

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

**REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016
FOR
COMMUNITY ENERGY SCOTLAND LIMITED**

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'Strengthening our partnerships with communities'

At the beginning of the year we set out to strengthen several aspects of our work which are central to our role as Scotland's community energy charity and the future of community energy development. Our overall priority for the year was to strengthen our partnerships with communities in two ways:

- By fully delivering on our existing partnership projects, including our joint-venture wind farm development - set to be Scotland's first joint charity-owned wind farm;
- By developing new partnerships and projects to increase our community development impact by increasing community capacity to act on energy issues.

In doing so, we sought to confirm CES' position at the forefront of local energy systems development through our ability to bring together diverse partnerships comprising community groups, local authorities, energy companies and leading technology development companies to establish new models for local energy supply, which bring greater benefit to the local community.

I am very pleased to say that over the course of the year we made good progress against these aims (see below), at times in the face of considerable challenges. Significant UK policy changes removing or reducing support for renewable energy development has certainly made it harder for communities to commit to tackling their energy requirements in a sustainable way. These adverse policy changes are also allied with the technical challenges in connecting any new electricity generation projects to the grid.

However in the face of intractable fuel poverty and the vital need to de-carbonise our energy system, these conditions serve only to drive innovation in local energy systems and enable increased local supply arrangements, with communities often being the pioneers of such projects. We are delighted that the Scottish Government has recognised the significance of this development and is seeking to help facilitate such innovation through its new energy strategy and through its Local Energy Challenge Fund.

Those who follow how the energy system is developing will, I am sure, see how communities involved in this way are at the forefront of a revolution where local low carbon energy generation, allied with rapidly developing storage technologies and smart grid and communications systems, will play a key role in reducing demand for grid electricity and fossil fuels. The real prize is to do this in a way which directly tackles fuel poverty, sustainable transport and retains value in the local economy.

We are determined to help ensure communities benefit from and are at the centre of this revolution.



Gwen Barrell
Community Energy Scotland Chair

**REPORT OF THE TRUSTEES
for the year ended 31 March 2016**

The trustees who are also directors of the Charitable group and charitable company for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2016. 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 for Smaller Entities (the FRSSE) (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 though 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.

REPORT OF THE TRUSTEES
for the year ended 31 March 2016

STRATEGIC REPORT

Financial review

STRATEGIC REPORT

Financial review

Financial position

This year saw a significant growth in project activity and a consequential increase in the scale of restricted funds under management. At the same time, however, staffing and other costs were slightly lower, reflecting a more efficient and focused operation.

Principal funding sources

The main funding source of the company is from the delivery of various renewable energy and other projects from Scottish Government and other bodies.

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. 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.

The subsidiary has invested £50,000 in Berwickshire Community Renewables LLP and this investment is carried in the financial statements at cost.

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

The community energy field is developing rapidly and has risen up the renewables agenda with a growing focus on community benefits from large commercial schemes and the introduction of the Scottish Government's Community Benefit Register. The coming years will see extensive installation of community-owned wind projects across Scotland, with many others moving through the development process. We also expect to see a growing link between local electricity generation and local supply and demand management, with community projects being at the forefront of this innovative area.

CES itself 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 8th December 2015, co-opted directors stood down as required under Community Energy Scotland's constitution. These co-opted directors were Angus Hardie and Nigel Holmes. Following the meeting, both were re-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.

COMMUNITY ENERGY SCOTLAND LIMITED

**REPORT OF THE TRUSTEES
for the year ended 31 March 2016**

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		
Ms A J Bryan		- resigned 8/12/15
N R Holmes		
K D Mcleod		- resigned 8/12/15
D Newman		
Dr P Revell		

Company Secretary
M O' Hara

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

Chief executive
N L Gubbins

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).

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.

REPORT OF THE TRUSTEES
for the year ended 31 March 2016

AUDITORS

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

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 24 November 2016 and signed on the board's behalf by:



Gwen Barrell
Community Energy Scotland Chair

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF COMMUNITY ENERGY SCOTLAND LIMITED

We have audited the consolidated financial statements of Community Energy Scotland Limited for the year ended 31 March 2016 on pages eight to thirty. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 four, 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, including APB Ethical Standard - Provisions Available for Small Entities (Revised), in the circumstances set out in note 22 to the financial statements

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 charitable group and the parent charitable company's affairs as at 31 March 2016 and of the charitable group's and parent charitable company'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 applicable to Smaller Entities; 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

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Chartered Accountants and

Statutory Auditor

Redwood

19 Culduthel Road

Inverness

IV2 4AA

25 November 2016

COMMUNITY ENERGY SCOTLAND LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income and Expenditure Account)
for the year ended 31 March 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 funds £	Total 2015 funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	10,306	-	10,306	29,341
Charitable activities	5				
Consultancy operations		106,741	-	106,741	129,821
Development work		34,034	-	34,034	109,554
ACCESS project		229,277	1,517,264	1,746,541	-
Surf 'n' Turf project		156,462	1,133,100	1,289,562	-
Outer Hebrides community energy supply scheme		1,500	15,000	16,500	15,000
Innovative infrastructure projects		33,958	-	33,958	144,005
IEE project		-	-	-	42,850
Malawi project		-	(1,161)	(1,161)	211,935
Highlands and Islands Enterprise - LEEP project		-	-	-	97,524
Local energy challenge fund projects		47,881	3,225	51,106	40,322
Small grants and projects		16,682	33,904	50,586	96,378
Other trading activities	3	-	93,791	93,791	40,261
Investment income	4	277	(20,987)	(20,710)	823
Other income		836	-	836	15,413
Total		637,954	2,774,136	3,412,090	973,228
EXPENDITURE ON					
Raising funds	6	772	29,998	30,770	84,278
Charitable activities	7				
Consultancy operations		241,690	-	241,690	684,947
Development work		6,825	-	6,825	8,719
ACCESS project		229,279	1,517,263	1,746,542	170
Surf 'n' Turf project		155,195	1,134,149	1,289,344	-
Outer Hebrides community energy supply scheme		307	-	307	15,000
Innovative infrastructure projects		935	2,938	3,873	49,011
IEE project		55	-	55	10,095
Malawi project		-	-	-	156,801
Highlands and Islands Enterprise - LEEP project		48	-	48	12,128
Local energy challenge fund projects		1,384	89,472	90,856	43,728
Knowledge Transfer Partnership programme		13,750	-	13,750	30,090
Small grants and projects		2,228	5,305	7,533	89,840
Total		652,468	2,779,125	3,431,593	1,184,807
NET INCOME/(EXPENDITURE)		(14,514)	(4,989)	(19,503)	(211,579)
Transfers between funds	20	(92,713)	92,713	-	-
Net movement in funds		(107,227)	87,724	(19,503)	(211,579)
RECONCILIATION OF FUNDS					
Total funds brought forward		337,153	(73,032)	264,121	475,700
TOTAL FUNDS CARRIED FORWARD		229,926	14,692	244,618	264,121

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 2016

	Notes	Unrestricted funds £	Restricted funds £	Total funds £	2016 Total funds £	2015 Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and legacies	2	10,306	-	10,306		29,341
Charitable activities	4					
Consultancy operations		168,653	-	168,653		129,821
Development work		34,034	-	34,034		109,554
ACCESS project		229,277	1,517,264	1,746,541		-
Surf 'n' Turf project		156,462	1,133,100	1,289,562		-
Outer Hebrides community energy supply scheme		1,500	15,000	16,500		15,000
Innovative infrastructure projects		33,958	-	33,958		144,005
IEE project		-	-	-		42,850
Malawi project		-	(1,161)	(1,161)		211,935
Highlands and Islands Enterprise - LEEP project		-	-	-		97,524
Local energy challenge fund projects		47,881	3,225	51,106		40,322
Small grants and projects		16,682	33,904	50,586		96,378
Investment income	3	277	-	277		823
Other income		836	-	836		15,413
Total		699,866	2,701,332	3,401,198		932,966
EXPENDITURE ON						
Raising funds	5	772	-	772		19,515
Charitable activities	6					
Consultancy operations		241,690	-	241,690		684,947
Development work		6,825	-	6,825		8,719
ACCESS project		229,279	1,517,263	1,746,542		170
Surf 'n' Turf project		155,195	1,134,149	1,289,344		-
Outer Hebrides community energy supply scheme		307	-	307		15,000
Innovative infrastructure projects		935	2,938	3,873		49,011
IEE project		55	-	55		10,095
Malawi project		-	-	-		156,801
Highlands and Islands Enterprise - LEEP project		48	-	48		12,128
Local energy challenge fund projects		1,384	89,472	90,856		43,728
Knowledge Transfer Partnership programme		13,750	-	13,750		30,090
Small grants and projects		2,228	5,305	7,533		89,840
Total		652,468	2,749,127	3,401,595		1,120,044
NET INCOME/(EXPENDITURE)		47,398	(47,795)	(397)		(187,078)
Transfers between funds	17	(92,713)	92,713	-		-
Net movement in funds		(45,315)	44,918	(397)		(187,078)
RECONCILIATION OF FUNDS						
Total funds brought forward		303,651	-	303,651		490,729
TOTAL FUNDS CARRIED FORWARD		258,336	44,918	303,254		303,651

The notes form part of these financial statements

COMMUNITY ENERGY SCOTLAND LIMITED

CONSOLIDATED BALANCE SHEET
At 31 March 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 funds £	Total 2015 funds £
FIXED ASSETS					
Tangible assets	14	13,512	201,723	215,235	235,049
Investments	15	-	50,000	50,000	50,000
		13,512	251,723	265,235	285,049
CURRENT ASSETS					
Debtors	16	276,047	742,102	1,018,149	297,417
Cash at bank		138,555	852,339	990,894	174,319
		414,602	1,594,441	2,009,043	471,736
CREDITORS					
Amounts falling due within one year	17	(198,188)	(1,543,338)	(1,741,526)	(190,102)
NET CURRENT ASSETS/(LIABILITIES)					
		370,229	(102,712)	267,517	281,634
TOTAL ASSETS LESS CURRENT LIABILITIES					
		383,741	302,826	532,752	566,683
CREDITORS					
Amounts falling due after more than one year	18	-	(288,134)	(288,134)	(302,562)
NET ASSETS/(LIABILITIES)					
		229,926	14,692	244,618	264,121
FUNDS					
Unrestricted funds	20			229,926	337,153
Restricted funds				14,692	(73,032)
TOTAL FUNDS					
				244,618	264,121

The notes form part of these financial statements

COMMUNITY ENERGY SCOTLAND LIMITED

CONSOLIDATED BALANCE SHEET - CONTINUED

At 31 March 2016

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2016.

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

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) 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.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Trustees on 24 November 2016 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 2016

	Notes	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
FIXED ASSETS					
Tangible assets	13	13,512	-	13,512	20,718
Investments	14	<u>100</u>	<u>-</u>	<u>100</u>	<u>100</u>
		13,612	-	13,612	20,818
CURRENT ASSETS					
Debtors	15	305,303	718,851	1,024,154	279,627
Cash at bank		<u>137,609</u>	<u>816,170</u>	<u>953,779</u>	<u>164,649</u>
		442,912	1,535,021	1,977,933	444,276
CREDITORS					
Amounts falling due within one year	16	(198,188)	(1,490,103)	(1,688,291)	(161,443)
NET CURRENT ASSETS/(LIABILITIES)					
		<u>244,724</u>	<u>44,918</u>	<u>289,642</u>	<u>282,833</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>258,336</u>	<u>44,918</u>	<u>303,254</u>	<u>303,651</u>
NET ASSETS/(LIABILITIES)					
		<u>258,336</u>	<u>44,918</u>	<u>303,254</u>	<u>303,651</u>
FUNDS					
Unrestricted funds	17			258,336	303,651
Restricted funds				<u>44,918</u>	<u>-</u>
TOTAL FUNDS					
				<u>303,254</u>	<u>303,651</u>

The notes form part of these financial statements

CHARITY BALANCE SHEET - CONTINUED
At 31 March 2016

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2016.

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

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) 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.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Trustees on 24 November 2016 and were signed on its behalf by:



Ms G Barrell -Trustee

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company have been prepared in accordance with the Charities SORP (FRSSE) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) (effective 1 January 2015)', the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Community Energy Scotland Trading Limited on a line by line basis

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

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 2016

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

Fixed assets are stated at cost 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

Fixed asset investments are held at cost less any permanent diminution in value.

2. DONATIONS AND LEGACIES – Group and charity

	2016	2015
	£	£
Donations	593	499
Memberships	9,163	10,822
Conference fees	550	18,020
	<u>10,306</u>	<u>29,341</u>

3. OTHER TRADING ACTIVITIES – Group only

	2016	2015
	£	£
Export FIT	2,364	1,980
Generation FIT	49,515	-
Project Development	<u>41,912</u>	<u>38,281</u>
	<u>93,791</u>	<u>40,261</u>

3. OTHER TRADING ACTIVITIES (continued) – Group only

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:

	2016	2015
	£	£
Turnover	93,791	81,579
Cost of sales and administration costs	(82,334)	(124,320)
Finance costs	(9,576)	17,960
	<u>1,881</u>	<u>(24,781)</u>
Net profit / (loss)	1,881	(24,781)
Amount gift aided to the charity	-	-
Retained in subsidiary	<u>1,881</u>	<u>(24,781)</u>
The assets and liabilities of the subsidiary were:		
Fixed Assets	251,723	264,331
Current assets	40,366	27,460
Current liabilities	(75,006)	(62,161)
Creditors falling due beyond one year	<u>(288,134)</u>	<u>(302,562)</u>
Total net assets	<u>(71,051)</u>	<u>(72,932)</u>
Reserves	<u>(71,051)</u>	<u>(72,932)</u>

4. INVESTMENT INCOME

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Share of profit/(loss) in participating interests	(20,987)	-	-	-
Bank interest received	277	823	277	823
	<u>(20,710)</u>	<u>823</u>	<u>277</u>	<u>823</u>

Community Energy Scotland Trading Limited hold a one-third share in Berwickshire Community Renewables LLP. This investment is for the purposes of building a windfarm, which is currently in the development phase. Profits are expected to occur once the windfarm is generating electricity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2016

5. INCOME FROM CHARITABLE ACTIVITIES

Group		Consultancy operations £	Development work £	ACCESS project £
Fees for charitable services		95,261	23,169	-
Grants		11,480	10,865	1,746,541
		<u>106,741</u>	<u>34,034</u>	<u>1,746,541</u>
	Surf 'n' Turf project £	Outer Hebrides community energy supply scheme £	Innovative infrastructure projects £	Malawi project £
Fees for charitable services	-	-	33,958	-
Grants	1,289,562	16,500	-	(1,161)
	<u>1,289,562</u>	<u>16,500</u>	<u>33,958</u>	<u>(1,161)</u>
	Local energy challenge fund projects £	Small grants and projects £	2016 Total activities £	2015 Total activities £
Fees for charitable services	47,881	1,449	201,718	400,584
Grants	3,225	49,137	3,126,149	486,805
	<u>51,106</u>	<u>50,586</u>	<u>3,327,867</u>	<u>887,389</u>
Charity		Consultancy operations £	Development work £	ACCESS project £
Fees for charitable services		157,173	23,169	-
Grants		11,480	10,865	1,746,541
		<u>168,653</u>	<u>34,034</u>	<u>1,746,541</u>
	Surf 'n' Turf project £	Outer Hebrides community energy supply scheme £	Innovative infrastructure projects £	Malawi project £
Fees for charitable services	-	-	33,958	-
Grants	1,289,562	16,500	-	(1,161)
	<u>1,289,562</u>	<u>16,500</u>	<u>33,958</u>	<u>(1,161)</u>
	Local energy challenge fund projects £	Small grants and projects £	2016 Total activities £	2015 Total activities £
Fees for charitable services	47,881	1,449	263,630	400,584
Grants	3,225	49,137	3,126,149	486,805
	<u>51,106</u>	<u>50,586</u>	<u>3,389,779</u>	<u>887,389</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2016

5. INCOME FROM CHARITABLE ACTIVITIES – continued

Grants received, included in the above, are as follows (Group and Charity):

	2016 £	2015 £
Outer Hebrides Community Energy Supply Scheme	16,501	15,000
ECCI	10,865	-
Local Energy Scotland - ACCESS grant	1,746,541	-
Local Energy Scotland - Surf 'n' Turf grant	1,289,562	-
Grave & district community	18,696	-
CARES Plus	3,295	-
Malawi grant	(1,161)	-
Community and Renewable Energy Scotland - Innovative Infrastructure grant	10,666	35,453
Scottish Government - Local Energy Challenge Fund	3,225	106,135
Arkleton Trust	2,959	-
Highlands and Islands Enterprise	-	54,465
SFHA grant	-	5,872
Community Power Output Hebrides	-	1,500
Community Energy Development Programme	-	152,455
Robertson Trust	-	10,000
Small grant awards	25,000	19,032
Scottish and Southern Energy - Community Fund grants	-	86,893
	<u>3,126,149</u>	<u>486,805</u>

6. RAISING FUNDS

Raising donations and legacies

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Conference costs	380	18,228	380	18,228
Membership development and engagement	250	1,287	250	1,287
Travel and subsistence	142	-	142	-
	<u>772</u>	<u>19,515</u>	<u>772</u>	<u>19,515</u>

Other trading activities

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Purchases	-	425	-	-
Staff costs	-	350	-	-
Rent	3,680	4,400	-	-
Equipment servicing	1,728	8,630	-	-
Insurance	387	3,558	-	-
Depreciation	12,608	61,856	-	-
Impairment losses reversed	-	(312)	-	-
Support costs	11,595	(14,144)	-	-
	<u>29,998</u>	<u>64,763</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>30,770</u>	<u>84,278</u>	<u>772</u>	<u>19,515</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2016

7. CHARITABLE ACTIVITIES COSTS (Group and Charity)

	Direct costs	Grant funding of activities (See note 8)	Support costs (See note 9)	Totals
	£	£	£	£
Consultancy operations	106,486	-	135,204	241,690
Development work	6,825	-	-	6,825
ACCESS project	1,746,542	-	-	1,746,542
Surf 'n' Turf project	1,289,344	-	-	1,289,344
Outer Hebrides community energy supply 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
	<u>3,167,904</u>	<u>97,715</u>	<u>135,204</u>	<u>3,400,823</u>

8. GRANTS PAYABLE (Group and Charity)

	2016 £	2015 £
Innovative infrastructure projects	2,938	-
Local energy challenge fund projects	89,472	39,786
Small grants and projects	5,305	86,893
	<u>97,715</u>	<u>126,679</u>

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

	2016 £	2015 £
Malawi grant paid	5,305	-
CARES IIF Grant paid	2,938	-
LECF Grant paid	89,472	39,786
SSE community fund grants paid	-	86,893
	<u>97,715</u>	<u>126,679</u>

9. SUPPORT COSTS

Group	Management and administration £	Governance costs £	Group total £
Fundraising trading costs of goods sold and other costs	9,595	2,000	11,595
Consultancy operations	125,477	9,727	135,204
	<u>135,072</u>	<u>11,727</u>	<u>146,799</u>
Charity	Management and administration £	Governance costs £	Charity total £
Fundraising trading costs of goods sold and other costs	-	-	-
Consultancy operations	125,477	9,727	135,204
	<u>125,477</u>	<u>9,727</u>	<u>135,204</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2016

9. SUPPORT COSTS - continued

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

Group	2016		2015	
	Fundraising trading: cost of goods sold and other costs £	Consultancy operations £	Total activities £	Total activities £
Other management and administration costs	-	22,424	22,424	40,959
Interest payable and similar charges	9,595	11,912	21,507	(17,140)
Trustees' remuneration etc	-	1,243	1,243	2,362
Auditors' remuneration	2,000	8,875	8,875	8,900
Accountancy and legal fees	-	26	26	736
Pensions	-	22,712	22,712	24,149
Rent	-	28,909	28,909	36,810
Rates and water	-	634	634	1,573
Insurance	-	6,040	6,040	6,847
Light and heat	-	1,560	1,560	2,942
Telephone	-	10,421	10,421	16,095
Postage and stationery	-	2,714	2,714	2,740
Advertising	-	782	782	1,753
Sundries	-	995	995	13,798
Repairs and maintenance	-	6,243	6,243	4,005
Depreciation	-	10,131	10,131	19,108
Other governance costs	-	1,583	1,583	2,057
	<u>11,595</u>	<u>135,204</u>	<u>146,799</u>	<u>167,694</u>

Charity	2016		2015	
	Consultancy operations £	Total activities £	Consultancy operations £	Total activities £
Pensions	22,712	24,149	22,712	24,149
Rent	28,909	36,810	28,909	36,810
Rates and water	634	1,573	634	1,573
Insurance	6,040	6,847	6,040	6,847
Light and heat	1,560	2,942	1,560	2,942
Telephone	10,421	16,095	10,421	16,095
Postage and stationery	2,714	2,740	2,714	2,740
Advertising	782	1,753	782	1,753
Sundries	995	13,798	995	13,798
Repairs and maintenance	6,243	4,005	6,243	4,005
Other management and administration costs	22,424	41,239	22,424	41,239
Depreciation	10,131	19,108	10,131	19,108
Interest payable and similar charges	11,912	794	11,912	794
Trustees' remuneration etc	1,243	902	1,243	902
Auditors' remuneration	6,875	7,000	6,875	7,000
Accountancy and legal fees	26	26	26	26
Other governance costs	1,583	2,057	1,583	2,057
	<u>135,204</u>	<u>181,838</u>	<u>135,204</u>	<u>181,838</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2016

10. NET INCOME/(EXPENDITURE)

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

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Auditors' Remuneration	8,875	8,900	6,875	7,000
Depreciation - owned assets	22,739	80,964	10,131	19,108
Other operating leases	32,590	41,210	28,909	36,810
Deficit/(surplus) on disposal of fixed asset	(175)	-	(175)	-

11. TRUSTEES' REMUNERATION AND BENEFITS – Group and Charity

There were no trustees' remuneration or other benefits for the year ended 31 March 2016 nor for the year ended 31 March 2015.

Trustees' expenses

	2016	2015
	£	£
Trustees' expenses	<u>1,243</u>	<u>2,362</u>

During the year 5 trustees received reimbursement for out of pocket expenses of £1,243 (2015 - £2,362)

12. STAFF COSTS – Group and Charity

	2016	2015
	£	£
Wages and salaries	476,845	484,291
Social security costs	42,650	43,682
Other pension costs	<u>22,712</u>	<u>24,149</u>
	<u>542,207</u>	<u>552,122</u>

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

	2016	2015
Average monthly employees	<u>20</u>	<u>20</u>

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

13. COMPARATIVES FOR THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	29,341	1	29,342
Charitable activities			
Consultancy operations	129,821	-	129,821
Development work	89,818	19,736	109,554
Outer Hebrides community energy supply scheme	-	15,000	15,000
Innovative infrastructure projects	95,445	48,560	144,005
IEE project	42,850	-	42,850
Malawi project	58,357	153,578	211,935
Highlands and Islands Enterprise - LEEP project	97,524	-	97,524
Local energy challenge fund projects	-	40,322	40,322
Small grants and projects	9,485	86,893	96,378
Other trading activities	-	40,261	40,261
Investment income	823	-	823
Other income	15,413	-	15,413
Total	568,877	404,351	973,228
EXPENDITURE ON			
Raising funds	19,235	65,043	84,278
Charitable activities			
Consultancy operations	674,947	10,000	684,947
Development work	8,719	-	8,719
ACCESS project	170	-	170
Outer Hebrides community energy supply scheme	-	15,000	15,000
Innovative infrastructure projects	451	48,560	49,011
IEE project	10,095	-	10,095
Malawi project	3,223	153,578	156,801
Highlands and Islands Enterprise - LEEP project	12,128	-	12,128
Local energy challenge fund projects	3,406	40,322	43,728
Knowledge Transfer Partnership programme	19,016	11,074	30,090
Small grants and projects	2,947	86,893	89,840
Total	754,337	430,470	1,184,807
NET INCOME/(EXPENDITURE)	(185,460)	(26,119)	(211,579)
Transfers between funds	(33,502)	33,502	-
Net movement in funds	(218,962)	7,383	(211,579)
RECONCILIATION OF FUNDS			
Total funds brought forward	522,613	(46,913)	475,700
TOTAL FUNDS CARRIED FORWARD	303,651	(39,530)	264,121

14. COMPARATIVES FOR THE CHARITY STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	29,341	-	29,341
Charitable activities			
Consultancy operations	129,821	-	129,821
Development work	89,818	19,736	109,554
Outer Hebrides community energy supply scheme	-	15,000	15,000
Innovative infrastructure projects	95,445	48,560	144,005
IEE project	42,850	-	42,850
Malawi project	58,357	153,578	211,935
Highlands and Islands Enterprise - LEEP project	97,524	-	97,524
Local energy challenge fund projects	-	40,322	40,322
Small grants and projects	9,485	86,893	96,378
Investment income	823	-	823
Other income	15,413	-	15,413
Total	568,877	364,089	932,966
EXPENDITURE ON			
Raising funds	19,515	-	19,515
Charitable activities			
Consultancy operations	674,947	10,000	684,947
Development work	8,719	-	8,719
ACCESS project	170	-	170
Outer Hebrides community energy supply scheme	-	15,000	15,000
Innovative infrastructure projects	451	48,560	49,011
IEE project	10,095	-	10,095
Malawi project	3,223	153,578	156,801
Highlands and Islands Enterprise - LEEP project	12,128	-	12,128
Local energy challenge fund projects	3,406	40,322	43,728
Knowledge Transfer Partnership programme	19,016	11,074	30,090
Small grants and projects	2,947	86,893	89,840
Total	754,617	365,427	1,120,044
NET INCOME/(EXPENDITURE)	(185,740)	(1,338)	(187,078)
RECONCILIATION OF FUNDS			
Total funds brought forward	489,391	1,338	490,729
TOTAL FUNDS CARRIED FORWARD	303,651	-	303,651

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2016**15. TANGIBLE FIXED ASSETS**

Group	Short leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 April 2015	3,988	306,661	7,407
Additions	-	-	150
Disposals	<u>(3,988)</u>	<u>(474)</u>	<u>-</u>
At 31 March 2016	<u>-</u>	<u>306,187</u>	<u>7,557</u>
DEPRECIATION			
At 1 April 2015	3,988	92,330	6,740
Charge for year	-	12,608	437
Eliminated on disposal	<u>(3,988)</u>	<u>(474)</u>	<u>-</u>
At 31 March 2016	<u>-</u>	<u>104,464</u>	<u>7,177</u>
NET BOOK VALUE			
At 31 March 2016	<u>-</u>	<u>201,723</u>	<u>380</u>
At 31 March 2015	<u>-</u>	<u>214,331</u>	<u>667</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2015	13,745	115,776	447,577
Additions	-	2,775	2,925
Disposals	<u>(13,745)</u>	<u>-</u>	<u>(18,207)</u>
At 31 March 2016	<u>-</u>	<u>118,551</u>	<u>432,295</u>
DEPRECIATION			
At 1 April 2015	13,745	95,725	212,528
Charge for year	-	9,694	22,739
Eliminated on disposal	<u>(13,745)</u>	<u>-</u>	<u>(18,207)</u>
At 31 March 2016	<u>-</u>	<u>105,419</u>	<u>217,060</u>
NET BOOK VALUE			
At 31 March 2016	<u>-</u>	<u>13,132</u>	<u>215,235</u>
At 31 March 2015	<u>-</u>	<u>20,051</u>	<u>235,049</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2016**15. TANGIBLE FIXED ASSETS (continued)**

Charity	Short leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 April 2015	3,988	474	7,407
Additions	-	-	150
Disposals	<u>(3,988)</u>	<u>(474)</u>	<u>-</u>
At 31 March 2016	<u>-</u>	<u>-</u>	<u>7,557</u>
DEPRECIATION			
At 1 April 2015	3,988	474	6,740
Charge for year	-	-	437
Eliminated on disposal	<u>(3,988)</u>	<u>(474)</u>	<u>-</u>
At 31 March 2016	<u>-</u>	<u>-</u>	<u>7,177</u>
NET BOOK VALUE			
At 31 March 2016	<u>-</u>	<u>-</u>	<u>380</u>
At 31 March 2015	<u>-</u>	<u>-</u>	<u>667</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2015	13,745	115,776	141,390
Additions	-	2,775	2,925
Disposals	<u>(13,745)</u>	<u>-</u>	<u>(18,207)</u>
At 31 March 2016	<u>-</u>	<u>118,551</u>	<u>126,108</u>
DEPRECIATION			
At 1 April 2015	13,745	95,725	120,672
Charge for year	-	9,694	10,131
Eliminated on disposal	<u>(13,745)</u>	<u>-</u>	<u>(18,207)</u>
At 31 March 2016	<u>-</u>	<u>105,419</u>	<u>112,596</u>
NET BOOK VALUE			
At 31 March 2016	<u>-</u>	<u>13,132</u>	<u>13,512</u>
At 31 March 2015	<u>-</u>	<u>20,051</u>	<u>20,718</u>

15. FIXED ASSET INVESTMENTS

	Group £	Charity £
MARKET VALUE		
At 1 April 2015 and 31 March 2016	<u>50,000</u>	<u>100</u>
NET BOOK VALUE		
At 31 March 2016	<u>50,000</u>	<u>100</u>
At 31 March 2015	<u>50,000</u>	<u>100</u>

There were no investment assets outside the UK.

Community Energy Scotland Trading Limited has received a loan of up to £380,000 from Social Investment Scotland and as security for the loan, Community Energy Scotland Limited has pledged its entire shareholding of 100 Ordinary shares in its subsidiary to that body.

Community Energy Scotland Trading Limited has also invested in a limited liability partnership - Berwickshire Community Renewables LLP. The investment represents the company's partnership investment of £50,000 in Berwickshire Community Renewables LLP. At 31 March 2016 the company partnership account amounted to £29,013 (2015 - £40,668). An independent valuation carried out by CKD Galbraith as at 15 October 2014 valued the LLP's proposed windfarm development at £4,600,000, which is in excess of its book value. As the Company holds a one-third interest in the LLP, no provision for impairment of the investment is considered necessary.

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

Subsidiary

Community Energy Scotland Trading Limited:
Nature of business: Operation of Windturbines

Class of share:	%		
Ordinary £1	holding		
	100	2016	2015
		£	£
Aggregate capital and reserves		(71,051)	(72,932)
Profit/(loss) for the year		<u>1,881</u>	<u>(24,781)</u>

Participating interest

Berwickshire Community Renewables LLP

Nature of business: The development of a windfarm.

Partnership share	33.33%		
		2016	2015
		£	£
Aggregate capital and reserves		87,038	122,004
(Loss) for the year		<u>(34,966)</u>	<u>(27,061)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2016

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	949,229	286,983	931,056	270,622
Other debtors	68,920	10,434	93,098	9,005
	<u>1,018,149</u>	<u>297,417</u>	<u>1,024,154</u>	<u>279,627</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	1,078,491	85,772	1,075,521	82,928
Taxation and social security	12,362	32,119	11,358	32,119
Other creditors	650,673	72,211	601,411	46,396
	<u>1,741,526</u>	<u>190,102</u>	<u>1,688,290</u>	<u>161,443</u>

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

	Group		Charity	
	2016	2015	2016	2015
	£	£	£	£
Other creditors	288,134	302,562	-	-
	<u>288,134</u>	<u>302,562</u>	<u>-</u>	<u>-</u>

19. SECURED DEBTS - Group only

The following secured debts are included within creditors:

	2016	2015
	£	£
SIS Loans current year amount	<u>309,359</u>	<u>321,327</u>

The loan balance of £299,783 (2015 - £321,327) 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 up to £380,000 at an interest rate of 7%, split into two tranches of £190,000 each. The amounts outstanding at the year-end is split £129,821 (2015 - £141,789) for tranche one and £179,538 (2015 - £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 has 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.

The amount expected to be repayable after 5 years is £nil (2015 - £60,579).

Both tranches must be repaid in full by 19 September 2021.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 March 2016

20. MOVEMENT IN FUNDS

	At 1.4.15 £	Net movement in funds £	Transfers between funds £	At 31.3.16 £
Unrestricted funds				
General fund	312,501	(14,514)	(92,713)	205,274
Designated funds	<u>24,652</u>	<u>-</u>	<u>-</u>	<u>24,652</u>
	337,153	(14,514)	(92,713)	229,926
Restricted funds				
Innovative Infrastructure Fund	-	7,729	-	7,729
Local Energy Challenge Fund	-	(86,247)	86,247	-
Community Energy Development Programme (Malawi)	-	(1,161)	1,161	-
Outer Hebrides Community Energy Supply Scheme	-	15,000	-	15,000
ACCESS fund	-	1	-	1
Surf 'n' turf fund	-	(1,049)	-	(1,049)
Other restricted funds	-	17,932	5,305	23,237
Non-charitable subsidiary	<u>(73,032)</u>	<u>42,806</u>	<u>-</u>	<u>(30,226)</u>
	(73,032)	(4,989)	92,713	(139,122)
TOTAL FUNDS	<u>264,121</u>	<u>(19,503)</u>	<u>-</u>	<u>244,618</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	637,954	(652,468)	(14,514)
Restricted funds			
Innovative Infrastructure Fund	10,667	(2,938)	7,729
Local Energy Challenge Fund	3,225	(89,472)	(86,247)
Community Energy Development Programme (Malawi)	(1,161)	-	(1,161)
Outer Hebrides Community Energy Supply Scheme	15,000	-	15,000
ACCESS fund	1,517,264	(1,517,263)	1
Surf 'n' turf fund	1,133,100	(1,134,149)	(1,049)
Other restricted funds	23,237	(5,305)	17,932
Non-charitable subsidiary	<u>72,804</u>	<u>(29,998)</u>	<u>42,806</u>
	2,774,136	(2,779,125)	(4,989)
TOTAL FUNDS	<u>3,412,090</u>	<u>(3,431,593)</u>	<u>(19,503)</u>

20. **MOVEMENT IN FUNDS - continued**

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.

SSE Community Fund:

This is funding provided for solar panels for community halls in the north and east Highlands of Scotland.

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.

Community Energy Development Programme (Malawi):

The Malawi funding was received from the University of Strathclyde to deliver a community energy development programme in Malawi. Costs in excess of restricted income were funded by a transfer from the unrestricted fund.

Robertson Trust:

The Robertson Trust awarded a grant of £10,000 toward the cost of the urban programme.

Knowledge Transfer Partnership:

This funds a Community Grid Innovation Officer who advances Grid innovation for community projects through a knowledge Exchange Partnership. This funding ceased in August 2014 and is now funded from the charity's own funds.

Outer Hebrides Community Energy Supply 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 at 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.

As at 31 March 2016 the Surf 'n' turf fund is in a deficit position. Excess expenditure incurred on this project has been met through unrestricted funds in the short term. This will be repaid to those funds should the project attract additional funding.

Non-charitable subsidiary:

This fund represents the use of resources by the charities 100% owned subsidiary Community Energy Scotland Trading Limited. The subsidiary is currently in a net liability position, however, it is expected to generate profits in future periods which will eliminate the current deficit.

Other minor restricted funds:

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

21. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2016.

22. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to assist with the preparation of the financial statements.

23. 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.