

# Annual Report 2020



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## Welcome from the Board Chair

Whilst striving to maximise energy generation over the last year, we had to deal with the consequences of successive Covid related Lockdowns. Even so, despite an inevitable reduction in income from sale of electricity, we managed to achieve a gross profit only marginally less than the previous year, of circa £20k.

Living through these uncertain times prompted the Board to adopt a more cautious approach to safeguarding our shareholders' return on investment. Specifically, we decided to revise the depreciation policy to align with the duration of the income from Feed in Tariff for each installation - rather than with the estimated (longer) duration of energy generation. The effect of this is described in the Financial Review below.

Looking ahead, we anticipate reporting a net profit in 2021. The Balance Sheet is sound and ACE remains in a strong financial position. As a result, we forecast that the cumulative net profit will have increased to enable us to achieve our target rate of interest of 5% in 2024 and beyond.

This commendable performance is due to the dedication and expertise of all my fellow directors. I'm delighted to report that the Board's strategic, finance and business skills capacity has been further strengthened by the appointment as of Geoffrey O'Sullivan as Treasurer. Welcome Geoff!

## Highlights for 2020

- Our partnership with IDDEA to bring down the cost of domestic solar energy generation through local co-ordination, resulted in 18 new installations with a total of 63kW renewable capacity saving 8.7 tonnes carbon per year and a contribution of £900 towards our Community Benefit Fund.
- We began partnering on a project with Bath and West Community Energy to research the way in which behaviour by householders might be influenced to increase the consumption of renewable energy.
- We were invited by Glastonbury Town Council to collaborate in developing a proposal for a 5 MW solar energy installation, coupled with battery storage and EV

charging points, as an integral component of the Town Investment Plan. Providing the initiative receives the anticipated Government support, we will begin a detailed planning study later in 2021.

In conclusion, it's worth reflecting that the response to Covid 19 is leading to new levels of community cohesion, as well as the widespread recognition that science needs to be supported by political will. These are the very same ingredients as those required to address the climate and ecological emergency - at speed and with conviction. We believe these insights offer a beacon of hope to us all in our endeavours to support the green recovery by increasing community owned renewable energy generation to bring low carbon electricity to more people.

A handwritten signature in blue ink, appearing to read "Stewart Crocker".

Stewart Crocker

*Chair*



## Community Benefit Fund

We are delighted to announce that the ACE Community Benefit Fund is now up and running. The money raised for the fund (£3,000) came from ACE shareholders giving up their interest payments from our installations. In addition, IDDEA a local solar company, made a significant contribution to the fund as a result of their 'Solar Streets' project.

A Committee was formed in December 2020, to consider the applications. It comprises of local people, ACE members and a representative from IDDEA. At the time of writing, we are still in the process of awarding grants, however, we anticipate 12 grants will be made to local residents living in Street, Glastonbury, Wells and Shepton Mallet. The applicants are from low income households and we prioritise those living in rented accommodation. The applicants mostly requested funding for lined curtains, draught excluders and radiator reflectors with the purpose of improving the energy efficiency of their homes. We are building up a network of contacts, handy-persons and the like, to help install the measures as necessary. Applicants were referred from established organisations such as Centre for Sustainable Energy (CSE) and Mendip Citizens Advice Bureau.

### Case Studies

*Applicant A is a single parent who recently moved into new accommodation with her young family. We were able to offer a grant of £142.00 to fund thermal curtains and blinds for her new home, something she could not have afforded to do immediately, and helped her reduce energy loss from her windows.*

*Applicant B is a disabled deaf person who needed a carpet. We were able to make a contribution of £300 towards new flooring, which helped improve the insulation and therefore the comfort of her living room.*

*Applicant C: We offered a grant of £300 to a young family to help them afford insulated flooring in their living room, which hitherto had been a draughty and an uncomfortable place.*

*Everyone who received a grant was delighted and one applicant summed up all responses by saying: "Would like to say a massive thank-you for your help it's very much appreciated."*

Going forward we anticipate grants will be awarded annually in September of each year.

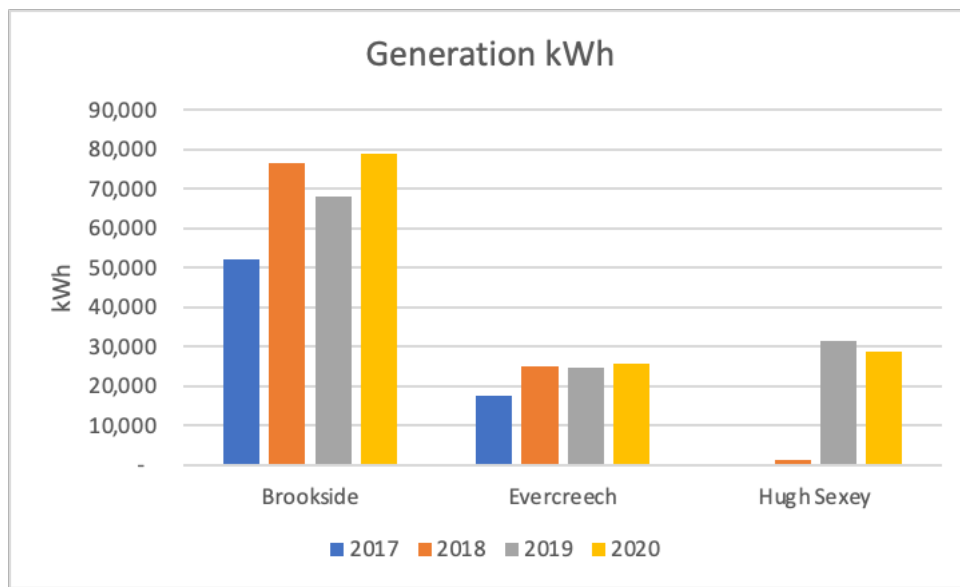
A handwritten signature in black ink, appearing to read 'Maddy Milnes'.

Maddy Milnes  
Chair  
Community Benefit Fund Committee

## Performance review of the year 2020

### Generation

Solar panels at the three sites generated 133 MWh of electricity, saving around 70 tonnes of carbon emissions. The Covid “lockdowns” reduced the onsite use in 2020, from 66% in 2019 to 58% in 2020.



### Policy changes during the year

During 2020 the Board reviewed its financial model and financial policies. As a result, it decided to change from depreciating the assets over a life expectancy of 25 years to aligning this with the 20 year duration of Feed in Tariff. This gives rise to an increased amount of depreciation each year.

### Prior year adjustments

With the new policy, the annual depreciation to be charged is £9,165. The new depreciation policy has been applied retrospectively, resulting in a one-off additional charge in the accounts £5,957 – making the total charge in 2020 £15,122.

### Compliance

The Board decided it would be timely to commission an independent review of ACE’s financial systems and reporting. We engaged a firm of Chartered Accountants to interrogate compliance with the relevant legislation, ie: the Co-operative and Community Benefit Societies Act 2014. This was confirmed to be in order and they have prepared ACE’s annual accounts accordingly.

## Income and Expenditure

### Statement of income and retained earnings For the year ended 31 December 2020

	2020 £	2019 £
Turnover	21,050	23,428
Direct costs	(565)	(2,723)
Gross Profit	<b>20,485</b>	<b>20,705</b>
Operating Overheads	(1,457)	(1,207)
Accountancy Services	(3,169)	-
Depreciation	(9,165)	(9,165)
Depreciation Adjustments	(5,957)	2,333
Total Depreciation	<b>(15,122)</b>	<b>(6,832)</b>
Operating Profit	<b>737</b>	<b>12,666</b>
Interest to Members	(5,428)	(2,157)
(Loss) / Profit before tax	<b>(4,691)</b>	<b>10,509</b>

ACE has needed to started paying for accountancy services, costing just over £3,000 in 2020.

The amount of interest paid to Members each year is based on the accumulated profits at the end of the previous year, and is decided by Members at the AGM.

One other thing is noteworthy.

Though our installation at Hugh Sexey C of E Middle School went live at the end of 2018, despite our best efforts, by the year end neither had the Feed in Tariff been registered by Ofgem, nor the lease been granted by the Department for Education. The Directors are sufficiently confident that both will be enacted to base the accounts on the assumption that ACE will receive the FIT.

## Balance Sheet

	31 Dec 2020	31 Dec 2019
<b>Assets</b>		
Rooftop installations	£ 136,441	£ 151,563
Bank accounts	£ 36,897	£ 39,942
Current assets	£ 6,833	£ 5,869
Current Liabilities	£ (6,252)	£ (3,000)
<b>Net current assets</b>	<b>£ 37,479</b>	<b>£ 42,811</b>
<b>Net Assets</b>	<b>£ 173,919</b>	<b>£ 194,374</b>
Financed by:		
Shares	£ 165,945	£ 181,708
Profit and Loss brought forward	£ (4,691)	£ 10,509
Profit and Loss in current year	£ 12,666	£ 2,157
<b>Total</b>	<b>£ 173,919</b>	<b>£ 194,374</b>

### *Fixed Assets*

The Rooftop installations will reduce in value as they are depreciated – as planned.

### *Bank Accounts*

The Co-op bank account has been closed. All funds are now at Triodos Bank.

### *Current Assets*

The increase is mainly the addition accrual for FIT for Hugh Sexey School.

### *Current Liabilities*

The increase comes from the £3,200 increase in accrued Community Benefit fund since December 2019.

### *Shares*

ACE repaid £7,967 in January 2020 and £7,826 at the end of December 2020, as planned. Three people have joined as members during the year, increasing shareholding by £30.

The full accounts are available on ACE's website, or on request.



## Forecast for 2021

The Director's are expecting performance in 2021 to conform to the financial model, as below:

	2021 £
Turnover	23,256
Direct costs	(3,354)
Gross Profit	<b>19,902</b>
Operating Overheads	(1,803)
Accountancy Services	(2,500)
Depreciation	(9,165)
Operating Profit	<b>6,434</b>
Interest to Members	(6,200)
(Loss) / Profit before tax	<b>234</b>

The forecast shows an Operating Profit of £6,434. The interest payable to Members in 2022 will be based on that profit, and will be agreed at the 2022 AGM.



Geoff O'Sullivan  
Treasurer