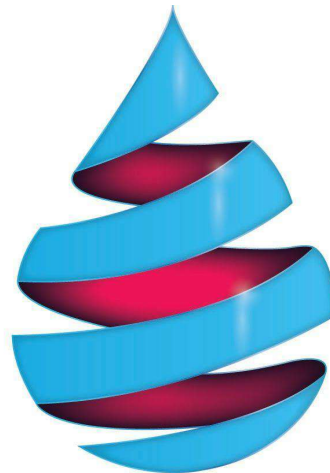


Registered number
7212

Reading Hydro CBS Limited

Report and Accounts

30 September 2020



Reading Hydro CBS Limited
Report and accounts
Contents

	Page
Society information	1
Directors' statement	2
Accountants' report	7
Revenue account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the accounts	11

Reading Hydro CBS Limited
Society Information

Directors

Michael Beaven
Tony Cowling
Sophie Paul
Andy Tunstall
Anne Wheldon
David Whipple

Secretary

Michael Beaven

Accountants

Vale & West Chartered Accountants
Victoria House
26 Queen Victoria Street
READING
RG1 1TG

Registered office

RISC
London Street
Reading
RG1 4PS

Registered number

7212

Reading Hydro CBS Limited

Registered number: 7212

Directors' Report

The directors present their report and accounts for the year ended 30 September 2020.

Principal activities

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 building a hydro electricity generating scheme adjacent to Caversham weir in Reading. The Society engages its members with the activities of the Society and continues 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 summary of the work up to the end of the reporting year, and progress since then to the date of signature.

October 2019 - September 2020 financial year

The previous work by TRSC meant that Reading Hydro started the year with an outline design for the hydro scheme, abstraction and impoundment licences from the Environment Agency (EA) for a twin Archimedes screw hydro scheme; and planning permission by Reading Borough Council for this scheme. Further permissions, including a DNO agreement with Scottish and Southern Electricity Networks, and additional permits from the EA enabled us to secure pre-accreditation for the Feed-in-tariff by the 31 March 2019 deadline.

In late 2019, we obtained a letter of intent from Thames Lido to buy the electricity from the hydro scheme. With this, we produced a business plan and share offer document (awarded Community Shares Standard Mark), and ran a community share offer to raise £700,000 for the detailed design and construction of the scheme. By the close in February 2020 we were substantially oversubscribed, with 611 investors providing £880,574 share capital. £100,000 of this came from the Community Shares booster of Cooperatives UK, and most of the remainder was from individual local investors. We appreciated the enthusiasm of investors as well as their financial support.

We progressed the project as quickly as possible towards construction. This started at the time COVID-19 escalated and the first lockdown began, and many activities took longer or became more complex than anticipated. They included:

- Reorganising our board and volunteer teams and roles, and filling skills gaps.
- Commissioning the final system design, leading to tender and contract for the civil engineering works, and procurement of the Archimedes screw turbines and associated electrical systems.
- Appointing a project manager (Nigel Paterson) to help with contract negotiation, liaise on a day-to-day basis with contractors and oversee work on site.
- Appointing a Health & Safety consultant to approve H&S processes.
- Commissioning and overseeing a geotechnical survey of the area around View Island.
- Continuing to progress the contract for electricity sale, and necessary variations to permissions and authorisations, taking legal advice as needed
- Ensuring suitable insurance cover as activities changed and grew

Reading Hydro CBS Limited

Registered number: 7212

Directors' Report

Volunteer work began on the site on 15 May 2020, to ensure that our planning permission would not expire. Site work has been undertaken by small groups of volunteers, working under Reading Hydro's H&S requirements including the COVID lockdown restrictions at the time. Volunteer work included:

- Removing undergrowth, fallen trees and rubbish on View Island in order to open up footpaths, and clear out the ditch to provide the natural section of the fish and eel pass
- Preparing the contractors' site and access to the river, by clearing vegetation and rubbish, levelling the site, and diverting the footpath on Hills Meadow
- Removing old fencing on the causeway and erecting Heras fencing
- Putting up bird and bat boxes: these, along with the fish and eel pass, will enhance biodiversity on the site
- Installing a solar camera and stop motion camera: these have enabled us to document progress on site, and will also enable longer-term ecological monitoring
- Creating a hydraulic model of the fish pass

Directors were very disappointed that detailed quotes for the civils work came in much higher than we had been advised, and we therefore had to re-run the community share offer. 30 investors chose to reduce or withdraw their investment, but others invested more and new investors joined. When the share offer closed in September 2020 we had secured the required £980,000 from 672 investors. This includes £92,967 from the Community Shares Booster, which was not actually paid until the 20-21 financial year

Although in-person events could not happen because of COVID restrictions, we maintained engagement with Reading Hydro members and others through e-newsletters and social media. Volunteering has not just been crucial to getting the site prepared, it is also an important part of our community engagement

Update October 2020 to March 2021 as Post Balance Sheet event

Our appointed civil engineering contractors Land & Water started on site in October 2020, and left during the first week of March 2021. They have completed the concrete structure for the turbines, and the technical section of the fish and eel pass, both of which look fantastic! However, there have been extended periods when work had to stop because of high water caused by heavy rain, and far more work has been needed to remove and then backfill material, in order to produce a firm base.

Directors worked closely with the contractors, designers and our project manager. As a result there were considerable savings and improvements to the design and build. Our project manager has kept a tight hold on contractor spending and charges, saving Reading Hydro considerable sums.

During the same period, teams of volunteers have continued to clear undergrowth and rubbish from View Island as originally planned, but in addition, to cut costs, they have undertaken more of the work to construct the fish and eel pass, including the technical section. Directors and volunteers, by agreement with the contractors, have also taken on further small items of work to save money

Reading Hydro CBS Limited

Registered number: 7212

Directors' Report

After protracted negotiation, we agreed a contract with GMac Utilities for the Horizontal Directional Drilling to lay the conduit that links the hydro scheme with Thames Lido. This will take place in mid March. Again, to cut costs, volunteers have started the groundwork and will reinstate the ground and pull the cable through the conduit afterwards. An electrical contractor will then connect the cable.

A small group of volunteers who are all experienced builders have begun construction of the turbine house, which will protect the generator and other equipment. This will be completed before the turbines are delivered and installed. The manufacture of the turbines by Spaans Babcock has been delayed due to COVID-19, but they are due to be delivered and installed by the manufacturer in mid-April. The electrical connections will then be completed and tested. We hope that Reading Hydro will be up and generating by summer 2021.

Directors and board advisers have been working tirelessly with RBC and the Environment Agency to ensure appropriate permits have been obtained and agreements made. This is proving a complex and long-winded process.

Reading Hydro directors are delighted to have got the project so far: it is wonderful to see the finished concrete foundations and fish pass on site, and to have pictures of one of our finished Archimedes screws in The Netherlands. But we very much regret that a further £150,000 must be raised to complete the project. The main reasons are the high cost of the lost days and additional civils work; additional costs for laying the cable, partly due to our initial lack of understanding of the detailed process; and the cost of meeting more complex licence conditions from the EA than we anticipated.

Summary of the financial position

The accounts for the year to 30th September 2020 reflect the gear change of Reading Hydro, as the financing of the project by the community enabled construction work to begin.

There is no operating income for the society, so operating expenses of £31,107 led to a deficit of £28,133 in the year, after allowing for grants, donations and bank interest. The majority (£22,475) of these expenses were related to the raising of £887,033 community share capital from 672 individuals and organisations, giving a cost of capital of 2.5%.

As construction work started towards the end of the period, £185,445 of plant and machinery was added to the fixed assets of the society. Cash balances, held in current accounts and on deposit, amounted to £686,083, providing funds for the work over the following months.

Debtor balances of £42,650 were primarily made up of VAT repayments due. Creditor balance due within the year of £28,915 meant that the net current assets of the society approximated the share capital raised, standing at £885,263.

A long-term liability of £11,661 represents part of the £15,000 Key Fund grant that was used for capital purposes, and will reduce in future years. The total assets of the society stand at £873,602, after the deficit of this year.

Reading Hydro CBS Limited
Registered number: 7212
Directors' Report

Outlook and principal risks and uncertainties

At the date of signature of the accounts, most of the risk associated with construction work has either materialised or been removed. There are still risks around the drilling of the conduit for the cables; uncertainties around regulatory requirements and the time to first income; and the financing of the completion of the project

The Directors maintain and regularly review a risk register, including a risk-adjusted contingency. Full details of this are contained in the Updated Business Plan and Share Offer Documents, which are published to support our offer of an additional £150,000 of community share capital.

The Directors expect the project to be completed in mid-May, seeing the realisation of our ambitious project to build a hydroelectricity scheme on the River Thames at Caversham Weir. We expect that Reading Hydro CBS will be receiving income from the sale of electricity by the end of the financial year.

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).

Membership increased from 208 on 1 September 2019 to 781 on 30 September 2020, mainly as a result of the community share offers.

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, 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. Anyone can get involved in person by attending our Annual General Meetings or events, or by volunteering on site. These are announced via our main communication channels above.

Despite the COVID restrictions limiting in-person activities during 2019-20, our Society's community engagement still involved a variety of events and publicity, including a strong online presence and attractive e-newsletter, press releases, partnership with other community groups, and educational links. We are very fortunate the large number of active volunteers who undertake a wide range of tasks for Reading Hydro.

The directors express their sincere thanks to all members, volunteers and others who have, and continue to, support the Society and help make Reading Hydro a reality.

Board procedures

The board meets every month in person or online, with interim meetings as required, to review the progress of the project and to take decisions about finance, contracts, governance, management and the future direction of the Society. During 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

The following persons served as directors during the year:

Michael Beaven
Tony Cowling
Sophie Paul
Andy Tunstall
Anne Wheldon
David Whipple

Directors' responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

The law governing Registered Societies requires 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 as at the balance sheet date and of its income and expenditure for the year then ended. In preparing these accounts, 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 co-operative will continue in business.

The directors are responsible for keeping proper books of account such as are necessary to give a true and fair view of the society's state of affairs and to explain its financial transactions. The directors must also establish and maintain a satisfactory system of control of its books of account, its cash holdings and all its receipts and remittances, and hence are also responsible for safeguarding the assets and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Reporting Criteria

This report has been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

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

Director's signature

Director's name

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 2020 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
5th March 2021

Reading Hydro CBS Limited
Revenue Account
for the year ended 30 September 2020

	Notes	2020 £	2019 £
Operating expenses		(31,107)	(3,139)
Other operating income	3	1,658	3,099
Operating deficit		<u>(29,449)</u>	<u>(40)</u>
Interest receivable		1,316	40
Deficit before taxation		<u>(28,133)</u>	<u>-</u>
Tax on deficit		-	-
Deficit for the financial year		<u>(28,133)</u>	<u>-</u>

Reading Hydro CBS Limited
Balance Sheet
as at 30 September 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	4	185,445	-
Current assets			
Debtors	5	42,650	12,980
Cash at bank and in hand		686,083	20,211
		728,733	33,191
Creditors: amounts falling due within one year			
	6	(28,915)	(4,405)
Net current assets		699,818	28,786
Total assets less current liabilities			
		885,263	28,786
Creditors: amounts falling due after more than one year			
	7	(11,661)	(12,814)
Net assets		873,602	15,972
Capital and reserves			
Called up share capital		903,220	16,187
Absorbed deficit		(29,618)	(215)
Shareholders' funds		873,602	15,972

The directors are satisfied that the Society 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 members have not required the Society to obtain an audit in accordance with the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Co-operative and Community Benefit Societies Act 2014 with respect to accounting records and the preparation of accounts.

The accounts have been prepared in accordance with the provisions in the Co-operative and Community Benefit Societies Act 2014.

Approved by the board on _____

 Director's signature

 Director's signature

 Secretary's signature

 Director's name

 Director's name

 Secretary's name

Reading Hydro CBS Limited
Statement of Changes in Equity
for the year ended 30 September 2020

	Share capital	Revenue account	Total
	£	£	£
At 1 October 2018	83	(215)	(132)
Shares issued	16,104		16,104
At 30 September 2019	<u>16,187</u>	<u>(215)</u>	<u>15,972</u>
At 1 October 2019	16,187	(215)	15,972
Surplus for the financial year		(28,133)	(28,133)
Share Interest		(1,270)	(1,270)
Shares issued	887,033		887,033
At 30 September 2020	<u>903,220</u>	<u>(29,618)</u>	<u>873,602</u>

Reading Hydro CBS Limited
Notes to the Accounts
for the year ended 30 September 2020

1 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These have remained unchanged from the previous year and have been consistently applied within the accounts.

General information

Reading Hydro CBS Limited is a registered society incorporated in England within the United Kingdom. The address of the registered office is given on Page 1 of these financial statements. Reading Hydro CBS Limited meets the definition of a public benefit entity under FRS102.

Basis of preparation

These financial statements have been prepared under FRS 102 Section 1A - small entities and there were no material departures from that standard. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents Feed In Tariff and other electricity generating income, net of value added tax where applicable, derived from the generation of electricity from renewable energy installations.

Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Plant and machinery	5% straight line
---------------------	------------------

Taxation

There is no corporation tax due as the society has significant trading losses due to capital allowances. We do not expect the advance capital allowances to reverse later on the project due to share interest deductions, which is why no deferred tax has been provided.

Grants Received

Grants are identified as either relating to capital or relating to revenue.

Grants relating to revenue are recognised in the Revenue account on a systematic basis over the period in which the Society recognises the related costs for which the grant is intended to compensate.

Capital-based grants are recognised in the Revenue account on a systematic basis over the useful life of the asset to match the associated depreciation charge.

2 Employees

The average monthly number of persons (including directors) employed by the society during the year was 0 (2019 - 0).

Reading Hydro CBS Limited
Notes to the Accounts
for the year ended 30 September 2020

3 Other income	2020	2019
	£	£
Donations	173	913
Grant income	1,453	2,186
Other income	32	-
	<u>1,658</u>	<u>3,099</u>

Grant income include money from Key Fund that covers the revenue expenditure and also money received from Transition Town Reading.

4 Tangible fixed assets	Plant and machinery etc
	£
Cost	
Additions	185,445
At 30 September 2020	<u>185,445</u>
Depreciation	
At 30 September 2020	<u>-</u>
Net book value	
At 30 September 2020	<u>185,445</u>

5 Debtors	2020	2019
	£	£
Prepaid expenses	5,946	12,980
Other debtors	36,704	-
	<u>42,650</u>	<u>12,980</u>

6 Creditors: amounts falling due within one year	2020	2019
	£	£
Trade creditors	18,091	3,954
Accruals	1,083	-
Other creditors	9,741	451
	<u>28,915</u>	<u>4,405</u>

Reading Hydro CBS Limited
Notes to the Accounts
for the year ended 30 September 2020

7 Creditors: amounts falling due after one year	2020	2019
	£	£
Deferred income	<u>11,661</u>	<u>12,814</u>

Deferred Income is made up of capital grant income deferred and systematically released to the Revenue account to match the asset depreciation charge over the life of the asset. The grant was received during 2019 and totalled £15,000 from Key Fund. It was to cover both revenue and capital items including financing and licencing costs.

Reading Hydro CBS Limited
Detailed Revenue Account
for the year ended 30 September 2020

	2020	2019
	£	£
Operating expenses		
Travel and meeting costs	88	-
Administrative charge	5,480	-
Dues & Subscriptions	189	93
Bank charges	3,065	-
Insurance	1,872	465
Repairs and maintenance	503	-
Accountancy fees	500	-
Consultancy fees	-	1,547
Advertising and PR	6,510	-
Other legal and professional	12,900	1,034
	<u>31,107</u>	<u>3,139</u>
Other operating income		
Other Income	<u>1,658</u>	<u>3,099</u>