

Company number: 07583663

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The Low Carbon Hub C.I.C.

Annual Report and Unaudited Financial Statements

for the Year Ended 31 March 2016

The Low Carbon Hub C.I.C.

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The Low Carbon Hub C.I.C.

Directors' Report for the Year Ended 31 March 2016

The directors present their report and the unaudited financial statements for the year ended 31 March 2016.

Directors of the company

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

Sam Clarke

Barbara Hammond

Wendy Twist (resigned 24 November 2015)

Susan Halliwell

Timothy Paul Sadler

Luke Marion

Mark Luntley (resigned 30 March 2016)

Adriano Figueiredo (appointed 24 November 2015)

Thomas Hoines (appointed 18 March 2016)

Principal activity

The principal activity of the company is The Low Carbon Hub CIC helps communities to develop locally-owned renewable energy projects on community assets. These projects provide cheaper electricity, an income for the local community and opportunities for local people to invest. The Hub team supports community volunteers through the complex process of setting up a social enterprise, developing their project, getting the project to investment-readiness and raising necessary finance.

The CIC also uses grant funding for innovation projects and local network development to help commercialise new technologies, financing options and business models that will provide community benefit.

CIC funding comes from a combination of community benefit donations from the Low Carbon Hub IPS Ltd and grants.

Business review

Each year, a share of the benefits arising from the Low Carbon Hub IPS's portfolio of renewables is donated to the Low Carbon Hub CIC to fund activities for the benefit of the community. This year has seen this flow of funding increase substantially to £96,224, following the successful installation of solar PV arrays funded from the Autumn 2014 share offer.

This income is further supplemented by income from two CIC owned installations in Eynsham at St Peters & Eynsham Village Hall. These PV arrays were installed with the support of Eynsham Green TEA and have provided a further £2,132 of community benefit. A detailed report on the community benefit spend is included in the notes to the accounts.

Innovation

Over the year we have continued to work with a number of partners to support innovation projects and develop new business models.

The Low Carbon Hub C.I.C.
Company Information

Directors	Sam Clarke Barbara Hammond Susan Halliwell Timothy Paul Sadler Luke Marion Adriano Figueiredo Thomas Hoines
Company secretary	Blakelaw Secretaries Limited Harbour Court, Compass Road, North Harbour, Portsmouth, Hampshire, PO6 4ST
Registered office	23 Park End Street Oxford Oxfordshire OX1 1HU
Accountants	Critchleys LLP Chartered Accountants Greyfriars Court Paradise Square Oxford Oxford OX1 1BE

The Low Carbon Hub C.I.C.

Directors' Report for the Year Ended 31 March 2016

Intelligent Energy Europe: Energising Oxfordshire Conference

The year saw the conclusion of our three year programme working with Oxford City Council, Oxfordshire County Councils and Low Carbon Hub jointly delivering the European Intelligent Energy Fund programme to mobilise large-scale investment in local energy infrastructure.

The occasion was marked with a closing conference in July at Said Business school looking at the energy challenge for Oxfordshire. The event brought together investors, host organisations and a range of partners to discuss how businesses, schools and communities can all be involved to scale-up locally-owned renewables. We also explored the potential for new investment and innovation to create a more sustainable Oxfordshire. Almost 100 attendees joined us to hear speakers from across the County and Julia Groves, Chief Executive of Trillion Fund, give the keynote speech on investing in a low carbon future.

Woodshare

With support from Oxfordshire County Council, work has continued on a pilot study of how oil heating in off-gas areas can be replaced with locally sourced biomass in small scale district heating networks. Twinning the boilers with local managed woods would help to build a culture of connection and understanding between communities and woods; build capacity in local wood fuel supply chains; and help to secure the fuel supply to the boilers and ensures that it is sustainably produced. A business model has now been finalized and we are now looking for opportunities develop a pilot project for a Woodshare business.

Bicester Grid

One key challenge of increasing deployment of distributed renewable energy is the capacity of the national and local distribution grids to accommodate this. Capacity can be constrained by a number of reasons including a lack of thermal capability, voltage regulation and ground fault levels. Funding from Cherwell District Council has enabled us to continue the work we started in 2014, working with our local DNOs (Distribution Network Operators), as well as other partners, to find innovative ways to resolve these issues.

Hinksey Heat

The Low Carbon Hub is working with Oxford City Council to explore the potential for a community owned district heat network centred on Hinksey Open Air Pool. We have carried out a study to assess the technical feasibility of providing heat to the pool and surrounding buildings using renewable energy sources. We also wanted to discover if renewable energy sources can be used to reduce the CO₂ emissions associated with local heat demands.

With funding from the Department of Energy and Climate Change's Urban Community Energy Fund (UCEF) we have worked closely with the Oxford City Council Energy and Natural Resources Team to carry out this study. We discovered that a heat pump based solution offers the potential to reduce the pool's CO₂ emissions by over 75%. Our next step will be to look at the financial feasibility of such a scheme.

Key terms

CIC = Community Interest Company

GWh = gigawatt hour

kW = kilowatt

kWe = kilowatt electrical power

KWp = kilowatt peak

LED = light emitting diode

MW = megawatt

MWh = megawatt hour

SMEs = small and medium-sized enterprises

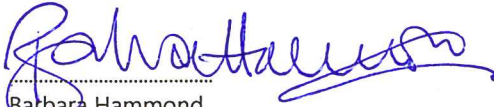
tCO₂ = tonnes of carbon dioxide equivalent

Small company provisions

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The Low Carbon Hub C.I.C.
Directors' Report for the Year Ended 31 March 2016

Approved by the Board on 27.05.16 and signed on its behalf by:



Barbara Hammond
Director

**Chartered Accountants' Report to the Board of Directors on the Preparation of the
Unaudited Statutory Accounts of
The Low Carbon Hub C.I.C.
for the Year Ended 31 March 2016**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of The Low Carbon Hub C.I.C. for the year ended 31 March 2016 set out on pages 6 to 13 from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at icaew.com/membershandbook.

This report is made solely to the Board of Directors of The Low Carbon Hub C.I.C., as a body, in accordance with the terms of our current engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of The Low Carbon Hub C.I.C. and state those matters that we have agreed to state to them, as a body, in this report in accordance with AAF 2/10 as detailed at icaew.com/compilation. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Low Carbon Hub C.I.C. and its Board of Directors as a body for our work or for this report.

It is your duty to ensure that The Low Carbon Hub C.I.C. has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of The Low Carbon Hub C.I.C.. You consider that The Low Carbon Hub C.I.C. is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of The Low Carbon Hub C.I.C.. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.



Critchleys LLP
Chartered Accountants
Greyfriars Court
Paradise Square
Oxford
Oxford
OX1 1BE

Date: 8/8/16

The Low Carbon Hub C.I.C.
Profit and Loss Account for the Year Ended 31 March 2016

	Note	2016 £	2015 £
Turnover		507,230	678,316
Cost of sales		<u>(76,519)</u>	<u>(206,824)</u>
Gross profit		430,711	471,492
Administrative expenses		<u>(448,077)</u>	<u>(501,683)</u>
Operating loss	2	(17,366)	(30,191)
Other interest receivable and similar income		<u>152</u>	<u>405</u>
Loss on ordinary activities before taxation		(17,214)	(29,786)
Tax on loss on ordinary activities	4	<u>-</u>	<u>1,266</u>
Loss for the financial year	9	<u><u>(17,214)</u></u>	<u><u>(28,520)</u></u>

The Low Carbon Hub C.I.C. - Registration number: 07583663

Balance Sheet at 31 March 2016

		2016		2015	
	Note	£	£	£	£
Fixed assets					
Tangible fixed assets	5		36,645		44,038
Current assets					
Stocks		17,584		-	
Debtors	6	70,051		147,429	
Cash at bank and in hand		<u>144,990</u>		<u>120,924</u>	
		232,625		268,353	
Creditors: Amounts falling due within one year	7	<u>(122,785)</u>		<u>(148,694)</u>	
Net current assets			<u>109,840</u>		<u>119,659</u>
Net assets			<u>146,485</u>		<u>163,697</u>
Capital and reserves					
Called up share capital	8	30		28	
Profit and loss account	9	<u>146,455</u>		<u>163,669</u>	
Shareholders' funds			<u>146,485</u>		<u>163,697</u>

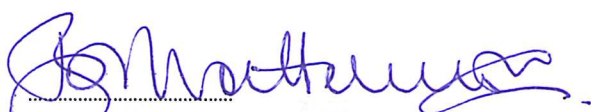
These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective 2015).

For the year ending 31 March 2016 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved and authorised for issue by the Board on 27.05.16 and signed on its behalf by:


 Barbara Hammond
 Director

The Low Carbon Hub C.I.C.

Notes to the Financial Statements for the Year Ended 31 March 2016

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers.

Other grants

Grant income is recognised in full only when conditions for receipts have been met and, in the case of grants for specific projects, associated project expenditure has been incurred. When projects are in progress at the year-end, or where they have not yet started, grants are carried forward as deferred income to the extent needed to fund anticipated costs on the projects.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Website development	straight line over 4 years
Plant and machinery	5% straight line (previously 8% reducing balance)
Office equipment	25% straight line

Work in progress

Work in progress is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

2 Operating loss

Operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	<u>7,393</u>	<u>5,437</u>

3 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	<u>80,495</u>	<u>86,250</u>

The Low Carbon Hub C.I.C.

Notes to the Financial Statements for the Year Ended 31 March 2016

..... continued

4 Taxation

Tax on loss on ordinary activities

	2016 £	2015 £
Current tax		
Corporation tax credit	-	(1,266)

5 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation				
At 1 April 2015	39,056	20,880	926	60,862
At 31 March 2016	39,056	20,880	926	60,862
Depreciation				
At 1 April 2015	5,922	10,440	462	16,824
Charge for the year	1,942	5,220	231	7,393
At 31 March 2016	7,864	15,660	693	24,217
Net book value				
At 31 March 2016	31,192	5,220	233	36,645
At 31 March 2015	33,134	10,440	464	44,038

6 Debtors

	2016 £	2015 £
Trade debtors	-	31,080
Amounts owed by Low Carbon Hub IPS Limited	-	46,901
Other debtors	70,051	69,448
	<u>70,051</u>	<u>147,429</u>

The Low Carbon Hub C.I.C.

Notes to the Financial Statements for the Year Ended 31 March 2016

..... continued

7 Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	48,317	41,829
Amounts owed to Low Carbon Hub IPS Limited	765	-
Other taxes and social security	37,390	35,003
Other creditors	36,313	71,862
	<u>122,785</u>	<u>148,694</u>

8 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
A Ordinary shares of £1 each	6	6	6	6
B Ordinary shares of £1 each	24	24	22	22
	<u>30</u>	<u>30</u>	<u>28</u>	<u>28</u>

During the year 2 B Ordinary shares having a nominal value of £1 were allotted for aggregate consideration of £2.

9 Reserves

	Profit and loss account £	Total £
At 1 April 2015	163,669	163,669
Loss for the year	<u>(17,214)</u>	<u>(17,214)</u>
At 31 March 2016	<u>146,455</u>	<u>146,455</u>

10 Contingent liabilities

Low Carbon Hub C.I.C. has provided a guarantee on Oxford City Council loan provided to The Low Carbon Hub IPS Ltd
The amount guaranteed is £317,963 (2015 - £nil).

The Low Carbon Hub C.I.C.

Notes to the Financial Statements for the Year Ended 31 March 2016

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11 Related party transactions

During the year the company made the following related party transactions:

Low Carbon Hub IPS Ltd

£141,957 was received in respect of Project Development Fees (2015 - £72,727); £29,926 was received in respect of Administration and Operations & Maintenance costs (2015 - £11,599); and, £96,224 was received as a Community Benefit Donation (2015 - £11,902). £200,000 was received towards Sandford Hydro predevelopment costs, already met by The Low Carbon Hub CIC in bringing the project to investment readiness (2015 - £nil). Finally, £39,634 was received from to reimburse Low Carbon Hub CIC for costs incurred in preparation for new share offers during the year (2015 - £nil). At the balance sheet date the amount due (to)/from Low Carbon Hub IPS Ltd was (£765) (2015 - £42,898).

Directors of Low Carbon Hub C.I.C

Three Directors were paid during the year for services rendered to the Company, in addition to the salaries described in note 3.

Barbara Hammond received £21,482 (2015 - £23,076) in respect of rent and associated expenses for the office premises at 23 Park End Street, the lease for which is held in her name. The rent was charged to the Company at cost with no mark up applied.

Adriano Figueiredo was reimbursed £1,447 (2015 - £nil) in respect of professional expenses.

Wendy Twist was reimbursed £84 (2015 - £nil) in respect of focus group expenses.

Mark Luntley was reimbursed £27 (2015 - £136) in respect to travel expenses and Adriano Figueiredo was reimbursed £1,233 (2015 - £nil) in respect of travel expenses.

The Directors consider that the services have been provided at an 'arms length basis'. At the balance sheet date the amount due to Directors of Low Carbon Hub C.I.C was £nil (2015 - £nil).

Directors of The Low Carbon Hub IPS Ltd

During the year Steve Drummond, a Director of the Low Carbon Hub IPS Ltd was paid to contribute to the work of a contract to pilot LED light bulbs in schools. The total paid during the year was £5,000. The board consider that these services have been provided on an "arms length" basis.

In the previous year (2015) Steve Drummond, a Director of the Low Carbon Hub IPS Ltd was paid to contribute to the work of the company under two separate contracts. The first covered a range of investment and contract readiness work, including the negotiation of the Oxford City Council Revolving Construction Fund. The total paid during 2015 in relation to these projects was £25,852, at a discounted consultancy rate of £500 per day.

The second contract was to lead a project investigating grid capacity issues at Bicester and proposing innovative solutions. The total paid during 2015 was £19,092 at a discounted consultancy rate of £600 per day.

The Low Carbon Hub CIC Board felt it was essential for Steve Drummond to do the above work because of his 30-year background in conventional and renewable power generation, transmission and distribution, and his unique combination of experience combining both engineering and financing. He also has a detailed understanding of social enterprise structuring and financing through his voluntary work with Oxford North Community Renewables and the Low Carbon Hub IPS. At the balance sheet date the amount due to Directors of The Low Carbon Hub IPS Ltd was £nil (2015 - £nil).

12 Control

The company is controlled by the directors who own 100% of the called up A share capital.

The Low Carbon Hub C.I.C.

Notes to the Financial Statements for the Year Ended 31 March 2016

..... continued

13 Community Benefit spend

In accordance with The Low Carbon Hub IPS Limited's Company's aims and objectives, surpluses from projects that have been live for at least one year are passed to The Low Carbon Hub CIC in the form of a Community Benefit Donation.

The community benefit income has been used to support a range of low carbon community energy activities.

Total Community benefit income received 2014/15 and 2015/16

CIC	2016	2015
	£	£
CIC St Peters & Eynsham Village Hall	2,132	1,879
IPS Community Benefit donation	96,224	11,902
Donations	400	-
Returned loans	2,060	-
Total	100,816	13,781

The following table summarises the deployment of this year's community benefit income based on the categories in our Community Benefit Strategy and the year its spend was approved. Some of the expenditure relates to activities in 2014/15, which were forward spent by the Low Carbon Hub CIC to enable projects to progress before the community benefit income was realised. The Low Carbon Hub CIC felt confident forward spending community benefit against forecast, as the IPS projects were online and there was a strong enough cash position in the CIC.

Community benefit funding for 2015-16 was deployed as described in detail below.

	2016	2015
	£	£
Community grant funding	77,975	-
Local energy programme	14,796	11,902
Eynsham Green TEA	1,066	940
Community benefit management	8,313	-
Grand Total	102,150	12,842

Community Grant funding £77,975

In 2015/16 the bulk of our income was allocated as grants and loans to low carbon community groups developing their own community energy projects. These were made to community groups we have supported as part of the Intelligent Energy Europe contract. Grants were used to fund a wide range of project development activities from geotechnical and river modelling studies, to marketing and legal costs. Over a third of this support was in the form of option to recover loans.

Local Energy Programme £14,796

In previous years Intelligent Energy Europe Funding had enabled us to fund staff time to support community groups developing their own projects. When the contract came to the end we used community benefit income to continue this service. In addition we have used community benefit funding to supplement external funding for a number of projects. These included contributing towards a research project into grid capacity in the Bicester area, covering printing costs for the Low Carbon Economy Report and hosting the Low Carbon Oxford Week organisers in the Hub offices. We also joined with community groups across the country to jointly fund Community Energy England's pre-action letter to the Treasury on the withdrawal of Enterprise Investment Scheme tax relief from community energy projects.

The Low Carbon Hub C.I.C.

Notes to the Financial Statements for the Year Ended 31 March 2016

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Eynsham Green TEA Grant £1,066

Half of the net profits from the CIC owned installations in Eynsham are donated to Eynsham Green TEA in recognition of their support in making the project happen. In 2015/16 these funds were used on a number of local activities including:

- Free events including an apple festival, talks, film shows, swapshops, refashion event
- Funding for a solar generation display in the village hall
- Servicing and insuring a thermal imaging camera which is used locally and also lent to other groups
- Adding to a library of sample materials and equipment for energy saving and display of LED bulbs
- Providing demonstrations and information on energy saving

Community Benefit Management £8,313

This year we have been working with the CIC Board and Community shareholders to understand their priorities, and to develop a framework to guide our community benefit activity over the next 20 years. We have also been making plans to formalise our community energy helpdesk service, so it is more readily accessible by community groups. We believe that investing in good management of our community benefit is important to ensure it is effective use. We aim to cap our costs on managing the community benefit strategy to 10% of total available funding. In 2015/16 this accounted for 8.1% of our community benefit income.

Spend by allocation year	2016	2015
	£	£
Community benefit management	8,313	-
Strategy development	8,313	-
Local energy programme	14,796	11,902
Bicester Grid capacity study	518	-
Giving community advice	11,428	-
Community Energy England	500	-
Low Carbon Oxford Week 2015	1,450	-
Low Carbon Economy Report	900	-
Warming Barton	-	11,902
Community grant fund	77,975	-
Abingdon Hydro	2,060	-
Flightsmill Hydro	552	-
Godstow Hydro	4,445	-
Goring Hydro	26,560	-
Osney Lock Hydro	19,876	-
Radcot Hydro	3,139	-
Southill Solar	20,943	-
Watchfield	400	-
Restricted	1,066	940
Eynsham Green TEA	1,066	940
Grand Total	102,150	12,842

The Low Carbon Hub C.I.C.
Detailed Profit and Loss Account for the Year Ended 31 March 2016

	2016		2015	
	£	£	£	£
Turnover		507,230		678,316
Cost of sales (analysed below)		<u>(76,519)</u>		<u>(206,824)</u>
Gross profit		430,711		471,492
Administrative expenses (analysed below)				
Employment costs	325,341		376,661	
Establishment costs	23,975		24,987	
General administrative expenses	91,266		94,551	
Finance charges	102		47	
Depreciation costs	<u>7,393</u>		<u>5,437</u>	
		(448,077)		(501,683)
Other interest receivable and similar income (analysed below)		<u>152</u>		<u>405</u>
Loss on ordinary activities before taxation		<u><u>(17,214)</u></u>		<u><u>(29,786)</u></u>

The Low Carbon Hub C.I.C.

Detailed Profit and Loss Account for the Year Ended 31 March 2016

..... continued

	2016 £	2015 £
Cost of sales		
Direct costs	63,268	127,786
Freelancers	13,251	79,038
	<u>76,519</u>	<u>206,824</u>
Employment costs		
Wages and salaries	219,169	255,493
Staff NIC (Employers)	24,279	34,510
Directors remuneration	80,495	86,250
Training	1,398	408
	<u>325,341</u>	<u>376,661</u>
Establishment costs		
Rent	21,482	22,978
Insurance	2,493	2,009
	<u>23,975</u>	<u>24,987</u>
General administrative expenses		
Telephone and fax	1,270	1,843
Computer software and maintenance costs	9,068	3,873
Printing, postage and stationery	1,249	2,317
Trade subscriptions	1,413	2,075
Charitable donations	3,031	10,350
Sundry expenses	(3,350)	-
Cleaning	798	781
Community engagement and marketing	69,787	58,120
Accountancy fees	2,565	1,000
Professional indemnity insurance	38	1,000
Legal and professional fees	2,577	7,753
Travel and subsistence	2,820	5,439
	<u>91,266</u>	<u>94,551</u>
Finance charges		
Bank charges	102	47
Depreciation costs		
Depreciation of plant and machinery	7,393	(14)
Depreciation of website development	-	5,220
Depreciation of office equipment	-	231
	<u>7,393</u>	<u>5,437</u>
Other interest receivable and similar income		
Bank interest receivable	152	405
	<u>152</u>	<u>405</u>

This page does not form part of the statutory financial statements.

