms K Ente – Chief Executive Director

  
.....  
Ms D Smith – Operations Director

  
.....  
Mr N Handley – Non-Executive Director

  
.....  
Ms R Espinosa – Waste to Energy Director

  
.....  
Mr M Kenner – Non-Executive Director

  
.....  
Mr J Nugent – Chairman, Non-Executive Director

**BRIGHTON & HOVE ENERGY SERVICES CO-OPERATIVE LIMITED****INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2017**

		2017	2016 as restated
	Notes	£	£
<b>TURNOVER</b>		308,956	182,371
Cost of sales		<u>210,336</u>	<u>137,407</u>
<b>GROSS PROFIT</b>		98,620	44,964
Administrative expenses		<u>116,006</u>	<u>69,378</u>
		(17,386)	(24,414)
Other operating income		<u>188</u>	<u>-</u>
<b>OPERATING LOSS</b>	4	(17,198)	(24,414)
Interest receivable and similar income		<u>29,008</u>	<u>7,594</u>
		11,810	(16,820)
Interest payable and similar expenses		<u>15,024</u>	<u>6,215</u>
<b>LOSS BEFORE TAXATION</b>		(3,214)	(23,035)
Tax on loss		<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(3,214)</u>	<u>(23,035)</u>

The notes form part of these financial statements

**BALANCE SHEET**  
**31 MARCH 2017**

		2017		2016	
	Notes	£	£	as restated	£
<b>FIXED ASSETS</b>					
Intangible assets	6		35,000		40,000
Tangible assets	7		<u>4,016</u>		<u>3,155</u>
			39,016		43,155
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due within one year	8	45,034		14,909	
Debtors: amounts falling due after more than one year	8	345,841		144,939	
Cash at bank		<u>160,354</u>		<u>52,149</u>	
		551,229		211,997	
<b>CREDITORS</b>					
Amounts falling due within one year	9	<u>97,764</u>		<u>40,486</u>	
<b>NET CURRENT ASSETS</b>			<u>453,465</u>		<u>171,511</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			492,481		214,666
<b>CREDITORS</b>					
Amounts falling due after more than one year	10		<u>80,587</u>		<u>71,108</u>
<b>NET ASSETS</b>			<u>411,894</u>		<u>143,558</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital			458,980		187,430
Retained earnings			<u>(47,086)</u>		<u>(43,872)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>411,894</u>		<u>143,558</u>

The notes form part of these financial statements

**BALANCE SHEET - continued**  
**31 MARCH 2017**

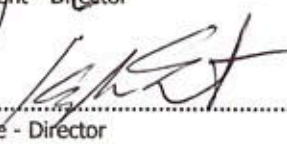
In accordance with section 84 of the Co-operative and Community Benefit Societies Act 2014 a reporting accountant has been appointed as the members voted a resolution to disapply section 83 of the Act.

The directors acknowledge their responsibilities for:

- (a) ensuring that the society keeps accounting records which comply with Sections 131 of the Co-operative and Community Benefit Societies Act and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the society as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 80 and which otherwise comply with the requirements of the Co-operative and Community Benefit Societies Act 2014 relating to financial statements, so far as applicable to the society.

The financial statements were approved by the Board of Directors on 19 OCTOBER 2017 and were signed on its behalf by:

  
.....  
Mr J Nugent - Director

  
.....  
Ms K Ente - Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**1. STATUTORY INFORMATION**

Brighton & Hove Energy Services Co-Operative Limited is a Co-operative registered under the Co-operative and Community Benefit Societies Act 2014. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Co-operative and Community Benefit Societies Act 2014. The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover represents sales of energy saving equipment net of VAT under hire purchase agreements. Title is retained for the period of the lease, however turnover on the sale of equipment is recognised at the point the good is installed in the customers premises at the present value of future lease payments. Interest accrued on the amounts receivable is recognised as interest income.

Turnover also represents the grant income. Grant income is recognised on a receivable basis.

Finally, turnover represents income from the sale of services net of VAT. Turnover on the sale of services is recognised as the customer is entitled to receive consideration.

**Intangible fixed assets**

BHESCo acquired the intellectual property held in the merger with BHES Ltd. The intellectual property values were accumulated in the two years that BHES Ltd traded. The assets include network, including Community Energy South, the financial model, logo and marketing materials and the business model and business plan. The assets are being amortised over ten (10) years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 33%  
Improvements to property - 10%

**Deferred expenses**

Start-up expenditure has been deferred across an 8-year period, equal to the average life of a hire purchase agreement with a customer. This has been done to match expenditure with the income as it is received.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 6.

**4. OPERATING LOSS**

The operating loss is stated after charging:

	2017	2016 as restated
	£	£
Depreciation - owned assets	2,207	625
Patents and licences amortisation	<u>5,000</u>	<u>5,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017**

**5. PRIOR YEAR ADJUSTMENT**

In the previous set of accounts, equipment subject to lease agreements were treated as items rented out under operating leases. The items were held under plant and machinery, and rental income was recognised on a straight-line basis.

After a review of this accounting policy, it was decided that the substance of the lease is that of a finance lease, as the customer will have the option of purchasing the equipment at the end of the lease term for an amount lower than the expected fair value of the items, therefore the leases have been reclassified as finance leases.

For equipment that was installed in 2016, the items purchased were moved from plant and treated as cost of sales. The entire sales price was recognised in the year against amounts receivable on finance leases, and interest income was recognised on these amounts receivable.

**6. INTANGIBLE FIXED ASSETS**

	Patents and licences £
<b>COST</b>	
At 1 April 2016 and 31 March 2017	<u>50,000</u>
<b>AMORTISATION</b>	
At 1 April 2016	10,000
Amortisation for year	<u>5,000</u>
At 31 March 2017	<u>15,000</u>
<b>NET BOOK VALUE</b>	
At 31 March 2017	<u>35,000</u>
At 31 March 2016	<u>40,000</u>

**7. TANGIBLE FIXED ASSETS**

	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>			
At 1 April 2016	-	4,389	4,389
Additions	<u>1,667</u>	<u>1,401</u>	<u>3,068</u>
At 31 March 2017	<u>1,667</u>	<u>5,790</u>	<u>7,457</u>
<b>DEPRECIATION</b>			
At 1 April 2016	-	1,234	1,234
Charge for year	<u>333</u>	<u>1,874</u>	<u>2,207</u>
At 31 March 2017	<u>333</u>	<u>3,108</u>	<u>3,441</u>
<b>NET BOOK VALUE</b>			
At 31 March 2017	<u>1,334</u>	<u>2,682</u>	<u>4,016</u>
At 31 March 2016	<u>-</u>	<u>3,155</u>	<u>3,155</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**8. DEBTORS**

	2017	2016 as restated
	£	£
Amounts falling due within one year:		
Trade debtors	19,474	1,322
Amounts receivable in respect of finance leases	14,234	2,946
VAT	-	5,259
Deferred expenditure	10,906	4,095
Prepayments	420	1,287
	<u>45,034</u>	<u>14,909</u>
 Amounts falling due after more than one year:		
Amounts receivable in respect of finance leases	292,549	144,939
Deferred expenditure	53,292	-
	<u>345,841</u>	<u>144,939</u>
 Aggregate amounts	<u>390,875</u>	<u>159,848</u>

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016 as restated
	£	£
Social security and other taxes	6,886	3,794
VAT	12,247	-
Other creditors	1,200	11,379
Directors' loan accounts	35,390	17,998
Deferred income	19,700	-
Accrued expenses	22,341	7,315
	<u>97,764</u>	<u>40,486</u>

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2017	2016 as restated
	£	£
Other creditors	<u>80,587</u>	<u>71,108</u>

**11. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

During the year, Ms K Ente increased her loan to the society. As at 31 March 2017, the society owed her £35,390 (2016: £17,998).

**BRIGHTON & HOVE ENERGY SERVICES CO-OPERATIVE LIMITED**
**TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2017**

	2017		2016 as restated	
	£	£	£	£
<b>Turnover</b>				
Sales	35,643		7,358	
Grant income	104,367		33,560	
Lease income	<u>168,946</u>		<u>141,453</u>	
		308,956		182,371
<b>Cost of sales</b>				
Purchases	157,775		128,340	
Fuel costs	9,064		6,114	
Warranty costs	-		600	
Other direct costs	-		1,393	
Sub-contractors	<u>43,497</u>		<u>960</u>	
		<u>210,336</u>		<u>137,407</u>
<b>GROSS PROFIT</b>		98,620		44,964
<b>Other income</b>				
Sundry receipts	188		-	
Interest receivable on finance leases	<u>29,008</u>		<u>7,594</u>	
		<u>29,196</u>		<u>7,594</u>
		127,816		52,558
<b>Expenditure</b>				
Rent	3,393		2,480	
Insurance	1,438		457	
Directors' salaries	7,979		13,615	
Wages	68,549		21,519	
Social security	7,763		2,301	
Hire of plant and machinery	62		21	
Meetings and conferences	816		1,376	
Telephone	810		513	
Post and stationery	1,276		1,231	
Advertising	1,713		8,909	
Travelling & Subsistence	1,991		1,225	
Motor expenses	20		20	
Repairs and renewals	33		1,915	
Computer consumables	891		1,224	
Household and cleaning	40		41	
Subscriptions	1,610		587	
Sundry expenses	81		180	
Staff training	851		-	
Uniform costs	-		152	
Accountancy	1,666		1,112	
Fundraising costs	903		4,848	
Consulting	82		40	
Entertainment	633		106	
Penalties	<u>6,167</u>		<u>-</u>	
		<u>108,767</u>		<u>63,872</u>
		19,049		(11,314)
<b>Finance costs</b>				
Bank charges	32		69	
Credit card	-		17	
Shareholder interest payable	<u>15,024</u>		<u>6,215</u>	
		<u>15,056</u>		<u>6,301</u>
Carried forward		3,993		(17,615)

This page does not form part of the statutory financial statements

**BRIGHTON & HOVE ENERGY SERVICES CO-OPERATIVE LIMITED**

**TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2017**

	2017	2016 as restated
	£	£
Brought forward	3,993	(17,615)
<b>Depreciation</b>		
Patents and licences	5,000	5,000
Plant and machinery	-	(204)
Motor vehicles	333	-
Computer equipment	1,874	624
	<u>7,207</u>	<u>5,420</u>
<b>NET LOSS</b>	<u>(3,214)</u>	<u>(23,035)</u>

This page does not form part of the statutory financial statements