

REGISTERED COMPANY NUMBER: SC333698 (Scotland)
REGISTERED CHARITY NUMBER: SC039673

**REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017
FOR
COMMUNITY ENERGY SCOTLAND LIMITED**

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CHAIR'S REPORT

for the year ended 31 March 2017

30th March 2017 was a very significant date for Community Energy Scotland - when our joint-venture 7.5 MW wind farm at Hoprigshiels in the Scottish Borders with partners Berwickshire Housing Association was commissioned. It will create a valuable asset and revenue stream whilst contributing to Scotland's green energy targets. Community Energy Scotland (CES) has a 33% share and the revenue will ultimately help us help Scottish communities address sustainable energy needs. The year preceding this was marked by a strong focus on project delivery along with targeted policy activity - both designed to progress our Local Energy Economies programme. Through this programme, supported by the Joseph Rowntree Charitable Trust, we are seeking to integrate renewable energy into all aspects of local energy use - electricity, heating and transport - and help mobilise community groups to drive behavioural change. Our aim is to help communities gain more of the financial and practical value of their local renewable energy resources whilst decarbonising their energy, by piloting local supply arrangements and demonstrating the benefits and issues involved.

With this in mind, we have been working to reduce energy costs in disadvantaged high density housing in Edinburgh through our Tower Power project, testing ways to overcome grid constraints in Mull through our ACCESS Project, piloting generation and use of hydrogen as an energy store and vector from constrained power on Eday, Orkney, through 'Surf 'n' Turf. All partnership projects, they bring together community groups, electricity companies, local authorities and leading edge tech companies, funded through Scottish Government's pioneering Local Energy Challenge Fund (LECF). We also worked closely with partners in Scottish Power Energy Networks to complete the 'Accelerating Renewables Connections' project in the Scottish Borders' and have established a new Outer Hebrides Community Energy Support Scheme in partnership with Comhaile nan Eilean Siar.

At the policy level, it is remarkable how quickly the energy policy environment is changing. We fed into the UK Government's consultation on a Smart Flexible Energy System and to preparatory work on the Scottish Government's Draft Energy Strategy. We are on the Electricity Network's Association Advisory Group for management of the electricity grid under the new 'system operator' model. Finally, we were delighted to work with the Offshore Renewable Energy Catapult in researching energy system flexibility and fuel poverty alleviation at Levenmouth in Fife. All these contributed towards helping the energy system evolve in line with the aspirations of our members, associates and partners and an even brighter future for the community energy sector.

REPORT OF THE TRUSTEES
for the year ended 31 March 2017

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2017. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Community Energy Scotland is an independent Scottish charity. In August 2008 it took over the work previously done by Highlands and Islands Community Energy Company (HICEC). Community Energy Scotland was set up to help communities cut their energy costs, reduce their carbon footprint and generate new sources of income through using renewable energy technologies.

Community Energy Scotland aims to build confidence, resilience and wealth at community level in Scotland through sustainable energy development. In the year ended 31 March 2015 CES took forward a new business strategy designed to develop new partnerships with community groups on renewable energy project development. A particular focus of these partnerships was the identification of ways to commission projects faced with difficulties in connecting to the national grid. CES also was active in developing a new programme area called "Local Energy Economies" designed to maximise the value of local community owned generation and create opportunities for it to replace the use of fossil fuels.

Our vision is one where sustainable energy development acts as a touchstone for community empowerment and development across Scotland. As energy costs increase and measures to address climate change take on added urgency, we see organised community groups taking the lead in their communities - acting as a focus to help people to mitigate rising costs and address their energy needs.

Scottish communities are in the front line of this vision and with our help can take forward projects that will bring long-term and lasting benefits to their local community.

Our long term aim over the next ten years is to see thousands of community-owned renewable energy projects across Scotland, from small "micro-renewable" energy plants to larger scale wind farms, wood-fuelled district plants, anaerobic digesters and even wind-powered electric transport, all owned by communities at the local level.

Membership of Community Energy Scotland provides the following benefits:

- The provision of technical briefings and information to assist in project development;
- The opportunity, through discussion and events, to meet other like-minded groups and share experiences;
- Collective arrangements for the supply of equipment for sustainable energy installations and special expertise;
- Match funding schemes that we are seeking to develop with sponsors;
- Our ability to represent our members on key issues relating to sustainable energy development at the key governmental and policy levels in Scotland, the UK and Europe; and
- Access to the Member's area of the Community Energy Scotland website.

The company has met its charitable activities in the current period by providing funding and support to communities to develop sustainable energy projects.

Membership:

The fees for membership are as follows:

Community Membership Entry Level	free
Associate Membership Business, Public Sector	£based on turnover
Associate Membership Academic	£150 annually
National charity	£50 annually
Associate Membership Individual	£30 annually

To become a member, applicants can complete an online application form which can be accessed on the Community Energy Scotland website at:

http://www.communityenergyscotland.org.uk/membership/how_to_join

or telephone the Membership Officer on 01463 417 104.

Grantmaking

During the period of this report, the policy of the trustees was to make grants in accordance with the Highlands and Islands Enterprise and Scottish Government schemes to support community groups to develop renewable energy projects.

STRATEGIC REPORT

Financial review

Financial position

With a more challenging funding environment for community energy projects, the scale of restricted funds under management reduced from the previous year, focused around a smaller number of key partnership projects. Unfunded charitable activity and project bid preparation resulted in an end of year trading deficit.

Principal funding sources

The main funding sources of the company were from the delivery of various projects under the Scottish Government's Local Energy Challenge Fund and from the EU's Horizon 2020 Programme along with funding from Scottish Hydro Electric Power Distribution Network Innovation Allowance (part funding the ACCESS Project).

Investment policy and objectives

The directors have the authority to invest the monies of the charity not immediately required for its purposes as they see fit for the benefit of the charity. The company has a subsidiary company, Community Energy Scotland Trading Limited, which manages a small wind turbine portfolio and is a partner in Berwickshire Community Renewables LLP (BCR). The subsidiary sells electricity to the Grid and Gift Aids its profits to the charity to provide funding to support its activities. The company owns all 100 ordinary shares in the company which were purchased at par. Any surplus funds are currently held as cash.

Reserves policy

The company requires a level of reserves to be built up to ensure financial stability in the event that major contracts are not renewed. This would enable the company to continue for a period whilst new contracts were sought. The trustees have examined the charity's requirements for reserves in light of the nature of the charity's work and consider that unrestricted funds should be three months' running costs at £180,000 and should not go below £48,000.

Future plans

With significant changes in the policy environment, it is becoming more difficult for community groups to take forward renewable energy projects. On the other hand, there remains great potential to help communities benefit from their renewable energy resources and the 'Smart Energy' agenda will create new opportunities for this to happen. CES, owing to its innovative work on local energy solutions, is well placed to help make this happen and will strengthen its role in this area.

CES will continue to evolve in response to community group requirements and wider policy developments.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document and members liability

The organisation is a charitable company limited by guarantee, incorporated on 9 November 2007 and registered as a charity on 30 June 2008. It is governed by its Memorandum and Articles of Association. In the event of the charity being wound up, each member is liable to pay a maximum of £1 to the charity to cover any shortfall of assets.

The company's operating area is primarily Scotland but it is authorised under its objectives to operate in any other location the trustees may from time to time determine as appropriate.

Recruitment, appointment and training of trustees

The trustees in office at the end of the period are listed on page four. At its AGM on 12 March 2017 and following invitation to Members there were two nominations for directors, Alan Hobbett and Carola Bell. As these were not contested, both were duly appointed to the Board.

Co-opted directors stood down as required under Community Energy Scotland's constitution. These co-opted directors were Angus Hardie, Nigel Holmes and David Somervell. Following the meeting Angus Hardie, Nigel Holmes and David Somervell were appointed as co-opted directors.

The directors of the company are also the charity trustees for the purposes of the charity. Potential new trustees are nominated for election by community members at the Annual General Meeting. New trustees are provided with the Office of the Scottish Charity Regulator booklet - Guidance for Charity Trustees - "Acting with care and diligence".

Organisational structure

The management structure comprises the trustees and secretary detailed on page four. The trustees make strategic decisions as and when required and the day-to-day operations are managed by the Chief Executive, N L Gubbins.

The company has a subsidiary company Community Energy Scotland Trading Limited which started undertaking activities in 2012 and also acquired a further wholly owned subsidiary, Community Energy Innovations Limited during the year, which has not yet commenced trading.

REPORT OF THE TRUSTEES
for the year ended 31 March 2017

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
SC333698 (Scotland)

Registered Charity number
SC039673

Registered office
Community Energy Scotland Limited
67A Castle Street
Inverness
IV2 3DU

Trustees

Ms G Barrell	Chair	
A C G Hardie		
Ms C M Bell		
D M G Boyd		
N R Holmes		
D Newman		- resigned 8/3/17
Dr P Revell		
A G Hobbett		- appointed 8/3/17
D R Somervell		- appointed 26/5/17

Company Secretary
Mrs L K Knowles

Auditors
MacKenzie Kerr Limited
Chartered Accountants and
Statutory Auditor
Redwood
19 Culduthel Road
Inverness
IV2 4AA

Chief executive
Mr N L Gubbins

REPORT OF THE TRUSTEES
for the year ended 31 March 2017

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Community Energy Scotland Limited for the purposes of company law) are responsible for preparing 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".

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- 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 charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, MacKenzie Kerr Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 14 December 2017 and signed on the board's behalf by:



Ms G Barrell - Trustee

We have audited the financial statements of Community Energy Scotland Limited for the year ended 31 March 2017 on pages eight to thirty. The financial reporting framework that has been applied in their preparation is 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'.

This report is made solely to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page five, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

The trustees have elected for the financial statements to be audited in accordance with the Charities and Trustee Investment (Scotland) Act 2005 rather than also with the Companies Act 2006. Accordingly we have been appointed as auditors under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chair's Report and the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements ; or
- the charitable company has not kept proper and adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



MacKenzie Kerr Limited
Chartered Accountants and
Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Redwood
19 Culduthel Road
Inverness
IV2 4AA

15 December 2017

COMMUNITY ENERGY SCOTLAND LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
for the year ended 31 March 2017

	Notes	Unrestricted funds £	Restricted funds £	Total 2017 funds £	Total 2016 funds as restated £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	9,770	-	9,770	10,307
Charitable activities	5				
Project delivery		340,929	18,736	359,665	257,730
Development work		-	-	-	34,034
ACCESS project		31,436	310,064	341,500	1,746,541
Surf 'n' Turf project		66,125	224,605	290,730	1,289,562
Tower Power		114,918	84,834	199,752	-
Joseph Rowntree Charitable Trust - programme development		-	30,000	30,000	-
Other trading activities	3	-	75,604	75,604	93,791
Investment income	4	351	(180,145)	(179,794)	(85,104)
Other income		397	-	397	836
Total		563,926	563,698	1,127,624	3,347,697
EXPENDITURE ON					
Raising funds					
Raising donations and legacies	6	8,076	304	8,380	772
Other trading activities	7	-	44,770	44,770	29,999
		8,076	45,074	53,150	30,771
Charitable activities					
	8				
Project delivery		421,731	21,661	443,392	358,112
Development work		-	-	-	6,825
ACCESS project		63,105	192,873	255,978	1,746,542
Surf 'n' Turf project		100,252	2,067	102,319	566,636
Tower Power		123,470	84,834	208,304	-
Joseph Rowntree Charitable Trust - programme development		-	30,572	30,572	-
Total		716,634	377,081	1,093,715	2,708,886
NET INCOME/(EXPENDITURE)		(152,708)	186,617	33,909	638,811
As previously reported		229,926	14,692	244,618	264,120
Prior year adjustment	16	-	658,313	658,313	-
As Restated		229,926	673,005	902,931	264,120
TOTAL FUNDS CARRIED FORWARD		77,220	859,622	936,840	902,931

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

COMMUNITY ENERGY SCOTLAND LIMITED

CHARITY STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2017

		Unrestricted funds	Restricted funds	2017 Total funds	2016 Total funds as restated
	Notes	£	£	£	£
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	9,770	-	9,770	10,307
Charitable activities	4				
Project delivery		386,969	18,736	405,705	353,674
ACCESS project		31,436	310,064	341,500	1,746,542
Surf 'n' Turf project		66,125	224,605	290,730	1,289,563
Tower Power		114,918	84,834	199,752	-
Joseph Rowntree Charitable Trust - programme development		-	30,000	30,000	-
Investment income	3	351	-	351	277
Other income		397	-	397	836
Total		<u>609,966</u>	<u>668,239</u>	<u>1,278,205</u>	<u>3,401,199</u>
EXPENDITURE ON					
Raising funds	5	8,076	-	8,076	774
Charitable activities	6				
Project delivery		421,731	21,661	443,392	364,940
ACCESS project		63,105	192,873	255,978	1,746,540
Surf 'n' Turf project		100,252	2,067	102,319	566,635
Tower Power		123,470	84,834	208,304	-
Joseph Rowntree Charitable Trust - programme development		-	30,572	30,572	-
Total		<u>716,634</u>	<u>332,007</u>	<u>1,048,641</u>	<u>2,678,889</u>
NET INCOME/(EXPENDITURE)		<u>(106,668)</u>	<u>336,232</u>	<u>229,564</u>	<u>722,310</u>
RECONCILIATION OF FUNDS					
As previously reported		258,336	44,918	303,254	303,651
Prior year adjustment	16	-	722,707	722,707	-
As Restated		<u>258,336</u>	<u>767,625</u>	<u>1,025,961</u>	<u>303,651</u>
TOTAL FUNDS CARRIED FORWARD		<u>151,668</u>	<u>1,103,857</u>	<u>1,255,525</u>	<u>1,025,961</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

COMMUNITY ENERGY SCOTLAND LIMITED

CONSOLIDATED BALANCE SHEET
At 31 March 2017

	Notes	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds As restated £
FIXED ASSETS					
Tangible assets	17	6,560	1,345,566	1,352,126	215,235
CURRENT ASSETS					
Debtors	19	357,330	30,989	388,319	1,739,853
Cash at bank		<u>51,374</u>	<u>333,686</u>	<u>385,060</u>	<u>990,894</u>
		408,704	364,675	773,379	2,730,747
CREDITORS					
Amounts falling due within one year	20	(338,046)	(63,143)	(401,189)	(1,719,536)
NET CURRENT ASSETS		<u>70,658</u>	<u>301,532</u>	<u>372,190</u>	<u>1,011,211</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		77,218	1,647,098	1,724,316	1,226,446
CREDITORS					
Amounts falling due after more than one year	21	-	(571,950)	(571,950)	(288,134)
PROVISIONS FOR LIABILITIES	24	-	(215,526)	(215,526)	(35,381)
NET ASSETS		<u>77,218</u>	<u>859,622</u>	<u>936,840</u>	<u>902,931</u>
FUNDS	25				
Unrestricted funds				77,218	229,926
Restricted funds				<u>859,622</u>	<u>673,005</u>
TOTAL FUNDS				<u>936,840</u>	<u>902,931</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2017.

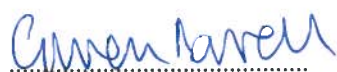
The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

The financial statements were approved by the Board of Trustees on 14 December 2017 and were signed on its behalf by:



Ms G Barrell -Trustee

The notes form part of these financial statements

COMMUNITY ENERGY SCOTLAND LIMITED

CHARITY BALANCE SHEET
At 31 March 2017

	Notes	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds as restated £
FIXED ASSETS					
Tangible assets	17	6,560	1,156,451	1,163,011	13,512
Investments	18	<u>101</u>	<u>-</u>	<u>101</u>	<u>100</u>
		6,661	1,156,451	1,163,112	13,612
CURRENT ASSETS					
Debtors	19	379,666	-	379,666	1,746,862
Cash at bank		<u>103,387</u>	<u>275,725</u>	<u>379,112</u>	<u>953,779</u>
		483,053	275,725	758,778	2,700,641
CREDITORS					
Amounts falling due within one year	20	(338,046)	(28,019)	(366,065)	(1,688,292)
NET CURRENT ASSETS					
		<u>145,007</u>	<u>247,706</u>	<u>392,713</u>	<u>1,012,349</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		151,668	1,404,157	1,555,825	1,025,961
CREDITORS					
Amounts falling due after more than one year	21	-	(300,300)	(300,300)	-
NET ASSETS					
		<u>151,668</u>	<u>1,103,857</u>	<u>1,255,525</u>	<u>1,025,961</u>
FUNDS					
Unrestricted funds	25			151,668	258,336
Restricted funds				<u>1,103,857</u>	<u>767,625</u>
TOTAL FUNDS					
				<u>1,255,525</u>	<u>1,025,961</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2017.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005.

The financial statements were approved by the Board of Trustees on 14 December 2017 and were signed on its behalf by:



Ms G Barrell -Trustee

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Group		Charity	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	1	(438,782)	1,575,230	(439,094)	1,526,225
Interest paid		(14,915)	(9,576)	(108)	-
Finance costs		<u>(1,491)</u>	<u>(11,931)</u>	<u>(1,412)</u>	<u>(11,912)</u>
Net cash provided by (used in) operating activities		<u>(455,188)</u>	<u>1,553,723</u>	<u>(440,614)</u>	<u>1,514,313</u>
Cash flows from investing activities					
Purchase of tangible fixed assets		(436,339)	(725,632)	(434,704)	(725,633)
Sale of tangible fixed assets		-	175	-	175
Interest received		351	277	351	275
Income from participating interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>(435,988)</u>	<u>(725,180)</u>	<u>(434,353)</u>	<u>(725,183)</u>
Cash flows from financing activities:					
New loans in year		300,300	-	300,300	-
Loan repayments		(14,958)	(11,968)	-	-
Net cash provided by (used in) financing activities		<u>285,342</u>	<u>(11,968)</u>	<u>300,300</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period		(605,834)	816,575	(574,667)	789,130
Cash and cash equivalents at the beginning of the period	2	<u>990,894</u>	<u>174,319</u>	<u>953,779</u>	<u>164,649</u>
Cash and cash equivalents at the end of the period	2	<u><u>385,060</u></u>	<u><u>990,894</u></u>	<u><u>379,112</u></u>	<u><u>953,779</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 March 2017

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group		Charity	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	£	<u>As restated</u> £	£	<u>As restated</u> £
Net income/expenditure for the reporting period (as per the statement of financial activities)	33,909	638,811	(11,274)	722,310
Adjustments for:				
Depreciation charges	22,155	22,739	9,547	10,131
Profit on disposal of fixed assets	-	(175)	-	(175)
Interest received	(351)	(277)	(351)	(275)
Interest paid	14,915	9,576	108	-
Finance charges	1,491	11,931	1,412	11,912
Income from participating interests	180,145	85,381	-	-
Decrease / (increase) in debtors	628,827	(721,158)	642,854	(744,526)
(Decrease)/increase in creditors	(1,319,873)	1,528,402	(1,322,228)	1,526,848
	<u>(438,782)</u>	<u>1,575,230</u>	<u>(679,932)</u>	<u>1,526,225</u>

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably. Incoming resources that do not meet the criteria for recognition in the Statement of Financial Activities are accounted for as deferred income and included as liabilities at the balance sheet date.

The following specific policies are applied to particular categories of income:

Donations and legacies:

Income from donations and legacies are receivable by way of donations and other voluntary income and is included when it is receivable.

Income from charitable activities:

Income from charitable activities are derived from grants and fees and are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Income from revenue grants, where related to performance and specific deliverables are accounted for as the charity earns the right to consideration by its performance.

Investment income:

Income from investments are recognised on an accruals basis.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Charitable activities

Charitable activities comprise those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs

Governance costs include those associated with meeting constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2017

1. ACCOUNTING POLICIES – continued**Tangible fixed assets**

Fixed assets are stated at cost, being purchase price, less accumulated depreciation. The costs of minor additions are not capitalised.

Depreciation is provided at the following annual rates in order to write off the cost of each asset, less its estimated residual value, over its estimated useful life as follows:

Leasehold improvements	20% Straight line
Furniture & fittings	20% Straight line
Office equipment	20% Straight line
Plant & machinery	20% Straight line
Motor Vehicles	33% Reducing balance
Turbines	10% Straight line

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. Unrestricted funds are further split into designated and general. Designated funds are funds allocated by the trustees for a specific purpose. General funds are all other unrestricted funds.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Investments

Investments in associated entities are stated at cost plus the group's share of the associated entities profits or losses.

2. DONATIONS AND LEGACIES – Group and charity

	2017	2016 as restated
	£	£
Donations	2,928	592
Memberships	6,792	9,163
Conference fees	<u>50</u>	<u>550</u>
	<u>9,770</u>	<u>10,305</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2017

3. OTHER TRADING ACTIVITIES – Group only

	2017	2016 as restated
	£	£
Export FIT	2,134	2,364
Generation FIT	37,209	49,515
Project Development	35,184	41,912
Technical assistance	1,077	-
	<u>75,604</u>	<u>93,791</u>

The wholly owned trading subsidiary, Community Energy Scotland Trading Limited is incorporated in the United Kingdom. The activities of Community Energy Scotland Trading Limited include the generation of electricity and the development of energy projects. The individual summary performance of Community Energy Scotland Trading Limited is as follows:

	2017	2016
	£	£
Turnover	75,604	93,791
Cost of sales and administration costs	(74,130)	(82,334)
Finance costs	(14,807)	(9,576)
Net profit	<u>(13,333)</u>	<u>1,881</u>
Amount gift aided to the charity	-	-
Retained in subsidiary	<u>(13,333)</u>	<u>1,881</u>
The assets and liabilities of the subsidiary were:		
Fixed assets	239,115	251,723
Current assets	36,937	40,366
Current liabilities	(88,786)	(75,006)
	<u>(271,650)</u>	<u>(288,134)</u>
Total net assets	<u>(84,384)</u>	<u>(71,051)</u>
Reserves	<u>(84,384)</u>	<u>(71,051)</u>

4. INVESTMENT INCOME

	Group		Charity	
	2017	2016 as restated	2017	2016 as restated
	£	£	£	£
Share of profit / (loss) in participating interests	(180,145)	(85,381)	-	-
Bank interest received	351	277	351	277
	<u>(179,794)</u>	<u>(85,104)</u>	<u>351</u>	<u>277</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2017

5. INCOME FROM CHARITABLE ACTIVITIES

<u>GROUP</u>	Project delivery	ACCESS project	Surf 'n' Turf project
	£	£	£
Consultancy fees	284,863	-	-
Grants	18,676	341,500	290,730
Development fees	56,126	-	-
	<u>359,665</u>	<u>341,500</u>	<u>290,730</u>

		2017	2016
	Tower Power	Joseph Rowntree Charitable Trust - programme development	Total activities as restated
	£	£	£
Consultancy fees	-	-	201,718
Grants	199,752	30,000	3,126,149
Development fees	-	-	-
	<u>199,752</u>	<u>30,000</u>	<u>3,327,867</u>

<u>CHARITY</u>	Project delivery	ACCESS project	Surf 'n' Turf project
	£	£	£
Consultancy fees	330,903	-	-
Grants	18,676	341,500	290,730
Development fees	56,126	-	-
	<u>405,705</u>	<u>341,500</u>	<u>290,730</u>

		2017	2016
	Tower Power	Joseph Rowntree Charitable Trust - programme development	Total activities as restated
	£	£	£
Consultancy fees	-	-	263,630
Grants	199,752	30,000	3,126,149
Development fees	-	-	-
	<u>199,752</u>	<u>30,000</u>	<u>3,389,779</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2017

5. INCOME FROM CHARITABLE ACTIVITIES - continued

Grants received, included in the above, are as follows:

	2017	2016 as restated
	£	£
Outer Hebrides Community Energy Support Scheme	-	16,501
ECCI	-	10,865
Local Energy Scotland - ACCESS grant	-	1,746,541
Local Energy Scotland - Surf 'n' Turf grant	37,001	1,289,562
Garve & district community	-	18,696
CARES Plus	-	3,295
Malawi grant	-	(1,161)
Community and Renewable Energy Scotland - Innovative Infrastructure grant	-	10,666
Scottish Government - Local Energy Challenge Fund	(60)	3,225
Arkleton Trust	4,827	2,959
Small grant awards	13,909	25,000
Local energy Challenge Fund - Big Hit Grant	253,730	-
Local Energy Challenge Fund - Tower Power	179,982	-
Scottish Hydro-Electric Power Distribution Plc - ACCESS	341,500	-
Joseph Rowntree Charitable Trust	30,000	-
City of Edinburgh - Tower Power	19,769	-
	<u>880,658</u>	<u>3,126,149</u>

6. RAISING DONATIONS AND LEGACIES

	Group		Charity	
	2017	2016 As restated	2017	2016 As restated
	£	£	£	£
Conference costs	5,315	380	5,315	380
Membership development and engagement	558	250	558	250
Travel and subsistence	2,507	142	2,203	144
	<u>8,380</u>	<u>772</u>	<u>8,076</u>	<u>774</u>

7. OTHER TRADING ACTIVITIES – Group only

	2017	2016 as restated
	£	£
Rent	4,599	3,681
Equipment servicing	6,515	1,728
Insurance	3,112	387
Depreciation	12,608	12,608
Interest payable and similar charges	14,886	-
Support costs	3,050	11,595
	<u>44,770</u>	<u>29,999</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2017

8. CHARITABLE ACTIVITIES COSTS – Group and charity

	Direct costs	Grant funding of activities (See note 9)	Support costs (See note 10)	Totals
	£	£	£	£
Project delivery	300,295	21,661	121,436	443,392
ACCESS project	255,978	-	-	255,978
Surf 'n' Turf project	102,319	-	-	102,319
Tower Power	208,304	-	-	208,304
Joseph Rowntree Charitable Trust - programme development	<u>30,572</u>	<u>-</u>	<u>-</u>	<u>30,572</u>
	<u>897,468</u>	<u>21,661</u>	<u>121,436</u>	<u>1,040,565</u>

9. GRANTS PAYABLE – Group and charity

	2017	2016 as restated
	£	£
Project delivery	21,661	-
Innovative infrastructure projects	-	2,938
Local energy challenge fund projects	-	89,472
Small grants and projects	<u>-</u>	<u>5,305</u>
	<u>21,661</u>	<u>97,715</u>

The total grants paid to institutions during the year was as follows:

	2017	2016 as restated
	£	£
Malawi grant paid	-	5,305
CARES IIF Grant paid	-	2,938
LECF Grant paid	-	89,472
Small grants paid	<u>21,661</u>	<u>-</u>
	<u>21,661</u>	<u>97,715</u>

10. SUPPORT COSTS

	Management	Governance costs	Totals
	£	£	£
Other trading activities – Group only	-	3,050	3,050
Project delivery – Group and charity	<u>113,064</u>	<u>8,372</u>	<u>121,436</u>
	<u>113,064</u>	<u>11,422</u>	<u>124,486</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2017

10. SUPPORT COSTS

Support costs, included in the above, are as follows:

	2017		2016	
	Other trading activities	Project delivery	Total activities	Total activities as restated
	£	£	£	£
Interest payable and similar charges	-	1,520	1,520	21,507
Auditors' remuneration	3,050	6,550	9,600	6,875
Accountancy and legal fees	-	-	-	2,026
Pensions	-	24,218	24,218	22,712
Rent	-	28,512	28,512	28,909
Rates and water	-	422	422	634
Insurance	-	5,791	5,791	6,040
Light and heat	-	749	749	1,560
Telephone	-	9,738	9,738	10,421
Postage and stationery	-	2,093	2,093	2,714
Advertising	-	251	251	782
Sundries	-	895	895	995
Repairs and maintenance	-	383	383	6,243
Other management and administration costs	-	28,945	28,945	22,424
Depreciation	-	9,547	9,547	10,131
Trustees' remuneration etc.	-	1,269	1,269	1,243
Other governance costs	-	553	553	1,583
	<u>3,050</u>	<u>121,436</u>	<u>124,486</u>	<u>146,799</u>

11. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	Group		Charity	
	2017	2016	2017	2016
	£	As restated £	£	As restated £
Auditors' Remuneration	9,600	6,875	6,550	6,875
Depreciation - owned assets	22,155	22,739	9,547	10,131
Other operating leases	33,111	32,590	28,512	28,909
Surplus on disposal of fixed asset	-	175	-	175
	<u>-</u>	<u>175</u>	<u>-</u>	<u>175</u>

12. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2017 nor for the year ended 31 March 2016.

Trustees' expenses

	2017	2016
	£	as restated £
Trustees' expenses	<u>1,515</u>	<u>1,303</u>

During the year 4 trustees received reimbursement for out of pocket expenses of £1,515 (2016 - £1,303)

13. STAFF COSTS – Group and charity

	2017	2016 as restated
	£	£
Wages and salaries	513,660	476,845
Social security costs	47,351	42,650
Other pension costs	<u>24,218</u>	<u>22,712</u>
	<u>585,229</u>	<u>542,207</u>

The average monthly number of employees during the year was as follows:

	2017	2016
Average monthly employees	<u>21</u>	<u>20</u>

No employees received emoluments in excess of £60,000.

14. COMPARATIVES FOR THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds	Restricted funds	Total funds as restated
	£	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	10,307	-	10,307
Charitable activities			
Project delivery	106,741	-	106,741
Development work	34,034	-	34,034
ACCESS project	229,278	1,517,263	1,746,541
Surf 'n' Turf project	156,462	1,133,100	1,289,562
Outer Hebrides Community Energy Support Scheme	1,500	15,000	16,500
Innovative infrastructure projects	33,958	-	33,958
Malawi project	-	(1,161)	(1,161)
Local energy challenge fund projects	47,881	3,225	51,106
Small grants and projects	16,681	33,905	50,586
Other trading activities	-	93,791	93,791
Investment income	277	(85,381)	(85,104)
Other income	836	-	836
Total	637,955	2,709,742	3,347,697
EXPENDITURE ON			
Raising funds	772	29,999	30,771
Charitable activities			
Project delivery	241,690	-	241,690
Development work	6,825	-	6,825
ACCESS project	229,279	1,517,263	1,746,542
Surf 'n' Turf project	155,195	411,441	566,636
Outer Hebrides Community Energy Support Scheme	307	-	307
Innovative infrastructure projects	935	2,938	3,873
IEE project	55	-	55
Highlands and Islands Enterprise - LEEP project	48	-	48
Local energy challenge fund projects	1,384	89,472	90,856
Knowledge Transfer Partnership programme	13,750	-	13,750
Small grants and projects	2,228	5,305	7,533
Total	652,468	2,056,418	2,708,886
NET INCOME/(EXPENDITURE)	(14,513)	653,324	638,811
Transfers between funds	(92,713)	92,713	-
Net movement in funds	(107,226)	746,037	638,811
RECONCILIATION OF FUNDS			
Total funds brought forward	337,152	(73,032)	264,120
TOTAL FUNDS CARRIED FORWARD	229,926	673,005	902,931

15. COMPARATIVES FOR THE CHARITY STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds	Restricted funds	Total funds as restated £
	£	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	10,307	-	10,307
Charitable activities			
Project delivery	302,706	50,968	353,675
ACCESS project	229,279	1,517,263	1,746,542
Surf 'n' Turf project	156,463	1,133,100	1,289,562
Investment income	277	-	277
Other income	836	-	836
Total	699,868	2,701,331	3,401,199
EXPENDITURE ON			
Raising funds	774	-	774
Charitable activities			
Project delivery	267,225	97,715	364,940
ACCESS project	229,277	1,517,263	1,746,540
Surf 'n' Turf project	155,194	411,441	566,635
Total	652,470	2,026,419	2,678,889
NET INCOME/(EXPENDITURE)	47,398	674,912	722,310
Transfers between funds	(92,713)	92,713	-
Net movement in funds	(45,315)	767,625	722,310
RECONCILIATION OF FUNDS			
Total funds brought forward	303,651	-	303,651
TOTAL FUNDS CARRIED FORWARD	258,336	767,625	1,025,961

16. PRIOR YEAR ADJUSTMENT

During the year to 31 March 2016 £722,707 of expenditure was considered a revenue project expense. This expenditure was later identified as relating to capital assets to be held by Community Energy Scotland Limited and reclassified as capital assets.

Additionally in the year ending 31 March 2016 the performance of the associated undertaking, Berwickshire Community Renewables LLP, included significant of borrowing costs capitalised in the balance sheet. This was only identified this year and this is not in line with the group policy. Therefore a prior year adjustment of £64,394 has now been recorded to bring the comparative figures into line with group policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2017

17. TANGIBLE FIXED ASSETS

<u>Group</u>	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 April 2016	306,187	7,557	-	118,551	432,295
Additions	<u>1,104,951</u>	<u>-</u>	<u>51,500</u>	<u>2,595</u>	<u>1,159,046</u>
At 31 March 2017	<u>1,411,138</u>	<u>7,557</u>	<u>51,500</u>	<u>121,146</u>	<u>1,591,341</u>
DEPRECIATION					
At 1 April 2016	104,464	7,177	-	105,419	217,060
Charge for year	<u>12,608</u>	<u>130</u>	<u>-</u>	<u>9,417</u>	<u>22,155</u>
At 31 March 2017	<u>117,072</u>	<u>7,307</u>	<u>-</u>	<u>114,836</u>	<u>239,215</u>
NET BOOK VALUE					
At 31 March 2017	<u>1,294,066</u>	<u>250</u>	<u>51,500</u>	<u>6,310</u>	<u>1,352,126</u>
At 31 March 2016	<u>201,723</u>	<u>380</u>	<u>-</u>	<u>13,132</u>	<u>215,235</u>
Charity					
	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 April 2016	-	7,557	-	118,551	126,108
Additions	<u>1,104,951</u>	<u>-</u>	<u>51,500</u>	<u>2,595</u>	<u>1,159,046</u>
At 31 March 2017	<u>1,104,951</u>	<u>7,557</u>	<u>51,500</u>	<u>121,146</u>	<u>1,285,154</u>
DEPRECIATION					
At 1 April 2016	-	7,177	-	105,419	112,596
Charge for year	<u>-</u>	<u>130</u>	<u>-</u>	<u>9,417</u>	<u>9,547</u>
At 31 March 2017	<u>-</u>	<u>7,307</u>	<u>-</u>	<u>114,836</u>	<u>122,143</u>
NET BOOK VALUE					
At 31 March 2017	<u>1,104,951</u>	<u>250</u>	<u>51,500</u>	<u>6,310</u>	<u>1,163,011</u>
At 31 March 2016	<u>-</u>	<u>380</u>	<u>-</u>	<u>13,132</u>	<u>13,512</u>

18. FIXED ASSET INVESTMENTS

	Group		Charity	
	2017	2016 as restated	2017	2016 as restated
	£	£	£	£
MARKET VALUE				
At 1 April 2016	-	-	100	100
Additions	-	-	1	-
At 31 March 2017	<u>-</u>	<u>-</u>	<u>101</u>	<u>100</u>
NET BOOK VALUE				
At 31 March 2017	<u>-</u>	<u>-</u>	<u>101</u>	<u>100</u>
At 1 April 2016	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>

There were no investment assets outside the UK.

Community Energy Scotland Limited as a parent charity holds two investments, the first investment is a 100% shareholding in a subsidiary undertaking, Community Energy Scotland Trading Limited. The subsidiary's loss for the year amounted to £10,756 (2016 - £1,881 profit) and its net liabilities at 31 March 2017 were £81,907 (2016 - £71,051).

Community Energy Scotland Trading Limited has received a loan of £380,000 from Social Investment Scotland and as security for the loan, Community Energy Scotland Limited has pledged its entire shareholding in its subsidiary to that body. At the balance sheet date the balance on this loan was £294,401 (2016 - £309,359).

The second investment held by Community Energy Scotland Limited is a 100% shareholding in Community Energy Innovations Ltd. Community Energy Innovations Ltd was incorporated on 8 July 2016 and has not yet commenced trading.

The company's investments at the balance sheet date in the share capital of companies include the following:

Community Energy Scotland Trading Limited

Registered office: 67A Castle Street, Inverness, IV2 3DU
Nature of business: Operation of wind turbines

Class of share:	%
Ordinary £1	holding 100

	2017	2016
	£	£
Aggregate capital and reserves	(81,807)	(71,051)
(Loss)/profit for the year	<u>(10,756)</u>	<u>1,881</u>

Community Energy Innovations Limited

Registered office: 67A Castle Street, Inverness, IV2 3DU
Nature of business: Dormant

Class of share:	%
Ordinary £1	holding 100

Community Energy Innovations Limited was incorporated on 8 July 2016 and has not yet prepared its first set of accounts nor commenced trading.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2017

18. FIXED ASSET INVESTMENTS - continued

In addition to the above investments Community Energy Scotland Trading Limited has also invested in a limited liability partnership, Berwickshire Community Renewables LLP. The investment is for a one-third share of the results of investment represents the company's partnership investment of £50,000 in Berwickshire Community Renewables LLP less its share of the accumulated losses to date. An analysis of the investment is as follows:

	Investment £	Other movements £	Total £
Berwickshire Community Renewables LLP As at 1 April 2016	50,000	(85,381)	(35,381)
Group share of Profit / (Loss) for the year	-	(180,145)	(180,145)
As at 31 March 2017	<u>50,000</u>	<u>(265,526)</u>	<u>(215,526)</u>

19. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	369,555	949,229	344,853	931,056
Amounts owed to group undertakings	-	-	22,336	30,126
VAT	-	53,382	-	53,516
Accrued income	11,637	10,275	8,660	7,822
Prepayments	7,127	726,967	3,817	724,342
	<u>388,319</u>	<u>1,739,853</u>	<u>379,666</u>	<u>1,746,862</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Other loans (see note 22)	22,751	21,225	-	-
Trade creditors	49,961	1,078,492	47,808	1,075,523
Social security and other taxes	14,652	11,358	14,652	11,358
VAT	49,737	-	48,116	-
Pension fund contributions	4,812	3,881	4,812	3,881
Accrued expenses	89,318	373,847	80,719	366,797
Deferred income	169,958	230,733	169,958	230,733
	<u>401,189</u>	<u>1,719,536</u>	<u>366,065</u>	<u>1,688,292</u>

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Other loans (see note 22)	571,950	288,134	300,300	-
	<u>571,950</u>	<u>288,134</u>	<u>300,300</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2017**22. LOANS**

An analysis of the maturity of loans is given below:

	Group		Charity	
	2017	2016	2017	2016
	£	as restated £	£	as restated £
Amounts falling due within one year on demand:				
SIS Loans	<u>22,751</u>	<u>21,225</u>	<u>-</u>	<u>-</u>
Amounts falling due between one and two years:				
SIS Loans	24,386	22,751	-	-
Energy Savings Trust loan	20,020	-	20,020	-
	<u>44,406</u>	<u>22,751</u>	<u>20,020</u>	<u>-</u>
Amounts due between two and five years:				
SIS Loans	247,264	265,383	-	-
Energy Savings Trust loan	120,120	-	120,120	-
	<u>367,384</u>	<u>265,383</u>	<u>120,120</u>	<u>-</u>
Amounts falling due in more than five years:				
Repayable by instalments:				
Energy Savings Trust loan	160,160	-	160,160	-
	<u>160,160</u>	<u>-</u>	<u>160,160</u>	<u>-</u>

Community Energy Scotland received a loan of £300,300 from The Energy Savings Trust. This loan is unsecured and attracts an interest rate of 3.2% per annum. Until 31 March 2018 the company is only required to repay the interest element of the loan quarterly and thereafter capital plus interest shall become payable.

23. SECURED DEBTS – Group only

The following secured debts are included within creditors:

	2017	2016
	£	as restated £
SIS Loans	<u>294,401</u>	<u>309,359</u>

The Social Investment Scotland (SIS) loan balance of £294,401 (2016 - £309,359) is secured over the assets of the subsidiary company by a floating charge in favour of Social Investment Scotland.

Social Investment Scotland has advanced Community Energy Scotland Trading Limited a loan of £380,000 at an interest rate of 7%, split into two tranches of £190,000 each. The amounts outstanding at the year-end are split £108,596 (2016 - £129,821) for tranche one and £185,805 (2016 - £179,538) for tranche two.

Interest on tranche one is payable quarterly in arrears and repayment of the capital sum began in March 2013.

Interest on tranche two was originally to be rolled up into the loan principle until 15 June 2016 after which date it, and the capital sum, was repayable quarterly at a rate to be set at that time by Social Investment Scotland. On 8 March 2015, the Company received confirmation from Social Investment Scotland that the interest which had been rolling up from drawdown would be waived. This resulted in a release on interest in that year amounting to £28,658. No further interest is applied to this part of the loan.

Both tranches must be repaid in full by September 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2017

24. PROVISIONS

	2017	2016 as restated
	£	£
Berwickshire Community Renewables LLP	<u>215,526</u>	<u>35,381</u>

25. MOVEMENT IN FUNDS

<u>Group:</u>	At 1.4.16	Prior year adjustment	Net movement in funds	At 31.3.17
	£	£	£	£
Unrestricted funds				
General fund	205,274	-	(152,708)	52,566
Designated funds	<u>24,652</u>	<u>-</u>	<u>-</u>	<u>24,652</u>
	229,926	-	(154,724)	77,218
Restricted funds				
Innovative Infrastructure Fund	7,729	-	-	7,729
Outer Hebrides Community Energy Support Scheme	15,000	-	-	15,000
ACCESS fund	1	-	119,191	119,192
Surf 'n' turf fund	(1,049)	722,707	(2,067)	719,591
Other restricted funds	23,237	-	(4,925)	18,312
Big Hit fund	-	-	224,605	224,605
Joseph Rowntree Charitable Trust	-	-	(572)	(572)
Non-charitable subsidiary	<u>(30,226)</u>	<u>(64,394)</u>	<u>(149,615)</u>	<u>(244,235)</u>
	14,692	658,313	186,617	859,622
TOTAL FUNDS	<u>244,618</u>	<u>658,313</u>	<u>33,909</u>	<u>936,840</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	563,926	(716,634)	(154,724)
Restricted funds			
ACCESS fund	310,064	(190,873)	119,191
Surf 'n' turf fund	-	(2,067)	(2,067)
Other restricted funds	18,736	(23,661)	(4,925)
Big Hit fund	224,605	-	224,605
Tower Power	84,834	(84,834)	-
Joseph Rowntree Charitable Trust	30,000	(30,572)	(572)
Non-charitable subsidiary	<u>(104,541)</u>	<u>(45,074)</u>	<u>(149,615)</u>
	563,698	(377,081)	188,633
TOTAL FUNDS	<u>1,127,624</u>	<u>(1,093,715)</u>	<u>33,909</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2017

25. MOVEMENT IN FUNDS - continued

<u>Charity:</u>	At 1.4.16 £	Prior year adjustment £	Net movement in funds £	At 31.3.17 £
Unrestricted funds				
General fund	233,684	-	(106,668)	127,016
Designated funds	<u>24,652</u>	<u>-</u>	<u>-</u>	<u>24,652</u>
	258,336	-	(106,668)	151,668
Restricted funds				
Innovative Infrastructure Fund	7,729	-	-	7,729
Outer Hebrides Community Energy Support Scheme	15,000	-	-	15,000
ACCESS fund	-	-	119,191	119,191
Surf 'n' turf fund	(1,049)	722,707	(2,067)	719,591
Other restricted funds	23,238	-	(4,925)	18,313
Big Hit fund	-	-	224,605	224,605
Joseph Rowntree Charitable Trust	<u>-</u>	<u>-</u>	<u>(572)</u>	<u>(572)</u>
	44,918	722,707	336,232	1,103,857
TOTAL FUNDS	<u>303,254</u>	<u>722,707</u>	<u>229,564</u>	<u>1,255,525</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	609,966	(716,634)	(106,668)
Restricted funds			
ACCESS fund	310,064	(190,873)	119,191
Surf 'n' turf fund	-	(2,067)	(2,067)
Other restricted funds	18,736	(23,661)	(4,925)
Big Hit fund	224,605	-	224,605
Tower Power	84,834	(84,834)	-
Joseph Rowntree Charitable Trust	<u>30,000</u>	<u>(30,572)</u>	<u>(572)</u>
	668,239	(332,007)	336,232
TOTAL FUNDS	<u>1,278,205</u>	<u>(1,048,641)</u>	<u>229,564</u>

General funds:

These represent the free reserves of the charity and have arisen out of past operating results.

Designated funds:

This fund has been set up to investigate the re-orientation of the company's activities.

Restricted funds:Innovative Infrastructure Fund:

The purpose of this fund is for the undertaking of feasibility work on innovative methods to overcome difficulties in connecting to the grid.

Local Energy Challenge Fund:

This is a large fund Scottish Government programme for supporting large scale capital projects piloting local energy generation with local energy use.

25. MOVEMENT IN FUNDS - continued

Outer Hebrides Community Energy Support Scheme:

This scheme assists community groups to undertake their own community energy projects, focussed on community facilities (e.g. village halls).

ACCESS fund:

ACCESS (Assisting Communities to Connect to Electric Sustainable Sources) is a pioneering project which is piloting the direct supply of power from a community hydro-electricity plant to modern storage heaters in local homes and businesses on Mull. Its objectives are to overcome the current limitation on local generation arising from constrained grids, permitting the local generator to operate a full capacity whilst supplying affordable heat to local residents. It is funded through the Scottish Government's Local Energy Challenge Fund, OFGEM's Network Innovation Allowance and partner contributions.

Surf 'n' Turf fund:

Surf 'n' Turf is an innovative community project developing a system to generate hydrogen from a community wind turbine using power that would otherwise be 'switched off' owing to the constrained grid in Orkney. Hydrogen will be generated on the Island of Eday through electrolysis, compressed and transported to Kirkwall Harbour where it will be fed into a fuel cell to generate electricity to power the harbour grid. It is funded through the Scottish Government's Local Energy Challenge Fund and partner contributions.

Non-charitable subsidiary:

This fund represents the use of resources by the charities 100% owned subsidiary Community Energy Scotland Trading Limited.

Other minor restricted funds:

These represent other funds for restricted purposes, which do not require separate disclosure.

26. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2017.

27. ULTIMATE CONTROLLING PARTY

Community Energy Scotland Limited is a charitable company limited by guarantee and therefore the ultimate controlling party is considered to be the Board of Trustees.

28. FIRST YEAR ADOPTION

This is the first year that Community Energy Scotland Limited has prepared its accounts under FRS102. There were no transitional adjustments.