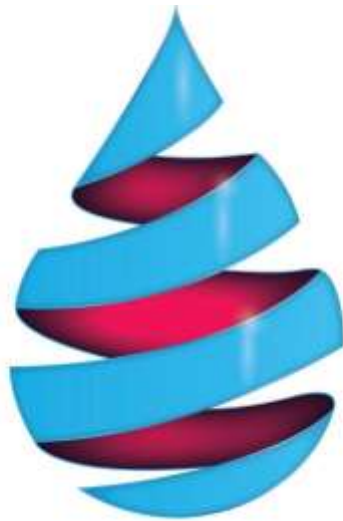


# Reading Hydro Community Benefit Society Ltd

Annual Report and Financial Statements

for year ended 30th September 2018



Reading Hydro is a Community Benefit Society registered with the Financial Conduct Authority  
Registration Number: 7212  
Registered Address: 35-39 London Street, Reading, RG1 4PS  
[reading.hydro.cbs@gmail.com](mailto:reading.hydro.cbs@gmail.com)  
[hydro.readinguk.org](http://hydro.readinguk.org)

# Reading Hydro CBS Ltd

## Society Information

### Directors

Michael Beaven (appointed 10<sup>th</sup> May 2018)  
Tony Cowling  
Sophie Paul (formerly Sophie Fenwick-Paul)  
Erica Purvis  
Sarah Rigby  
Anthony Simpson (resigned 14<sup>th</sup> August 2018)  
Anne Wheldon

### Registered Office

35-39 London Street, Reading, RG1 4PS

Registration Number 7212

### Bankers

Metro Bank  
201 Broad Street Mall  
Reading  
Berkshire  
RG1 7QA

# Reading Hydro CBS Limited

Directors' Report for the Year Ended 30 September 2018

## Principal activity

The principal long term activity of the Society is planned to be the generation and sale of electricity from renewable sources. To this end, the current main activity is taking steps to build a hydro electricity generating scheme adjacent to Caversham weir in Reading. The Society engages its members with the activities of the Society and aims to grow the membership.

## Review of the business

Reading Hydro CBS (RH), born out of The Reading Sustainability Centre (TRSC), has pushed forward with our plan to install a community owned hydro generation scheme on the Thames adjacent to Caversham weir, Reading. This is a brief summary of the work up to the end of the reporting year, and that planned in the subsequent year.

### Previous years

- Obtained funding for initial exploratory works, planning and permissions (TRSC)
- Gained abstraction and impoundment licences from the Environment Agency (TRSC)
- Awarded planning permission for our initial plans (TRSC / RH)
- Established Reading Hydro CBS Ltd duly constituted with directors
- Researched technologies and established a detailed financial model for the project

### Year to September 2018

- Identified a suitable and cost-effective technology option for the hydro scheme, and engaged with relevant technology providers
- Arranged a site visit for ten directors and expert members to see this technology option being constructed
- Enhanced our publicity with a new website, regular newsletters, development of a professional logo, together with promotional material (including branded posters, flyers, and e-newsletter)
- Engaged with a local primary school science club and attended other educational events

### Continued and ongoing activities

- Working to gain all permissions needed to obtain pre-accreditation for the Feed in Tariff (FiT) and build the hydro generation scheme
- Continue to grow the Reading Hydro CBS membership and involve many skilled individuals

# Reading Hydro CBS Limited

## Directors' Report for the Year Ended 30 September 2018 (continued)

- Continue to develop links with related organisations, including TRSC, the Things Network, GREN (Greater Reading Environmental Network), VerdErg, Renewables First, Energy4All, HydroMatch, Energy Local, Low Carbon Hub, Community Energy England, Reading Geeks, various other Reading sustainability and technology groups
- Grow our online presence
- Continue engagement with the Environment Agency, Reading Borough Council, Scottish and Southern Electricity Networks to obtain relevant permissions and authorisations
- Build relationships with potential partners
- Attend and speak further at relevant events, and to Reading-based interest groups, and explore further educational opportunities
- Improve our route to membership and supporters' experience
- Refine our financial model
- Detail our project plan and business plan

## Plans for the September 2018-19 Financial Year

- Apply for various sources of funding to support the financial viability of the project, and to promote greater awareness of the scheme
- Develop a number of awareness-raising and fundraising initiatives, including a Pioneer Share Offer
- Ensure suitable insurance coverage for Reading Hydro CBS responsibilities as they grow
- Tender for and commission an outline design for the scheme
- Work with TRSC, the Environment Agency, Reading Borough Council and Scottish & Southern Electricity Networks (as our local electricity distribution company) to obtain the necessary permissions and authorisation to apply for FiT pre-accreditation for a hydro scheme by 31 March 2019, when this renewable energy support scheme will end
- Make a final decision on the technology to be used for the scheme based on financial viability and technical feasibility, and apply for and obtain any additional permissions required
- Tender for and commission detailed designs and plans for the scheme
- Raise a main share offer to finance the construction
- Tender for and commission the civil engineering works
- Procure specified hydro scheme mechanics and parts
- Ensure that risks and responsibilities are appropriately assigned and clearly set out
- Agree a construction start date with all involved parties, and oversee works to ensure the timely delivery of the scheme

# Reading Hydro CBS Limited

Directors' Report for the Year Ended 30 September 2018 (continued)

## Summary of the financial position

During the 2018 financial year receipts consisted of donations, proceeds from the sale of Christmas cards, and an increase in Members Equity associated with the issue of one share to each individual upon payment of £1 for admission to membership of the Society. Payments consisted of fees for our planning application and electricity network connection, surveys to support the process of obtaining relevant permits, regulatory fees to the FCA, and membership of Co-operatives UK. The majority of this expenditure has been funded from Directors' loans.

Since the year end a Pioneer Share Offer was Crowdfunded and raised £16,025 of share capital, a £15,000 grant applied for from the Access Reach Fund has been received and early stage investment of £4,000 has been awarded by the Reading Climate Change Partnership.

## Outlook and principal risks and uncertainties

The outlook is for continued finance from new membership fees, in addition to income from the receipt of grants and donations. The directors remain committed yet realistic, and additional capable and resourceful members continue to be attracted to the project.

The principal risks for the following financial year relate to obtaining the necessary funds and establishing appropriate mechanisms to meet the next project gate and prove the financial and technical viability of the hydro project. Greater funding and expenditure activities will increase the requirements for tight financial management of the Society, though the finances will remain relatively straightforward during this phase.

There are also risks from any potential future partners or contractors in the project not being able fulfil their role in the project in any way, for example due to insolvency. If they are a necessary part of the project where viable alternatives are not possible, then this would endanger the future of the project. Therefore, when arrangements with potential partners are being negotiated and agreed, open discussion and clear definition of contingency plans will be used to mitigate such risks.

At the close of this financial year the Society has no significant assets apart from a low level of funds in the bank account, and it is not expected to diversify its assets in the next financial year. It is possible that the planning permission and Environment Agency permissions could have a value, but this is not quantifiable.

The outlook is promising, yet it is imperative that Reading Hydro CBS and TRSC gain all the necessary permits and permissions to apply for pre-accreditation for the Feed in Tariff by 31 March 2019 as the closing date for this scheme. The risk in not doing so is that the project would not be financially viable until electricity prices rose significantly, electricity markets

# Reading Hydro CBS Limited

Directors' Report for the Year Ended 30 September 2018 (continued)

change to level the playing field for small, distributed generation compared to larger conventional generators, or the government establishes alternative support for capital-intensive small-scale renewable and/or community owned and operated projects.

The directors of Reading Hydro CBS and TRSC are therefore working closely with the Environment Agency to ensure all outstanding permissions and authorisations are in place in time to allow us to apply for pre-accreditation for the Feed in Tariff. The Environment Agency acknowledge and understand this deadline, and are providing the focus we need to work towards meeting this timeframe and ensure that we meet their requirements.

Once this deadline is achieved and the financial model re-assessed in line with the outline design commissioned for the scheme, the next stage of the project can begin. At the time of writing following the associated reporting year, we already have the funds to initiate this.

A final decision on the hydro technology to be used for the scheme will be made based on financial viability and technical feasibility, in addition to experience gained from both the installation and operation of the different technology options being considered. The final choice of technology may require us to obtain further permissions or variations from both the Environment Agency and Reading Borough Council, and the directors are already working with these organisations to maintain awareness of our position.

Reading Hydro CBS would then work on finalising the business plan, commissioning detailed design drawings, raising and publicising the main share offer, raising funds for the fish pass, covering legal, insurance and technical aspects, and putting the civil engineering work out to tender, with the construction dates and timeframes agreed with the appointed contractor(s). These stages of the project will involve coordination with the Environment Agency, Reading Borough Council, the hydro technology provider(s) and the civil engineering team, with associated project management.

The above stage of the project is the most capital-intensive, and includes the risks associated with building in the river. Good technical, legal and contract advice will be required to minimise the risks involved, in addition to suitable insurance cover.

## Interest payments and capital returns to members

There will be no interest payments or capital returns from the activity of the Society this year.

## Incorporation and member engagement

The Society became Reading Hydro CBS Ltd in September 2016 (formerly Berkshire Energy Pioneers CBS as incorporated in September 2015).

# Reading Hydro CBS Limited

Directors' Report for the Year Ended 30 September 2018 (continued)

On the 30th September 2018 the number of members of the Society was 83.

Member and community engagement are important aspects of the Society's governance and we welcome support, ideas, comments and assistance.

We can be contacted by emailing [reading.hydro.cbs@gmail.com](mailto:reading.hydro.cbs@gmail.com), through the Reading Hydro Project Facebook group, through @rdghydro on Twitter or Instagram, and by signing up for our newsletter via our website: [hydro.readinguk.org](http://hydro.readinguk.org). Anyone can get involved in person by attending our Annual General Meetings or open action evenings and events, which are announced via our main communication channels above.

Our Society's community engagement involves an increasing variety of events and publicity, including a strong online presence and attractive e-newsletter, press releases, action evenings, public social gatherings, partnership with other community groups, and educational links.

The directors also express their sincere thanks to all those who have, and continue to, support the Society and Reading Hydro project.

## Board procedures

The board meets every two to four weeks in person or online, to review the operations of the Society and to take any necessary decisions about the governance, management and future direction of the Society. Throughout the development and construction stages of the project, board activity is necessarily frequent, demanding and multi-faceted.

Once the hydro scheme is operational, a new phase of governance will commence.

## Directors of the Society

The directors who held office during the year were as follows:

Michael Beaven (appointed 10<sup>th</sup> May 2018)  
Tony Cowling  
Sophie Paul (formerly Sophie Fenwick-Paul)  
Erica Purvis  
Sarah Rigby  
Anthony Simpson (resigned 14<sup>th</sup> August 2018)  
Anne Wheldon

No directors received remuneration from Reading Hydro CBS Ltd.

# Reading Hydro CBS Limited

Directors' Report for the Year Ended 30 September 2018 (continued)

## Changes to the board

Under our rules, each year one-third of the elected directors must stand down each year and may offer themselves for re-election. We currently have five elected directors, thus one of the longest-standing, Sarah Rigby, will stand down at the AGM in 2019. She has offered to stand for re-election.

## Appointment of auditors

In accordance with section 83 of the Co-operative and Community Benefit Societies Act 2014, we are deemed a small society for this financial year. At the March 2018 AGM the members agreed to disapply the requirement for accounts to be audited. Instead, our accounts have been reviewed by a qualified accountant.

The Directors propose to table a resolution at the March 2019 AGM to disapply section 83 of the Act for 2018, in line with section 84 of the Act, as the cost of auditing is disproportionate to the current scale of the society.

## Directors' responsibilities

The rules of the Society require the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of the profit or loss of the Society for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 Society will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Directors on 21 March 2019 and signed on their behalf by:

**Sophie Paul**  
**Director and Chair, Reading Hydro CBS Limited**



# Reading Hydro CBS Limited

## **Independent Accountant's Report to the members on the unaudited accounts of Reading Hydro CBS Limited**

We report on the financial statements of the Society for the year ended 30 September 2018 on pages 10 to 14.

This report is made solely to the members as a body. Our reporting work has been undertaken so that we might state to the members those matters we are required to state to them in an independent accountant's 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 society and the members as a body, for our work, for this report, or for the opinions we have formed.

### **Respective responsibilities of management committee and independent accountant**

The management committee is responsible for the preparation of the accounts and they consider that an audit is not required for this year and that an independent accountant's report is needed.

It is our responsibility to carry out procedures designed to enable us to report our opinion.

### **Basis of Independent Accountant's Opinion**

Our procedures consisted of comparing the accounts with the books of account kept by the society and making such limited enquiries of the officers of the society as we considered necessary for the purpose of this report. These procedures provide the only assurance expressed in our opinion.

### **Independent Examiner's Opinion**

In our opinion:

- a) The accounts are in agreement with those accounting records kept by the society under the Co-operative and Community Benefit Societies Act 2014, s.75;
- b) Having regard only to, and on the basis of, the information contained in those accounting records, the accounts have been drawn up in a manner consistent with the accounting requirements of the applicable legislation; and
- c) The society satisfied the financial criteria enabling it to disapply the requirement to have an audit of the accounts for the year as specified in the Co-operative and Community Benefit Societies Act 2014, s.84(1), as amended by the Co-operative and Community Benefit Societies Act 2014 (amendments to Audit Requirements) Order 2018.

Vale & West Chartered Accountants

Victoria House, 26 Queen Victoria Street, READING RG1 1TG

# Reading Hydro CBS Ltd

## Income statement for the year ended 30 September 2018

	Notes	2018	2017
<b>Income</b>			
Donations	2	£554	£60
Grants and Bursaries			
Sales	3	£253	
<b>Total Income</b>		<b>£807</b>	<b>£60</b>
<b>Expense</b>			
Advertising and Promotion			
Charitable Donations			
Cost of Services			
Cost of sales		£150	
Depreciation Expense			
Dues and Subscriptions		£378	£60
Miscellaneous Expense			
Professional Fees			
Site development cost		£494	
<b>Total Expense</b>		<b>£1,022</b>	<b>£60</b>
<b>Operating profit (-loss)</b>		<b>-£215.00</b>	<b>£0</b>
<b>Other Interest and similar income</b>			
<b>Other Interest Payable and similar charges</b>			
<b>Net Profit / - Loss for the Year</b>		<b>-£215.00</b>	<b>£0</b>

The above results were derived from continuing operations. No activities were discontinued during the year.

The Society has no recognised gains or losses for the year other than the results above.

The notes on pages 13 to 14 form an integral part of these financial statements.

# Reading Hydro CBS Ltd

## Statement of financial position at 30 September 2018

	Notes	30 Sep 18	30 Sep 17
<b>Assets</b>			
Fixed Assets	5	£0	£0
Hydro-Electric Plant			
Accumulated Depreciation			
Total Fixed Assets		<u>£0</u>	<u>£0</u>
Current Assets			
Total Accounts Receivable			
Prepayments		£2,267	
Total Cash at bank and in hand		£675	£44
Total Current Assets		<u>£2,942</u>	<u>£44</u>
Current Liabilities			
Accounts Payable		£1,260	
Directors loans		£1,814	
Total Current Liabilities	6	<u>£3,074</u>	<u>£0</u>
Net Current Assets		<u>-£132</u>	<u>£44</u>
Total Assets Less Current Liabilities		<u>-£132</u>	<u>£44</u>
Net Assets		<u><u>-£132</u></u>	<u><u>£44</u></u>
<b>Capital and Reserves</b>			
Members Equity	7	£83	£44
Members Reserves		-£215	£0
Shareholder Funds		<u>-£132</u>	<u>£44</u>

The Statement of Financial Position continues on the following page.

The notes on pages 13 to 14 form an integral part of these financial statements

# Reading Hydro CBS Ltd

## Statement of financial position at 30 September 2018 (continued)

The society is satisfied that it is entitled to exemption from the requirement to obtain an audit under section 84 of the Co-operative and Community Benefit Societies Act 2014 (the Act).

The members have not required the society to obtain an audit of its financial statements for the year in question in accordance with the Act.

The directors acknowledge their responsibilities for:

- 1) ensuring that the society keeps proper accounting records which comply with section 75 of the Act;
- 2) establishing and maintaining a satisfactory system of its books of account, its cash holdings and all receipts and payments in order to comply with section 75 of the Act; and
- 3) preparing financial statements which give a true and fair view of the state of affairs of the society as at the end of the financial year and of its income and expenditure for the year in accordance with the requirements of section 80, and which otherwise comply with the requirements of the Act relating to the financial statements, so far as applicable to the society.

These financial statements have been prepared in accordance with Section 1A of FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

These financial statements were approved by the board of directors and authorised for issue on 21 March 2019, and are signed on their behalf by:

Sophie Paul  
Director and Chair

Sarah Rigby  
Finance Director

Anne Wheldon  
Director and Company Secretary

The notes on pages 13 to 14 form an integral part of these financial statements.

# Reading Hydro CBS Ltd

## Notes to the Financial Statements for the year ended 30 September 2018

### 1 Accounting policies

#### Summary of Significant Accounting Policies and Key Accounting Estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of Compliance

These financial statements were prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities. There have been no departures from the requirements of FRS 102 Section 1A - small entities.

#### Basis of Preparation

These financial statements have been prepared using the historical cost convention.

#### Summary of Disclosure Exemptions

There are no disclosure exemptions applicable to the Society.

#### Going Concern

In the opinion of the directors, the Society is a going concern.

#### Revenue Recognition

Turnover is the amount derived from ordinary activities and is stated net of Value Added Tax.

#### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

#### Share Capital

Ordinary shares are classified as equity.

#### Shareholders' Interest

During the reporting year the shares carried no right to interest, dividend or bonus.

### 2 Donations Received

	2018	2017
Donations received from external sources	£554	£60

### 3 Sales Income

For Christmas 2017 Reading Hydro CBS created and sold greetings cards to raise funds for the Society.

	2018	2017
Sale of Christmas Cards	£253	£0

# Reading Hydro CBS Ltd

## Notes to the Financial Statements for the year ended 30 September 2018 (continued)

### 4 Directors' Remuneration

No Directors received remuneration for the year.

### 5 Fixed Assets

The Society held no fixed assets during this stage of project development.

### 6 Current Liabilities

The liabilities for the year ended 30 September 2018 included Director's Loans and payments due for electricity network connection and subscription and fees accruals.

	2018	2017
Director's loans repayable within 12 months	£1814	£0
Other creditors	£1260	£0
<b>Total</b>	<b>£3074</b>	<b>£0</b>

### 7 Members Equity

In the year ended 30 September 2018 £39 in share capital was issued to 39 investors upon admission to membership of the Society. One share of the Society of the nominal value of £1 is issued to each individual upon admission to membership.

	2018	2017
Ordinary shares of £1 each at start of year	£44	£4
Ordinary shares of £1 each issued and paid in year	£39	£40
<b>Total</b>	<b>£83</b>	<b>£44</b>

### 8 Post Year End Events

During October to November 2018 a Pioneer Share Offer to raise £15,000 share capital was set up on Crowdfunder. On 28 December the offer closed having raised £16,025.

An application made to the Reach Fund for £15,000 of grant funding has been approved and the monies were received in January 2019. The Reach Fund is a grant programme that helps charities and social enterprises raise investment, and is funded by Access - The Foundation for Social Investment.

Reading Climate Change Partnership have agreed to invest £4,000 by the purchase of 4,000 £1 ordinary shares.