
HEART OF ENGLAND COMMUNITY ENERGY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

COMPANY INFORMATION

Directors

E Appleton
G A Guy
R Hampson
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

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HEART OF ENGLAND COMMUNITY ENERGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Business and purpose

Heart of England Community Energy Limited owns three community solar farms through its subsidiaries Leys Solar Energy CIC, Poplars Solar Energy CIC and Willows Solar Energy CIC. All group companies are asset locked and operated for the benefit of the community.

In addition to over-seeing the operation of the solar farms, the board's focus is on the Objects of the Society to maximise community benefit from the generation of renewable electricity in South Warwickshire and nearby areas.

The accounts contain a detailed breakdown of the community benefit projects supported in the year.

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
G A Guy
R Hampson
Dr S Juned
M A McNally
D G Passingham
J D Stott (Chair)

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

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.

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 14th May 2024 and signed on its behalf.


Signed by:

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J D Stott (Chair)
Director

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Rebecca Hampson

DocuSigned by:

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Thomas Cosgrove

Secretary

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 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity 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 2023 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.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

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.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

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.

DocuSigned by:

Misty Nickells

0191E3AC8E57462
Misty Nickells FCA (Senior Statutory Auditor)
for and on behalf of

Griffin

Chartered Accountants & Statutory Auditor
165 High Street

Honiton

Devon

EX14 1LQ

Date: 29/07/2024

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
Turnover		2,157,675	1,987,029
Gross profit		<u>2,157,675</u>	<u>1,987,029</u>
Administrative expenses		(1,274,228)	(1,137,820)
Operating profit		<u>883,447</u>	<u>849,209</u>
Interest receivable and similar income		422	37
Interest payable and similar expenses		(497,882)	(533,968)
Profit before taxation		<u>385,987</u>	<u>315,278</u>
Tax on profit		206,410	110,590
Profit for the financial year		<u><u>592,397</u></u>	<u><u>425,868</u></u>
Total comprehensive income for the year		<u><u>592,397</u></u>	<u><u>425,868</u></u>
Profit for the year attributable to:			
Owners of the parent Company		592,397	425,868
		<u><u>592,397</u></u>	<u><u>425,868</u></u>

The notes on pages 14 to 25 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

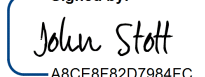
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	5	375,109	395,294
Tangible assets	6	10,532,946	11,209,635
		<u>10,908,055</u>	<u>11,604,929</u>
Current assets			
Debtors: amounts falling due within one year	8	614,845	428,613
Cash at bank and in hand	9	850,382	650,613
		<u>1,465,227</u>	<u>1,079,226</u>
Creditors: amounts falling due within one year	10	(995,109)	(926,389)
Net current assets		<u>470,118</u>	<u>152,837</u>
Total assets less current liabilities		<u>11,378,173</u>	<u>11,757,766</u>
Creditors: amounts falling due after more than one year	11	(11,777,305)	(12,748,795)
Net liabilities		<u>(399,132)</u>	<u>(991,029)</u>
Capital and reserves			
Called up share capital		266,501	267,001
Capital redemption reserve		500	-
Profit and loss account		(666,133)	(1,258,030)
Equity attributable to owners of the parent Company		<u>(399,132)</u>	<u>(991,029)</u>
		<u>(399,132)</u>	<u>(991,029)</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 26th July 2024

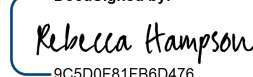
Signed by:



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J D Stott (Chair)
Director

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R Hampson
Director

DocuSigned by:



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Thomas Cosgrove
Secretary

The notes on pages 14 to 25 form part of these financial statements.

Secretary

HEART OF ENGLAND COMMUNITY ENERGY LIMITED
REGISTERED NUMBER: RS007232

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
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	671,833	780,499
Cash at bank and in hand	9	185,247	43,295
		<u>857,080</u>	<u>823,794</u>
Creditors: amounts falling due within one year	10	(99,724)	(95,999)
Net current assets		<u>757,356</u>	<u>727,795</u>
Total assets less current liabilities		<u>983,481</u>	<u>953,920</u>
Creditors: amounts falling due after more than one year	11	(694,156)	(687,195)
Net assets		<u>289,325</u>	<u>266,725</u>
Capital and reserves			
Called up share capital		266,501	267,001
Capital redemption reserve		500	-
Profit and loss account brought forward		(276)	(22,810)
Profit for the year		23,100	22,534
Other changes in the profit and loss account		(500)	-
Profit and loss account carried forward		<u>22,324</u>	<u>(276)</u>
		<u>289,325</u>	<u>266,725</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 26th July 2024

Signed by:

J D Stott (Chair)
 Director

DocuSigned by:

R Hampson
 Director

DocuSigned by:

Thomas Cosgrove
 Secretary

The notes on pages 14 to 25 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Capital redemption reserve	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2023	267,001	-	(1,258,030)	(991,029)	(991,029)
Comprehensive income for the year					
Profit for the year	-	-	592,397	592,397	592,397
Other comprehensive income for the year					
	-	-	-	-	-
Total comprehensive income for the year					
	-	-	592,397	592,397	592,397
Contributions by and distributions to owners					
Purchase of own shares	-	500	-	500	500
Shares redeemed during the year	(500)	-	-	(500)	(500)
Transfer to/from profit and loss account	-	-	(500)	(500)	(500)
Total transactions with owners					
	(500)	500	(500)	(500)	(500)
At 31 December 2023	266,501	500	(666,133)	(399,132)	(399,132)

The notes on pages 14 to 25 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£
At 1 January 2022	267,001	(1,683,898)	(1,416,897)	(1,416,897)
Comprehensive income for the year				
Profit for the year	-	425,868	425,868	425,868
	-----	-----	-----	-----
Other comprehensive income for the year	-	-	-	-
	-----	-----	-----	-----
Total comprehensive income for the year	-	425,868	425,868	425,868
	-----	-----	-----	-----
Total transactions with owners	-	-	-	-
	-----	-----	-----	-----
At 31 December 2022	267,001	(1,258,030)	(991,029)	(991,029)
	=====	=====	=====	=====

The notes on pages 14 to 25 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2023	267,001	-	(276)	266,725
Comprehensive income for the year				
Profit for the year	-	-	23,100	23,100
	<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	23,100	23,100
	<hr/>	<hr/>	<hr/>	<hr/>
Contributions by and distributions to owners				
Purchase of own shares	-	500	-	500
Shares redeemed during the year	(500)	-	-	(500)
Transfer to/from profit and loss account	-	-	(500)	(500)
	<hr/>	<hr/>	<hr/>	<hr/>
Total transactions with owners	(500)	500	(500)	(500)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023	266,501	500	22,324	289,325
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The notes on pages 14 to 25 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	267,001	(22,810)	244,191
Comprehensive income for the year			
Profit for the year	-	22,534	22,534
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	22,534	22,534
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2022	267,001	(276)	266,725
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 14 to 25 form part of these financial statements.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 consolidated financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006. The disclosure requirements of Section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being .

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.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 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.

2.7 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.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)**2.8 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.

2.9 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.

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. Accounting policies (continued)**2.10 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.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 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.

2.13 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.

2.14 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 2023**

3. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors:

	2023	<i>2022</i>
	£	£
Fees payable to the Company's auditors for the audit of the consolidated, subsidiary and parent Company's financial statements	7,127	<i>6,825</i>
Break down of above fees payable to the Group's auditors and its associates in respect of:		
Audit of Heart of England Community Energy Limited	1,376	<i>1,311</i>
Audit of Leys Solar Energy CIC	1,917	<i>1,838</i>
Audit of Poplars Solar Energy CIC	1,917	<i>1,838</i>
Audit of Willows Solar Energy CIC	1,917	<i>1,838</i>
	=====	<i>=====</i>

4. Employees

The Group and Company have no employees other than the directors, who did not receive any remuneration (*2022 - £NIL*).

The average monthly number of employees during the year was 0 (*2022 - 0*).

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

5. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 January 2023	504,630
At 31 December 2023	504,630
Amortisation	
At 1 January 2023	109,336
Charge for the year on owned assets	20,185
At 31 December 2023	129,521
Net book value	
At 31 December 2023	375,109
<i>At 31 December 2022</i>	395,294

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

6. Tangible fixed assets

Group

	Plant and machinery £
Cost or valuation	
At 1 January 2023	15,594,663
At 31 December 2023	15,594,663
Depreciation	
At 1 January 2023	4,385,028
Charge for the year on owned assets	676,689
At 31 December 2023	5,061,717
Net book value	
At 31 December 2023	10,532,946
<i>At 31 December 2022</i>	11,209,635

7. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2023	226,125
At 31 December 2023	226,125

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. Fixed asset investments (continued)

The following were subsidiary undertakings of the Company:

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

The aggregate of the share capital and reserves as at 31 December 2023 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) £
Leys Solar Energy C.I.C.	(230,192)	166,525
Poplars Solar Energy C.I.C.	(269,176)	167,578
Willows Solar Energy C.I.C.	(388,074)	255,376

8. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	-	13,972	-	-
Amounts owed by group undertakings	-	-	670,046	778,478
Prepayments and accrued income	198,622	204,828	1,787	2,021
Deferred taxation	416,223	209,813	-	-
	614,845	428,613	671,833	780,499

9. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	850,382	650,613	185,247	43,295
	850,382	650,613	185,247	43,295

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

10. Creditors: Amounts falling due within one year

	Group 2023	<i>Group 2022</i>	Company 2023	<i>Company 2022</i>
	£	£	£	£
Bank loans	656,890	628,499	-	-
Other loans	99,840	113,840	-	-
Trade creditors	74,056	42,216	-	6,132
Other taxation	59,445	58,443	8,554	3,214
Accruals and deferred income	104,878	83,391	91,170	86,653
	995,109	926,389	99,724	95,999

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

	Group 2023	<i>Group 2022</i>	Company 2023	<i>Company 2022</i>
	£	£	£	£
Bank loans	8,309,828	8,968,021	-	-
Other loans	3,467,477	3,780,774	694,156	687,195
	11,777,305	12,748,795	694,156	687,195

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

12. Loans

Analysis of the maturity of loans is given below:

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Amounts falling due within one year				
Bank loans	656,890	628,499	-	-
Other loans	99,840	113,840	-	-
	756,730	742,339	-	-
Amounts falling due 2-5 years				
Bank loans	2,950,742	2,829,621	-	-
Other loans	692,362	586,362	-	-
	3,643,104	3,415,983	-	-
Amounts falling due after more than 5 years				
Bank loans	5,359,086	6,138,400	-	-
Other loans	2,775,115	3,194,412	694,156	687,195
	8,134,201	9,332,812	694,156	687,195
	12,534,035	13,491,134	694,156	687,195

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 2023**

13. Deferred taxation

Group

	2023
	£
At beginning of year	209,813
Charged to profit or loss	206,410
At end of year	416,223

Company

		2023
		£
At end of year		-
	Group	Group
	2023	2022
	£	£
Accelerated capital allowances	(270,645)	-
Tax losses carried forward	686,868	209,813
	416,223	-

14. Commitments under operating leases

At 31 December 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group	Group
	2023	2022
	£	£
Not later than 1 year	59,335	54,388
Later than 1 year and not later than 5 years	255,681	234,366
Later than 5 years	1,025,238	1,031,009
	1,340,254	1,319,763

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

15. Community Benefit

Beneficiary	Project	Group 2023 £
Act on Energy	Complex Caseworker	38,014
Act on Energy	Emergency Fund	26,500
Citizens Advice South Warwickshire	Hardship Funding	15,000
Citizens Advice South Warwickshire	Administrator Time	13,144
Stratford Foodbank	Christmas hampers project and funding appeal	9,695
Solar Aid	Shining Mothers of Malawi Project	7,000
Crafty Lunch Club CIC	Weekly socialisation and themed meals for adults with disabilities and their careers	5,000
Bidford on Avon PC	Community Fridge and Café	3,600
Hampton Magna Pre-school	Outdoor Area Improvements	2,500
RPSCA Coventry and District	Pet Food to Food Banks Project	2,500
Napton Environmental Action Team	Thermal imaging camera purchase	800
		<u>123,753</u>

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**COMPANY DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
Turnover		179,980	98,623
Gross profit		<u>179,980</u>	<u>98,623</u>
Gross profit %		100.0 %	100.0 %
Less: overheads			
Administration expenses		(169,143)	(78,341)
Operating profit		<u>10,837</u>	<u>20,282</u>
Interest receivable		58,343	53,111
Interest payable		(46,080)	(46,376)
Tax on profit on ordinary activities		-	(4,483)
Profit for the year		<u>23,100</u>	<u>22,534</u>

HEART OF ENGLAND COMMUNITY ENERGY LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 £	2022 £
Turnover		
Management Fees	54,180	48,373
Community benefit services	120,000	45,900
Bond offer cost recharges	5,800	4,350
	<u>179,980</u>	<u>98,623</u>
	<u><u>179,980</u></u>	<u><u>98,623</u></u>
	2023 £	2022 £
Administration expenses		
Hotels, travel and subsistence	520	-
Telephone and fax	26	2
Advertising and promotion	-	49
Trade subscriptions	898	339
Legal and professional	33,359	25,947
Auditors' remuneration	1,377	1,311
Bank charges	4	5
Insurances	2,244	2,338
Amortisation - intangible fixed assets	6,962	5,221
Allocation of group expenditure to community purpose	123,753	43,129
	<u>169,143</u>	<u>78,341</u>
	<u><u>169,143</u></u>	<u><u>78,341</u></u>
	2023 £	2022 £
Interest receivable		
Group interest receivable - interco	58,343	53,111
	<u>58,343</u>	<u>53,111</u>
	<u><u>58,343</u></u>	<u><u>53,111</u></u>
	2023 £	2022 £
Interest payable		
Other loan interest payable	46,080	46,376
	<u>46,080</u>	<u>46,376</u>
	<u><u>46,080</u></u>	<u><u>46,376</u></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 £170,000 on the previous year due to average prices for power sales being higher in 2023 compared to 2022 and inflationary increases on feed-in-tariff and Renewables Obligation payments received. The three group solar farms generated 0.74% over the expected long term average projection. This was despite a HV cable fault at Poplars in November which took the whole site offline for 2 days, and kept half of it off for another 22 days in November.

The solar farms collectively generated 0.7% less electricity than in 2022.

Turnover was £68,000 above the target for the year.

Administrative costs were £136,000 higher in 2023 than 2022. Aside from inflationary increases to services contracts (£35,000), maintenance costs on Poplars increased by £20,000 due to repair of a cable fault, insurance premiums increased by £10,000 due to market changes and expenditure on community projects increased by £81,000. There were reductions in some costs with business rates decreasing by £8,000 across the group due to a revaluation of Poplars and Willows and electricity import costs decreasing by £2,000.

Operating and finance costs of the solar farms excluding expenditure on community projects came in c.£7,000 over the budget for the year, leaving net profit before community benefit activities c.£61,000 ahead of target.

Loans. Repayment of our bank and other loans has continued according to our long-term financial plan. As shown on page 22, at Dec 2023 bank and other loans stood at £12.53 million, down from £13.49 million in 2022.

Overall, as shown on page 8, the balance sheet value at Dec 2023 stood at -£399,132; an improvement of £592,397 over 2022.