

## Malvern Community Energy Coop

### Chairman's Report for 2015 Accounts

In our first full year of operation we generated more electricity than predicted. It was a good year for bright days but we did have 6 days with no generation in June, a peak month. This occurred because a rain water downpipe blockage led to the flat roof being flooded and the earth leakage protection on the inverters shut them down.

The increased generation boosted the income to £4,932 (the share offer predicted £3839) but you will remember that after the share offer we agreed to install 30KWh of PV instead of 25KWh and this increased the predicted income to £4697.

Our costs increased for 2 reasons:

1. A PV Panel was damaged (we think by a very heavy object being thrown onto the roof) this replacement cost £245
2. We have moved the preparation of the formal accounts and Tax returns to Shareenergy. This year it has increase costs by £600 but an additional £200 will be in next year's accounts for preparing the returns. The ongoing cost will be £800 pa, we believe it is important for us to have Shareenergy's very professional support, as they are the leading and low cost experts on both community renewable energy and Coops.

Shareenergy have advised us the provisions for future costs we made in the 2014 accounts were not in accordance with FRSSE accounting requirements. This means we have to declare a fundamental error in these accounts and this is detailed in Note 2. Shareenergy have made the adjustments accordingly. This doesn't change the results but the presentation is different.

The Directors are proposing that this year (£483) is distributed to Members as interest, if this meeting approves this. The logic for doing this is that it was the figure in the Share Offer. Please note that the cash in bank is still significant. It is not possible to start repaying Members' capital from this cash until after 3 years. This is a condition of SEIS tax relief.

In 2 years we will be able to start distributing available cash (whilst keeping reserves to cover foreseeable and contingency expenditure) to shareholders progressively reducing the number of shares held. It is the reduction in capital invested that leads to a progressive increase in the return to Members.

Ian Caldwell has been the mainstay of all the administration of the meter reading, FIT and Cube billing, VAT returns and has kept us on our toes with regard to all the formal activities needed. In addition he has kept a close eye (and attended several conferences at his own expense) on the evolving but extremely disappointing picture with regard to Government action on Renewable Energy. This information together with our ongoing discussions with Shareenergy have lead us to conclude that there are currently no opportunities for us to offer Members for further involvement.

We will continue to keep this under review. There are still possibilities to invest as an individual in much larger schemes and we have information on this, if members would like periodic updates on this let us know.

Last year we announced that Sue Edmonds (she was Chair at the time) needed to have a 6 month break due to ill health. Since then she has decided to resign and we wish her well. At our Annual Meeting we have 2 new Members standing as Directors for election.