
HEART OF ENGLAND COMMUNITY ENERGY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

COMPANY INFORMATION

Directors	E Appleton M J Bullock (resigned 28 June 2021) K Evans G A Guy R Hampson (appointed 22 November 2021) Dr S Juned M A McNally D G Passingham J D Stott (Chair)
Company secretary	Communities for Renewables C.I.C.
Registered number	RS007232
Registered office	Redruth House Cornwall Business Park West, Scorrier Redruth Cornwall TR16 5EZ
Independent auditors	Griffin Chartered Accountants & Statutory Auditor 165 High Street Honiton Devon EX14 1LQ

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditors' Report	3 - 6
Consolidated Statement of Comprehensive Income	7 - 8
Consolidated Balance Sheet	8
Company Balance Sheet	9
Notes to the Financial Statements	10 - 20
The following pages do not form part of the statutory financial statements:	
Company Detailed Profit and Loss Account and Summaries	21 - 22

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors 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 Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

E Appleton
M J Bullock (resigned 28 June 2021)
K Evans
G A Guy
R Hampson (appointed 22 November 2021)
Dr S Juned
M A McNally
D G Passingham
J D Stott (Chair)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Auditors

The auditors, Griffin, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on _____ and signed on its behalf.

Director

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEART OF ENGLAND COMMUNITY ENERGY LIMITED

Opinion

We have audited the financial statements of Heart of England Community Energy Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets 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 Financial Reporting Standard 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 Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 directors' 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 Group's or the parent Company'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 directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEART OF ENGLAND COMMUNITY ENERGY LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Group Strategic Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEART OF ENGLAND COMMUNITY ENERGY LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are 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 directors determine 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 directors are responsible for assessing the Group's and the parent Company'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 directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 Auditors' 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 Group 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:

Our audit procedures have reviewed for evidence of management override, any ongoing legal cases, completeness of related party transactions, as well as an ongoing consideration of fraud and irregularities during the whole audit process.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEART OF ENGLAND COMMUNITY
ENERGY LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Misty Nickells FCA (Senior Statutory Auditor)

for and on behalf of

Griffin

Chartered Accountants & Statutory Auditor

165 High Street

Honiton

Devon

EX14 1LQ

Date:

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover		1,709,788	1,681,549
Gross profit		1,709,788	1,681,549
Administrative expenses		(1,045,144)	(1,065,712)
Operating profit		664,644	615,837
Interest payable and similar expenses		(595,823)	(671,193)
Profit/(loss) before taxation		68,821	(55,356)
Tax on profit/(loss)		99,223	-
Profit/(loss) for the financial year		168,044	(55,356)
Total comprehensive income for the year		168,044	(55,356)
Profit/(loss) for the year attributable to:			
Owners of the parent Company		168,044	(55,356)
		168,044	(55,356)
Total comprehensive income for the year attributable to:			
Owners of the parent Company		168,044	(55,356)
		168,044	(55,356)

The notes on pages 10 to 20 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
Fixed assets			
Intangible assets		415,479	435,664
Tangible assets	6	11,886,325	12,563,015
		<u>12,301,804</u>	<u>12,998,679</u>
Current assets			
Debtors: amounts falling due within one year	8	325,828	175,115
Cash at bank and in hand	9	824,078	744,038
		<u>1,149,906</u>	<u>919,153</u>
Creditors: amounts falling due within one year	10	(929,333)	(2,321,265)
Net current assets/(liabilities)		<u>220,573</u>	<u>(1,402,112)</u>
Total assets less current liabilities		<u>12,522,377</u>	<u>11,596,567</u>
Creditors: amounts falling due after more than one year	11	(13,939,273)	(13,181,511)
Capital and reserves			
Called up share capital		267,001	267,001
Profit and loss account		(1,683,897)	(1,851,945)
Equity attributable to owners of the parent Company		<u>(1,416,896)</u>	<u>(1,584,944)</u>
		<u>(1,416,896)</u>	<u>(1,584,944)</u>

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 were approved and authorised for issue by the board and were signed on its behalf on

Director

The notes on pages 10 to 20 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED
REGISTERED NUMBER: RS007232

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	7	226,125	226,125
		<u>226,125</u>	<u>226,125</u>
Current assets			
Debtors: amounts falling due within one year	8	722,659	661,229
Cash at bank and in hand	9	16,577	30,635
		<u>739,236</u>	<u>691,864</u>
Creditors: amounts falling due within one year	10	(381,270)	(372,074)
Net current assets		<u>357,966</u>	319,790
Total assets less current liabilities		<u>584,091</u>	545,915
Creditors: amounts falling due after more than one year	11	(339,900)	(339,900)
Net assets		<u>244,191</u>	<u>206,015</u>
Capital and reserves			
Called up share capital		267,001	267,001
Profit and loss account brought forward		(60,986)	(85,602)
Profit for the year		38,176	24,616
Profit and loss account carried forward		(22,810)	(60,986)
		<u>244,191</u>	<u>206,015</u>

The Company's financial statements have been prepared in accordance with the 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

Director

The notes on pages 10 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Heart of England Community Energy Limited is a private company limited by share capital incorporated in England and Wales. It is constituted as a Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014.

The society's registered number and registered office address can be found on the Company information page.

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 Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

These accounts have been prepared on a going concern basis. The directors have reviewed detailed financial forecasts considering likely inflows and outflows of cash, most of which are predictable or committed, considered a period of at least twelve months from signing of these accounts in confirming the entity as a going concern.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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 Group 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 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.

2.6 Borrowing costs

Interest-bearing borrowings are initially at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 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.

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:

Plant and machinery	-	10% and 4%
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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.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 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.

2.12 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.

2.13 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.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Auditors' remuneration across the Group

	2021	2020
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	6,500	6,500
Fees payable to the Group's auditor and its associates in respect of:		
Audit of Leys Solar Energy CIC	1,750	1,750
Audit of Poplars Solar Energy CIC	1,750	1,750
Audit of Willows Solary Energy CIC	1,750	1,750
Audit of Heart of England Community Energy Limited	1,250	1,250
	6,500	6,500

4. Employees

The Group and Company have no employees other than the directors, who did not receive any remuneration (2020 - £NIL).

The average monthly number of employees during the year was 0 (2020 - 0).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 January 2021	504,630
At 31 December 2021	<u>504,630</u>
Amortisation	
At 1 January 2021	68,966
Charge for the year on owned assets	20,185
At 31 December 2021	<u>89,151</u>
Net book value	
At 31 December 2021	<u><u>415,479</u></u>
<i>At 31 December 2020</i>	<u><u>435,664</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

6. **Tangible fixed assets**

Group

	Plant and machinery £
Cost or valuation	
At 1 January 2021	15,594,663
At 31 December 2021	15,594,663
Depreciation	
At 1 January 2021	3,031,648
Charge for the year on owned assets	676,690
At 31 December 2021	3,708,338
Net book value	
At 31 December 2021	11,886,325
<i>At 31 December 2020</i>	12,563,015

7. **Fixed asset investments**

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	226,125
At 31 December 2021	226,125

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Fixed asset investments (continued)

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Willows Solar Energy C.I.C.	As Parent	Ordinary	100%
Poplars Solar Energy C.I.C.	As Parent	Ordinary	100%
Leys Solar Energy C.I.C.	As Parent	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Willows Solar Energy C.I.C.	(525,548)	31,860
Poplars Solar Energy C.I.C.	(550,691)	28,876
Leys Solar Energy C.I.C.	(774,204)	89,315

8. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	-	3,895	-	-
Amounts owed by group undertakings	-	-	645,737	636,007
Prepayments and accrued income	226,605	171,220	72,439	25,222
Deferred taxation	99,223	-	4,483	-
	325,828	175,115	722,659	661,229

9. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	824,078	744,038	16,577	30,635
	824,078	744,038	16,577	30,635

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Creditors: Amounts falling due within one year

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Bank loans	610,342	<i>591,841</i>	-	-
Other loans	110,841	<i>1,504,924</i>	-	-
Trade creditors	81,525	<i>60,922</i>	23,742	<i>5,665</i>
Amounts owed to group undertakings	-	-	319,126	<i>319,126</i>
Other taxation	33,767	<i>47,559</i>	391	<i>8,828</i>
Accruals and deferred income	92,858	<i>116,019</i>	38,011	<i>38,455</i>
	929,333	<i>2,321,265</i>	381,270	<i>372,074</i>

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

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Bank loans	9,596,955	<i>10,207,173</i>	-	-
Other loans	4,342,318	<i>2,974,338</i>	339,900	<i>339,900</i>
	13,939,273	<i>13,181,511</i>	339,900	<i>339,900</i>

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Loans

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Amounts falling due within one year				
Bank loans	610,342	<i>591,841</i>	-	-
Other loans	110,841	<i>1,504,924</i>	-	-
	721,183	<i>2,096,765</i>	-	-
Amounts falling due 2-5 years				
Bank loans	2,712,744	<i>2,599,450</i>	-	-
Other loans	502,361	<i>306,049</i>	-	-
	3,215,105	<i>2,905,499</i>	-	-
Amounts falling due after more than 5 years				
Bank loans	6,884,211	<i>7,607,723</i>	-	-
Other loans	3,839,957	<i>2,668,289</i>	339,900	<i>339,900</i>
	10,724,168	<i>10,276,012</i>	339,900	<i>339,900</i>
	14,660,456	<i>15,278,276</i>	339,900	<i>339,900</i>

All long term borrowings are secured against the assets of the company.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	<i>Group 2020 £</i>
Not later than 1 year	49,690	48,242
Later than 1 year and not later than 5 years	214,120	207,883
Later than 5 years	1,027,806	1,083,732
	<u>1,291,616</u>	<u>1,339,857</u>

14. Community Benefit

The directors have ear marked £34,877 as being planned for spend to benefit the community. This has not been included in the accounts elsewhere as it does not meet the requirements for inclusion in the figures.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**COMPANY DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover		75,661	74,384
Gross profit		<u>75,661</u>	<u>74,384</u>
Gross profit %		100.0 %	100.0 %
Less: overheads			
Administration expenses		(41,678)	(52,046)
Operating profit		<u>33,983</u>	<u>22,338</u>
Interest receivable		34,126	35,079
Interest payable		(34,416)	(32,801)
Tax on profit/(loss) on ordinary activities		4,483	-
Profit for the year		<u>38,176</u>	<u>24,616</u>

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Turnover		
Management Fees	45,661	44,384
Community benefit services	30,000	30,000
	<u>75,661</u>	<u>74,384</u>
	2021 £	2020 £
Administration expenses		
Hotels, travel and subsistence	167	542
Printing and stationery	4	5
Advertising and promotion	462	-
Trade subscriptions	500	886
Legal and professional	19,561	18,640
Auditors' remuneration	6,416	6,373
Bank charges	1	4
Insurances	1,188	1,950
Community benefit payments	13,379	23,646
	<u>41,678</u>	<u>52,046</u>
	2021 £	2020 £
Interest receivable		
Group interest receivable - interco	34,126	35,079
	<u>34,126</u>	<u>35,079</u>
	2021 £	2020 £
Interest payable		
Other loan interest payable	34,416	32,801
	<u>34,416</u>	<u>32,801</u>

Appendix 1. Commentary on the Financial Results

N.B. This page does not form part of the Statutory Accounts and has not been subject to audit.

The main features of the **consolidated income statement on page 7** of the accounts are as follows:-

Turnover is up by approximately £28,000 on the previous year mainly due to average prices for power sales being higher in 2021 compared to 2020 and despite there being less solar radiation and electricity generation in 2021. Turnover was £8,000 above the long-term average prediction.

Less solar irradiation in 2021 compared to 2020 caused approximately 8.8% less electricity to be produced by the solar arrays but 2020 was well above average in terms of solar radiation and electricity generation. In 2021 generation was much closer to the expected long-term average, with generation coming in 1.4% under that average.

In 2020 the solar farms received additional grant funding to update some of the electronic settings relating to their interface with the national grid as part of nationwide changes to the electricity network. This grant revenue was reduced in 2021 by £5,500.

Administrative costs were £55,000 below our long term planned expenditure primarily due to a business rates rebate of £29,280, and £16,661 underspend versus planned community benefit funding and £5,134 unspent contingency budget. The under-spent community funds have been set aside for future community benefit projects. In addition there were small inflationary increases to other administrative costs.

Loans. Repayment of our bank and other loans has continued according to our long-term financial plan. As shown on page 18, at Dec 2021 bank and other loans stood at £14.66 million, down from £15.28 million in 2020.

Overall, as shown on page 8, the balance sheet value at Dec 2021 stood at - £1,416,896, an improvement of £168,048 over 2020.