

The Low Carbon Hub IPS Limited

Registration No: 31903R

GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2022

The Low Carbon Hub IPS Limited
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FOR THE YEAR ENDED
31 MARCH 2022

CONTENTS

Aims and objectives	5
The Board's responsibilities	5
Report of the Board	6
Independent Auditor's Report	12
Consolidated Statement of Financial Position	16
Consolidated Income Statement	17
Consolidated Statement of Other Comprehensive Income	18
Consolidated Statement of Changes in Equity	19
Consolidated Cashflow Statement	20
Notes to the Consolidated Financial Statements	22
The Society's Statement of Financial Position	32
The Society's Income Statement	34
The Society's Statement of Changes in Equity	35
Notes to the Society's Financial Statements	36

The Low Carbon Hub IPS Limited
Report of the Board
For the Year End
31 March 2022

The Board presents its Report and the Group Financial Statements for the year ended 31 March 2022.

Full name: The Low Carbon Hub IPS Limited

Industrial & Provident Society Number: 31903R

Wholly owned subsidiaries

Low Carbon Hub Sandford Hydro Limited (Company Registration no: 9743887)

Ray Valley Solar Limited (Company Registration no: 12279415)

Principal Address

Holywell House, Osney Mead, Oxford OX2 0ES

Low Carbon Hub IPS Board Members

The Board members who served during the year were:

Steve Drummond

Adriano Figueiredo

Barbara Ann Hammond

Thomas Hoines

Luke Carl Marion

Timothy Paul Sadler

Company Secretary

Rachel Boyes-Watson (resigned 24 March 2022)

Barbara Hammond (appointed 24 March 2022)

Bankers

Triodos Bank
Deanery Road
Bristol BS1 5AS

Charity Bank
Fosse House
182 High Street
Tonbridge TN9 1BE

Auditors

Critchleys Audit LLP
Beaver House
23–38 Hythe Bridge Street
Oxford OX1 2EP

Solicitors

Blake Morgan
Seacourt Tower
West Way
Oxford OX2 0FB

Bates Wells Braithwaite
10 Queen Street Place
London EC4R 1BE

Governing document

The society is operated in accordance with the Rules of The Low Carbon Hub IPS Limited¹. It is a society limited by share capital. The liability of each Class A and Class B shareholder in the event of winding-up is £1.

¹ <https://www.lowcarbonhub.org/about/>

Aims and objectives

The Low Carbon Hub IPS is a Registered Society for the Benefit of the Community (previously known as an Industrial and Provident Society, hence IPS). Low Carbon Hub Sandford Hydro Limited and Ray Valley Solar Limited are both wholly owned subsidiaries of The Low Carbon Hub IPS Limited.

The Low Carbon Hub IPS develops renewable energy projects for partner organisations providing them with cheaper electricity, enabling them to meet carbon reduction commitments, and delivering positive corporate social responsibility and PR return. The IPS provides the capital so there is no investment cost to the installation host organisation. The IPS owns the installations and receives income from the sale and export of the electricity and retains the Feed-in Tariff. Surpluses from the IPS are used for community benefit, including supporting the Low Carbon Hub CIC (CIC) to fund work on community energy projects.

Overall management of the society is the responsibility of the directors, who agree and enter into all contracts on behalf of the society. Day-to-day company activity and company secretarial services are managed and carried out as a charged service by officers of the CIC. Administrative service fees payable to the CIC cover these services.

The Board's responsibilities

The Board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Board is required to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102. The financial statements are required by law to give a true and fair view of the state of affairs of the society and of its excess of income over expenditure for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. The Board is 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.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Board

This has been another year of growth and exciting opportunities for the Low Carbon Hub group. The Low Carbon Hub IPS (IPS) and Sandford Hydro have been participating in the work of Project LEO alongside the Low Carbon Hub CIC.

Project LEO (Local Energy Oxfordshire) is a £40m, multi-stakeholder partnership carrying out real-world trials in Oxfordshire to test the technology and markets that will underpin our future energy system. For its participation in the project the group has received £1,676,263, in grant funding, the purpose of which is two-fold:

Low Carbon Hub's existing assets are playing a significant part in Project LEO's technical trials to explore how flexibility services can be provided by small-scale renewable energy installations and how households and businesses can co-ordinate their use, storage, and generation of energy to meet their needs while reducing carbon emissions.

This year we undertook the first of three 'trial periods' in which we participated in the delivery of flexibility services procured by SSEN. This has involved bidding for contracts and then charging and discharging the battery at Rose Hill Primary School when called upon by Scottish and Southern Electricity Networks (SSEN). We have also trialled trades with Oxford City Council. In these trials Sandford Hydro is allowed to increase its generation beyond its normal cap. This is approved because Oxford City Council trades its 'spare' export capacity at Rose Hill Community Centre (in the winter when their solar panels are not generating at peak) to Sandford Hydro. Although no fees were exchanged in these first trials, they are a demonstration of a process by which Sandford Hydro can increase generation of clean energy (and revenue) and Oxford City Council can receive payment for export capacity that it isn't using.

We have also continued to work to create the smartest community energy portfolio ever by enabling our rooftop solar panel installations to be monitored and for the export level to be controlled. Although we would normally never want to reduce the export of clean energy from our solar panels, the roll-out of more solar generation in the transition to a decarbonised energy system will create challenges for the network operator at times of high generation but low demand. As part of Project LEO we are working out how to retrofit our solar installations which has involved many challenges. To overcome these challenges we have initiated an inverter upgrade programme: the inverters adapt the current generated by the panels so that it can be exported to the network, and the latest models can be connected to cloud-based platforms that allow us to monitor export in real time and to control the amount of exported electricity.

Grant funding is also contributing to the development of new renewable assets to meet the needs of specific system trials. A major on-going project for the year was the construction of Ray Valley Solar. When completed, it will be the UK's largest community-owned solar park and provide a key anchor load for the trials.

Equity

2021/22 saw a sixth share raise for the Community Energy Fund, with a total of £1,967,304 raised from 510 shareholders. This increase in equity enabled us to leverage the additional funding we required to start work on Ray Valley Solar.

At year end, we had 1,770 shareholders, 638 of whom have invested more than once in Low Carbon Hub IPS.

Debt finance

Charity Bank £2m long-term debt finance on Sandford Hydro: we have continued to meet our interest and capital repayments to schedule. The outstanding balance at year end was £1,623,723.

We have continued to make use of the Oxford City Council short-term rolling construction fund to support asset development during the financial year. During the year, Oxford City Council also agreed to commit long-term funding to support the development of Ray Valley Solar, providing a long-term low interest loan, replacing their short-term construction funding. At financial year end loans from Oxford City Council were £4,154,652. In the enclosed financial statements the balance outstanding at the financial year end is net of finance arrangement fees.

Project performance

In 2021/22 we generated 4,114 MWh against a forecast generation of 4,541 MWh. Solar generation was pretty much on target for the year: we achieved 2,899 MWh of solar generation, just half a percent under the generation forecast of 2,910 MWh.

The 2021/22 financial year was a year of two halves for hydro generation. The beginning of the year saw excellent generation, with Sandford Hydro generating 6% more than the model forecast up to the end of September. In November the hydro underwent upgrades to the system, including the installation of two new variable speed drives designed to improve the versatility of the hydro during extreme river conditions in the coming years. Unfortunately, issues with commissioning of the new drives over the winter period meant that two of the three screws were inoperable from October to early-February. This was compounded by patchy rain fall – with November and January particularly dry, impacting on river conditions.

Despite these issues, the hydro saw its best year of generation to date and, were it not for the issues related to the commissioning of the upgrades, the hydro would likely have exceeded the model for the first time. The total generation for the year was 1.215 GWh, which was 78% of the generation target.

Installations

Our total portfolio of completed and fully commissioned solar PV arrays remained the same with 45 installations on the roofs of 37 hosts, with a combined installed capacity of 3.80 MW, including Sandford Hydro, and an annual predicted generation of 4.5 GWh. Significant work has been carried out during the year on the development of new projects, all due to be fully commissioned and operational in the summer of 2022. Once completed, Ray Valley Solar will be the UK's largest community owned solar park, generating sufficient power to meet the electricity needs of over 6,000 typical homes. It will also mark a significant step change in generation for us, resulting in a five-fold increase in the amount of green electricity we will generate each year. Development of our roof top-solar pipeline also continued, with work underway on an extension to our Norbar array, and our first PV

array to be installed on a council residential block. These are both scheduled to be completed in the summer of 2022.

Community benefit

During the year we used £35,059 of our own funds to support community benefit projects. Since the society was established, we have now used £566,860 of our surpluses to support community benefit activity carried out by the IPS itself, the CIC and other local community organisations. All the activities funded support community-led action on climate change.

This year no donation was made to support the community benefit activities carried out by the CIC, as the CIC was able to fully meet its own community benefit expenditure from a combination of sources including grants, contracts and its own surpluses. Although there was no financial support given to the CIC this year, the IPS and CIC continued to work closely together support carbon cutting activity and innovation such as Project LEO. The costs of administering the grant programmes and writing case studies to support the sharing of learning was all covered by the CIC this year.

The Low Carbon Hub IPS made the following grants in 2021/22 to support community action on climate change

Large Grants Programme £15,500

£7,500 Low Carbon Oxford North-led consortium

To support the launch of 'Energy Saving Homes', a collaborative initiative to encourage households to undertake eco-renovation measures as a way of cutting energy costs and addressing climate change.

£3,000 Sustainable Wantage

For their 'Equipping Children for Cycling Mobility' project, supporting engagement with local primary schools and providing the cycling equipment and support needed to take part in bike training.

£5,000 Thame Green Living

To support the set-up of an electric car hire club.

Small Grants Programme £6,971

£471 Abingdon Carbon Cutters

To fund Hi Vis jackets and backpack covers as prizes for local schools taking part in a competition that would draw attention to the benefits of cycling.

£500 each Low Carbon Oxford North, Low Carbon Oxford South, Local Environment Action Florence Park, Oxford Friends of the Earth, Rose Hill and Iffley Low Carbon

Five community groups pooled their grants to help launch 'Energy Saving Homes', a collaboration to raise awareness of retrofitting homes to cut carbon emissions and tackle climate change. The consortium was also awarded a large grant to develop the project.

£500 Thame Green Living

To rent a designated car park space for the parking and charging of their electric car club vehicles. They were also awarded a large grant to support the development of the car club.

£500 each Westmill Sustainable Energy Trust (WeSET), Westmill Wind Farm Co-operative, Westmill Solar Co-operative

These groups pooled their grants to create educational resources to support sixth form students in schools and colleges in Oxfordshire to develop their Extended Project Qualification (EPQ) with a focus on community-owned renewable energy and sustainability.

£500 each West Oxford Community Renewables and Osney Lock Hydro

To go towards landscaping of the site surrounding Osney Lock Hydro to improve accessibility and open the site up to the community so more people can experience the thrill of seeing the hydro in action.

£500 Low Carbon West Oxford

To develop a booklet, aimed at parents and teachers, offering guidance on talking to children about the climate crisis.

£500 Greener Henley

To carry out phase two of installing LED lights throughout the D:2 community centre and café.

Climate Change Grants Programme £5,250

£2,000 Oxfordshire Treescape Project

A contribution towards the 'Our Land our Future' report which sets out the changes in Oxfordshire's land use that the project believes need to be achieved between now and 2050 if we are to reach net zero.

£1,000 MaidEnergy

A contribution towards MaidEnergy Thames Valley Athletics Centre installing a Ground Source Heat Pump.

£250 Oxford City Council

A contribution towards the Zero Carbon Oxford partnership led by Oxford City Council, working towards a plan for Oxford to become net zero.

£2,000 Rose Hill Smart and Fair Neighbourhood Trial (Project LEO)

Towards participant recruitment and engagement for the Rose Hill Smart and Fair Neighbourhood Trial taking place as part of Project LEO (Local Energy Oxfordshire).

During the year it was also agreed to that a grant of £1,500 previously awarded to Westmill Sustainable Energy Trust (WeSET), Westmill Wind Farm Co-operative, Westmill Solar Co-operative towards a visitor's centre project could be reallocated to the creation of educational materials.

Renewable Generation Grant £7,338

As part of the agreement to transfer engagements from ONCORE to the Low Carbon Hub IPS Limited, we promised to honour ONCORE's commitment to support the work of Low Carbon Oxford North with income generated by the solar PV arrays on Cherwell School and St Barnabas Primary School, plus interest from donated shares from these schemes.

In 2021/22 the combined total enabled LCON to fund a part time co-ordinator, Julia Patrick, for about six hours a week during term time.

Julia writes the monthly LCON newsletter and runs the educational events. She co-organised a project on sustainable fashion with three local schools including Cherwell School, working with local sustainability educator Kim Polgreen and with Oxfam HQ. She keeps in touch with members, partners, and the public via social media and other means.

Wider social impact

Our IPS projects deliver a range of environmental and social benefits. In 2021/22 these included:

- Generating 4,114,785 kWh – enough power to meet the typical electricity needs of 1,418 households
- Saving 952 tonnes of CO₂ (based on a carbon intensity of 0.23112 kg CO₂e per kWh)
- Saving host organisations £72,616 on their electricity bills through the supply of discounted green electricity.

Financial performance

Income continued to grow in the year and reached a record figure of £1,310,935, compared with £1,072,211 in 2020/21. This was assisted by government grant income of £245,281 related to the company's portfolio of assets being included in the Innovate UK-funded Local Energy Oxfordshire (LEO) project.

An operating loss of £113,661 was returned in the year, compared to £138,607 in the prior year. The financial structure of the Society is such that operating losses are expected each year, due to the fact that the projects are treated as 'wasting assets', resulting in large depreciation charges, because community benefit donations paid directly to community

groups, other projects, and the Low Carbon Hub CIC are treated as an administration expense, and because returns to shareholders are paid as interest.

Key terms

CIC = Community Interest Company kW = kilowatt

KWp = kilowatt peak MW = megawatt

MWh = megawatt hour GWh = gigawatt hour

Auditor

A resolution to re-appoint Critchleys Audit LLP as the Auditors for the ensuing year will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board on 2022

Tim Sadler	Luke Marion	Dr Barbara Hammond
Chair	Treasurer	Secretary

Independent Auditor's Report

To the members of The Low Carbon Hub IPS Limited for the Year Ended 31 March 2022

Opinion

We have audited the financial statements of The Low Carbon Hub IPS Limited (the 'society') for the year ended 31 March 2022, which comprise the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes to the consolidated accounts, along with the Society's Statement of Financial Position, the Society's Income Statement, the Society's Statement of Changes in Equity and the related notes to the Society's accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and society's affairs as at 31 March 2021 and of the group and society's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Board are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation;
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement [set out on page 5], the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee of management either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the entity through discussions with the Board and other management, and from our c knowledge and experience of the client's business sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of entity;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the entity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;

- enquiring of management as to actual and potential litigation and claims; and
- reviewing terms of grant and loan agreements.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Board and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

Use of our report

This report is made solely to the society's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members 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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Critchleys Audit LLP, Statutory Auditor Oxford

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The Low Carbon IPS Limited

Consolidated Statement of Financial Position as at 31 March 2022

	Notes	2022	2021
		£	£
Intangible Fixed Assets	7.	8,775	9,264
Tangible Fixed Assets	8.	<u>15,850,071</u>	<u>9,184,272</u>
		15,858,846	9,193,536
Current Assets			
Stock	9.	40,217	-
Debtors	10.	3,338,410	1,649,639
Cash at bank and in hand	11.	<u>1,589,101</u>	<u>444,264</u>
		4,967,728	2,093,903
Creditors: Amounts falling due within one year	12.	4,108,328	1,443,451
Net Current Assets / (Liabilities)		<u>859,400</u>	<u>650,452</u>
Total Assets Less Current Liabilities		<u>16,718,246</u>	<u>9,843,988</u>
Creditors: Amounts falling due after more than one year	13.	<u>8,084,415</u>	<u>2,623,531</u>
Total Net Assets		<u>8,633,831</u>	<u>7,220,457</u>
Capital and Reserves			
Share Equity	14.	10,050,891	8,355,563
Income and Expenditure Account		<u>(1,417,060)</u>	<u>(1,135,106)</u>
Members' Funds		<u>8,633,831</u>	<u>7,220,457</u>
Signed on behalf of the Board and authorised for issue on			2022.

Tim Sadler

Chair

Luke Marion

Treasurer

Barbara Hammond

Secretary

The Low Carbon Hub IPS Limited

Consolidated Income Statement as at 31 March 2022

	<i>Notes</i>	YEAR ENDED 31 MARCH 2022	YEAR ENDED 31 MARCH 2021
		£	£
Income			
Electricity Sales		374,361	377,168
FIT Income		437,731	451,909
Interest income		937	846
Government grant income		<u>248,514</u>	<u>242,288</u>
		1,061,543	1,072,211
Expenditure			
Community Benefit Donations	3.	35,059	61,261
Depreciation/Amortisation Expense	7.& 8.	423,791	413,188
Administration fees	4.	304,411	277,051
Interest Payable	5.	<u>138,808</u>	<u>88,429</u>
		902,069	839,929
Earnings before Tax and Members Interest		<u>159,474</u>	<u>232,282</u>
Members Interest Payments	5.	441,428	370,889
Deficit for the year		<u>(281,954)</u>	<u>(138,607)</u>
Taxation	6.	-	-
Deficit transferred to retained reserve		<u>(281,954)</u>	<u>(138,607)</u>

The Low Carbon Hub IPS Limited

Consolidated Statement of Other Comprehensive Income as at 31 March 2022

	YEAR ENDED 31 MARCH 2022	YEAR ENDED 31 MARCH 2021
	£	£
Deficit for the year	(281,954)	(138,607)
Total other comprehensive income		-
Total comprehensive income for the year	(281,954)	(138,607)

The Low Carbon Hub IPS Limited

Consolidated Statement of Changes in Equity as at 31 March 2022

	Share Capital	Income and Expenditure Account	Total Shareholders' Funds
	£	£	£
At 31 March 2020	5,808,978	(996,499)	4,812,479
Deficit for the year		(138,607)	(138,607)
Other comprehensive income	-	-	-
Issue of new equity shares	2,595,297	-	2,595,297
Repayment of shares	(48,712)	-	(48,712)
At 31 March 2021	8,355,563	(1,135,106)	7,220,457
Deficit for the year		(281,954)	(281,954)
Other comprehensive income	-	-	-
Issue of new equity net of share raise fees	1,825,022		1,837,799
Repayment of shares	(129,694)		(129,694)
At 31 March 2022	10,050,891	(1,417,060)	8,633,831

The Low Carbon Hub IPS Limited

Consolidated Cashflow Statement as at 31 March 2022

		YEAR ENDED 31 MARCH 2022		YEAR ENDED 31 MARCH 2021
	£	£		£
Opening cash		444,264		278,515
Deficit for the year	(281,952)		(138,607)	
Depreciation	423,791		413,188	
Community benefit donations	35,049		61,261	
Interest expense	455,236		459,318	
Operating surplus		632,124		795,160
Working capital movements		(268,549)		459,595
Net cash flow from operating activities		293,477		1,254,755
Net capital investment		(7,436,969)		(2,583,236)
Community benefit donations		29,750		(126,060)
Net cash flow from investing activities		(7,407,219)		(2,709,296)
New share equity raised		1,967,304		2,595,297
Oxford City Council Construction Fund		-		(531,438)
Oxford City Council Salix Loan		2,054,652		
Oxford City Council Non-Salix Loan		2,000,000		
Repayment of loans		(100,001)		(100,877)
Members interest payments		(370,889)		(270,350)
Interest on debt finance		(138,808)		(88,429)
Repayment of shares		(129,695)		(43,004)
Net cash flow from financing activities		8,188,481		1,555,491
Cash as at the balance sheet date		1,589,101		444,264

The Low Carbon Hub IPS Limited

Consolidated Cashflow Statement as at 31 March 2022

Reconciliation of Consolidated Net Debt

	1 April 2021	Cash flows	Other non-cash changes	31 March 2022
	£	£	£	£
Unrestricted Cash at bank (see Note 11)	364,727	1,289,367		1,554,094
Loans due within one year	(193,000)	(2,837,248)	(1)	(3,030,249)
Loans due after one year	(1,626,633)	(3,864,894)	1	(5,491,527)
Net debt	(1,454,906)	(5,412,775)	-	(6,967,681)

Loans consist of Charity Bank loan and three Loans from Oxford City Council for Salix, Non Salix and fish pass facilities. The Oxford City Council construction facility of £2.3m whilst utilised within the year was repaid in the year ended 31 March 2022. The loans stated are at net of Finance arrangement fees.

The Low Carbon Hub IPS Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2022

1. Entity information and Statement of compliance with FRS 102

The Low Carbon Hub IPS is an Industrial and Provident Society for the Benefit of the Community (IPS Bencom) with registered number 31903R. The society is incorporated in England and Wales and has its registered office at Holywell House, Osney Mead, Oxford OX2 0ES.

These financial statements were prepared in accordance with Financial Reporting Standard 102 and in accordance with applicable accounting standards.

The principal accounting policies adopted by the Society are set out in note 2.

2. Accounting Policies Basis of preparation

The consolidated financial statements include the result of the subsidiary companies, Low Carbon Hub Sandford Hydro Limited and Ray Valley Solar Limited.

The Financial Statements have been prepared under the historical cost convention using the following accounting policies:

Judgements

The main judgments made by the Directors in preparing the Financial Statements are the use life of tangible fixed assets and whether there has been any impairment in the value of fixed assets.

Income

The income shown in the Income and Expenditure Account represents amounts receivable during the year in respect of services provided by the group.

Grants to fund the acquisition of tangible fixed assets (both government grants and grants from other entities) are credited to deferred income upon receipt. They are then released to income (to match against the related depreciation charge) over the useful life of the asset funded by the grant. Grants to cover expenses are recognised in income in the period in which the expense is incurred.

Tangible Fixed Assets

Tangible Fixed Assets are stated at cost. Cost includes all costs incurred to bring assets into service, including legal fees, construction costs, development fees payable to The Low Carbon Hub CIC, and an allocation of financing costs.

Depreciation is calculated to write off the cost of an asset on a straight-line basis over the expected useful life of the asset.

Capital grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. These grants are credited to deferred income and so are released to the income statement over the expected useful life of the asset.

The Low Carbon Hub IPS Limited

Solar PV Arrays

The useful life of solar PV arrays is estimated based on the duration of the FiT payments that are receivable in respect of that array, which are typically 20 years.

Inverters used on solar PV arrays are anticipated to have a shorter useful life than the arrays themselves. In recognition of this, these are separated out from the array they support and are depreciated over 10 years.

Hydro Plant and Machinery

The useful life of the Sandford Hydro plant is estimated to be 40 years based on the life span of the civil engineering works.

The plant machinery is anticipated to have a shorter useful life than the plant and is depreciated over 10 years.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Loans

Third party loans are net of external finance arrangement fees.

Taxation

No deferred tax asset is currently recognised in respect of any taxation losses.

Derivatives and Financial Instruments

Financial Instruments are classified and accounted for, where appropriate, according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments.

Interest on members' equity

Interest on members' equity is recorded as an expense once the interest payment has been agreed by the board. All interest payments are made at the discretion of the board and therefore no accrual is made for interest payments not yet declared.

3. Community benefit donations

In accordance with the Company's aims and objectives, historically surpluses from projects that have been for at least one year are passed to The Low Carbon Hub CIC in the form of a Community Benefit Donation. In the year ending 31 March 2022 The Low Carbon Hub IPS Limited initiated the policy of directly distribution of Community Benefit Donations. These funds are used to support its activities within Oxfordshire focussed on improving energy efficiency, and on increasing the amount of energy produced from community-owned renewable sources.

During the year, direct donations £35,059 (2021: £61,261 via Low Carbon Hub CIC) were recorded as expenses.

The Low Carbon Hub IPS Limited

4. Administration costs

Administration costs are made up of the following:

	2022	2021
	£	£
Low Carbon Hub CIC (see related parties note)	133,950	125,192
Other Admin Fees	52,590	30,784
Other Operations & Maintenance Fees	117,871	121,075
	304,411	277,051

The audit fee for 2021/22 included in these accounts was £6,825 (2021: £5,000).

5. Interest payable

	2022	2021
	£	£
Loan Interest	138,808	73,734
Other interest	-	14,695
	138,808	88,429
Members Interest Payments	<u>441,428</u>	<u>370,889</u>
	580,236	459,318

For 2021/22 Directors have declared interest payments on outstanding capital as follows:

	Interest rate	Interest due £
Solar PV 2014	5.60%	95,241
Solar PV 2016	5.49%	40,880
Sandford Hydro 2016	4.10%	59,990
ONCORE A 25 Year Pledge	4.20%	4,738
ONCORE A Withdrawable	3.00%	720
ONCORE B	4.20%	3,535
Community Energy Fund	4.00%	236,324
		441,428

£441,428 (2021: £326,664) has been accrued at the balance sheet date and it is expected that this will be paid out prior to the 2022 AGM.

6. Taxation

A reconciliation of income tax applicable to accounting profit before tax at the statutory tax rates for the years ended 31 March 2022 and 31 March 2021 is as follows:

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The standard rate of corporation tax for the year ended 31 March 2022 was 19%(2021: 19%).

The Low Carbon Hub IPS Limited

	2022	2021
	£	£
(Deficit) for the year before tax	(281,954)	(138,607)
At United Kingdom Tax rate of 19%	(53,571)	(26,335)
Creation of tax losses	53,571	26,335
Total reported on the income statement	-	-

7. Intangible Fixed Assets

	Goodwill
	£
At 31 March 2021	10,731
Arising in the year	-
As at 31 March 2022	10,731
Amortisation	
As at 31 March 2021	1,467
Amortisation in the year	489
As at 31 March 2022	1,956
Net book value at 31 March 2021	9,264
Net book value at 31 March 2022	8,775

Goodwill arose in relation to the transfer of engagements of ONCORE on 1 June 2018.

The Low Carbon Hub IPS Limited

8. Tangible Fixed Assets

	Sandford Hydro	Ray Valley Solar under construction	Solar PV Arrays	Inverters	Rose Hill Battery	WIP & Office	Total
	£	£	£	£	£	£	£
Cost							
At 31 March 2021	3,789,091	2,346,896	3,987,461	260,780		440,838	10,825,066
Additions		6,990,708		960	62,687	190,053	7,244,408
Disposals						(155,307)	(155,307)
At March 2022	3,789,091	9,337,604	3,987,461	261,740	62,687	475,584	17,914,167
Depreciation							
At 31 March 2021	483,870	-	1,026,285	130,379	-	260	1,640,794
Provided during the year	155,516	-	227,889	26,870	12,537	490	423,302
Disposals	-	-	-	-	-	-	-
At 31 March 2022	639,386	-	1,254,174	157,249	12,537	750	2,064,096
Net book value							
At 31 March 2021	3,305,221	2,346,896	2,961,176	130,401	-	440,578	9,184,272
At 31 March 2022	3,149,705	9,337,604	2,733,287	104,491	50,150	474,834	15,850,071

Sandford Hydro Limited

Sandford Hydro plant was completed during 2018. Of the costs capitalised to date on Sandford Hydro Limited £410,239 (2019/20: £410,239) relates to financing costs.

A total of £Nil (2021: £85,265) of financing costs were capitalised into Tangible Fixed Asset cost during the year. Of these costs, Nil (2021: £1,003 nil) related to interest on loan finance; and £Nil (2021 £84,262 related to costs incurred in relation to newshare offerings. The finance costs previously included in Tangible Fixed Asset Working-in-Progress in the year ended 31 March 2021 related to the issue of share capital have in the year ending 31 March 2022 have been netted against members equity as required under Sections 611 to 615 Companies Act.

Ray Valley Solar Limited

The IPS acquired 100% of the share capital of Ray Valley Solar Limited on 30 September 2020 for consideration of £683,305 (£411,000 of which is deferred at 31 March 2022 that was paid on 2 August 2022). As at the asset acquisition date Ray Valley Solar Limited did not have any separable net assets and on consideration the excess of the consideration over the assets has been added to the Ray Valley Solar tangible fixed asset as the Board believes this relates to initial work and costs carried out by the previous owners in respect of gaining the necessary consents and permissions for the solar farm and to bringing the project to an investable position. Ray Valley Solar became operational in September 2022.

The Low Carbon Hub IPS Limited

9. Stock

	2022	2021
	£	£
Stock	40,217	-

The stock held relates to inverters purchased by The Low Carbon Hub IPS Limited that were held at a third-party contractors premises at the year-end. Post year end these were installed as part of upgrading process for Peoples Power Station 2.0 development.

10. Debtors

	2022	2021
	£	£
Trade Debtors	28,809	156,147
Amounts owed from Low Carbon Hub C.I.C. (see note 16)	1,300,122	1,217,214
Accrued Income Electricity Sales & FIT	24,192	13,472
Prepayments and accrued income	323,191	68,446
VAT recoverable	1,662,096	194,360
	3,338,410	1,649,639

11. Cash or cash equivalents

	2022	2021
	£	£
Unrestricted cash	1,554,094	364,727
Restricted cash	35,007	79,537
	1,589,101	444,264

Management have set aside £35,007 (2021 £79,537) as a fund to cover expected future inverter replacement requirements. This level of cash will be regularly reviewed against expected requirements.

The Low Carbon Hub IPS Limited

12. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Charity bank loan (See Note 13)	100,001	93,000
Triodos Construction Loan Facility	2,788,548	-
Oxford City Council Salix Loan (See Note 13)	77,592	-
Oxford City Council Non Salix Loan (See Note 13)	64,108	-
Oxford City Council Fish Pass Loan (See Note 13)	-	100,000
Trade Creditors	45,717	175,493
Deferred consideration	411,000	411,000
Accruals	496,473	350,234
Deferred Income	124,889	313,724
	4,108,328	1,443,451

The Triodos Bank Construction Loan facility of £2,788,548 made up of £1,882,630 for the Ray Valley Solar development net of finance arrangement fees and £905,918 for a VAT facility loan. The development loan becomes payable on Provisional Acceptance Date which is anticipated to be January 2023 and will be replaced with an Operating Loan of 15 years under signed agreements made with the Triodos Bank. This loan is secured on Ray Valley Solar assets. The VAT facility is repayable on monies being received from HMRC on Ray Valley Solar construction invoices.

The deferred consideration of £411,000 for Ray Valley Solar Limited was paid on 2 August 2022.

The Low Carbon Hub IPS Limited

13. Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Charity bank Loan	1,523,721	1,626,633
Oxford City Council Salix Loan	1,954,213	-
Oxford City Council Non Salix Loan	1,913,592	-
Oxford City Council Fish Pass Loan	100,000	-
Deferred income	2,592,889	996,898

On 23 September 2016, a £2,000,000 loan facility was signed between Low Carbon Hub Sandford Hydro Limited and The Charity Bank as long-term finance for the construction of the Sandford Hydro project. This finance has an interest rate of 3.5% over Bank of England Base Rate and is due for repayment in September 2034. This loan is secured against the Sandford Hydro asset. The balance remaining at year end is £1,623,723 (2021: £1,719,633).

On 23 February 2022 two loan facilities were signed between The Low Carbon Hub IPS Limited and Oxford City Council as long-term finance for the construction of Ray Valley Solar project as annotated within this note and note 12. The Salix Loan has an interest rate of 1.45% and is due for repayment on 31 March 2045. The Non-Salix Loan has an interest rate of 2.85% and is due for repayment on 31 March 2045. These loans are secured against Ray Valley Solar assets. The balances stated at year end for Salix Loan is £2,031,805 (2021: £Nil) and Non-Salix Loan £1,977,700 (2021: £Nil) net of external finance arrangement fees.

The Oxford City Council Fish Pass Loan with The Low Carbon Hub IPS Limited that was utilised in the Sandford Hydro was renewed within the year at an interest rate of 2%. The Loan is repayable on 10 April 2023.

Deferred income represents grants to fund acquisition of tangible fixed assets. This is released to income (to match against the depreciation charge) over the useful life of the asset funded by the grant.

The Low Carbon Hub IPS Limited

14. Share Equity

The equity held by shareholders at 31 March 2022 is as follows:

	2022	2021
	£	£
Class B £1 Shares Solar PV 2013	145,800	145,800
Class A £1 Shares Solar PV 2014	1,552,640	1,629,075
Class A £1 Shares Solar PV 2016	742,507	777,307
Class A £1 Shares Sandford Hydro 2016	1,463,177	1,471,177
Oncore -£1 Portfolio A 25 Year Pledge	112,109	116,776
Oncore - £1 Portfolio A Withdrawable	24,010	24,010
Oncore - £1 Portfolio B	84,045	87,136
Community Energy Fund £1 Shares	6,068,886	4,104,282
	10,193,174	8,355,563

Share capital on the Balance Sheet is stated net of the costs of raising and issuing equity shares.

Number of individual shareholders by share class at 31 March 2022:

Share Class	2022	2021
Class B - Solar PV 2013	10	10
Class A - Solar PV 2014	344	345
Class A - Solar PV 2016	253	240
Class A - Sandford Hydro 2016	544	465
Class A - ONCORE - £1 Portfolio A 25 Year Pledge	72	63
Class A - ONCORE - £1 Portfolio A Withdrawable	13	13
Class A - ONCORE - £1 Portfolio B	37	37
Class A - Community Energy Fund £1 Shares	3,008	1,180

Rights, Preferences and Restrictions attaching to Share Classes

Class A shares are non-transferable. They can be withdrawn by agreement between the Directors and the member holding a class A share.

Class B shares can be transferred between family members, or to any trust established for the benefit of family members at any time. They can only be transferred outside of a family member by giving formal notice to the Directors of their wish to do so, and by following a prescribed process set out in section 9 of the Society's rules, which can be found online at <https://www.lowcarbonhub.org/wp-content/uploads/2020/07/Low-Carbon-Hub-IPS-Rules-2020.pdf>

The Low Carbon Hub IPS Limited

Terms under which capital can be repaid to members for each share class are set out in section 7 of the Society's rules, which can be found online at <https://www.lowcarbonhub.org/wp-content/uploads/2020/07/Low-Carbon-Hub-IPS-Rules-2020.pdf>

All members have one vote at General Meetings of the Society, regardless of how many shares they hold.

15. Board Members' Remuneration

No expenses were paid to any Board members in their capacity as Board members.

16. Capital and Leasing Commitments

The Group had capital commitments of £878,079 at 31 March 2022 (2020: £8,060,813).

17. Related Party Transactions

During the year the group made the following transactions with:

The Low Carbon Hub CIC:

£123,929 was paid in respect of Investor Registry Services, Administration and Operations & Maintenance costs (2020: £121,091); and £Nil was included as a Community Benefit Donation, as described in Note 3 (2020: £61,621). £256,423 was paid in respect of Project Development Fees (2021: £Nil).

Finally, £4,600 (2021: £Nil) was paid to the Low Carbon Hub CIC as a finance arrangement fee for the continued access to the Oxford City Council Revolving Construction Loan fee and £84,546 for arranging the Triodos Banking Loan and banking facilities for Ray Valley Solar (2021 £Nil). £29,510 to reimburse it for costs incurred in preparation for new share offers during the year (2021: £42,705).

At the balance sheet date, £1,300,122 (2021: ££1,217,214) was owed by The Low Carbon Hub CIC and included in trade creditors was £7,933 (2019: £81,776) owed to The Low Carbon Hub CIC.

18. Subsequent events

Since the year end Ray Valley Solar site has become operational. Due to the delay in electricity generation from the site due to construction setbacks the main contractor was invoiced £582,054 by Ray Valley Solar Limited for Liquidated Damages pursuant to the Engineering, Procurement, Construction and Installation Contract dated 26 February 2021. This invoice was paid on 6 October 2022 by the contractor.

The Low Carbon Hub IPS Limited

The Society's Statement of Financial Position as at 31 March 2022

	Notes	2022	2021
		£	£
Intangible Fixed Assets	8.	8,775	9,264
Tangible Fixed Assets	9.	3,333,382	3,508,729
Fixed Asset Investments	10.	9,303,668	4,502,926
		12,645,825	8,020,919
 Current Assets			
Stock	11	40,217	
Debtors	12	609,495	1,077,821
Cash at bank and in hand	13	1,401,329	110,870
		2,051,041	1,188,691
Creditors: Amounts falling due within one year	14	1,120,036	1,211,483
		931,005	(22,792)
Net Current (liabilities)			
Total Assets Less Current Liabilities		13,576,830	7,998,127
Creditors: Amounts falling due after more than one year	15	4,059,228	156,806
Total Net Assets		9,517,602	7,841,321
 Capital and Reserves			
Share Equity	16	10,044,904	8,355,563
Income and Expenditure Account		(527,302)	(514,242)
Shareholders' Funds		9,517,602	7,841,321

Signed on behalf of the Board and authorised for issue on 2022

Tim Sadler
Chair

Luke Marion
Treasurer

Barbara Hammond
Secretary

The Low Carbon Hub IPS Limited

The Low Carbon Hub IPS Limited

The Society's Income Statement as at 31 March 2022

	Notes	YEAR ENDED 31 MARCH 2022	YEAR ENDED 31 MARCH 2021
		£	£
Income			
Electricity Sales		294,851	296,193
FIT Income		261,147	293,216
Government grant income		187,427	169,094
Interest Receivable	3.	<u>249,801</u>	<u>110,026</u>
		993,226	868,529
Expenditure			
Community Benefit Donations	4.	35,059	61,261
Administration fees	5.	187,372	161,421
Interest Payable	7.	74,151	24,353
Depreciation/Amortisation Expense	8.& 9.	<u>268,275</u>	<u>257,642</u>
		564,857	504,677
Earnings before Tax and Members Interest		428,369	363,852
Members Interest Payments	7.	<u>441,429</u>	<u>370,889</u>
Surplus/(Deficit) for the year		(13,060)	(7,037)
Taxation	6.	-	-
Surplus/(Deficit) transferred to retained reserve		(13,060)	(7,037)

There were no recognised gains or losses other than those included in the Income & Expenditure Account.

The Low Carbon Hub IPS Limited

The Society's Statement of Changes in Equity as at 31 March 2022

	Share Capital	Income and Expenditure Account	Total Shareholders' Funds
	£	£	£
At 31 March 2020	5,808,978	(507,205)	5,301,773
Loss for the year		(7,037)	(7,037)
Issue of new equity Shares	2,595,297	-	2,595,297
Repayment of shares	(48,712)	-	(48,712)
At 31 March 2021	8,355,563	(514,242)	7,841,321
Loss for the year		(13,060)	(13,060)
Issue of new equity Shares	1,819,035		1,819,038
Repayment of shares	(129,694)		(129,694)
At 31 March 2022	10,044,904	(527,302)	9,517,602

The Low Carbon Hub IPS Limited

Notes to the Society's Financial Statements for the Year Ended 31 March 2022

1. Entity information and Statement of compliance with FRS 102

The Low Carbon Hub IPS is a 'not-for-profit' Industrial and Provident Society for the Benefit of the Community with registered number 31903R. The society is incorporated in England and Wales and has its registered office at Holywell House, Osney Mead, Oxford OX2 0ES.

These financial statements were prepared in accordance with Financial Reporting Standard 102 and in accordance with applicable accounting standards. The principal accounting policies adopted by the Society are set out in note 2.

2. Accounting Policies Basis of preparation

The Society has taken advantage of the Disclosure Exemption under FRS 102 and has not prepared its own statement of cash flows. The Financial Statements have been prepared under the historical cost convention using the following accounting policies:

Judgements

The main judgments made by the Directors in preparing the Financial Statements are the use life of tangible fixed assets and whether there has been any impairment in the value of fixed assets.

Income

The income shown in the Income and Expenditure Account represents amounts receivable during the year in respect of services provided by the Society.

Grants to fund the acquisition of tangible fixed assets are credited to deferred income upon receipt. They are then released to income (to match against the related depreciation charge) over the useful life of the asset funded by the grant. Grants to cover expenses are recognised in income in the period in which the expense is incurred.

Tangible Fixed Assets

Tangible Fixed Assets are stated at cost. Cost includes all costs incurred to bring assets into service, including legal fees, construction costs, development fees payable to The Low Carbon Hub CIC, and an allocation of financing costs.

Depreciation is calculated to write off the cost of an asset on a straight line basis over the expected useful life of the asset.

Bank Borrowings

External bank borrowings net of capitalised bank arrangement fees. It does not include lease liabilities.

Solar PV Arrays

The useful life of solar PV arrays is estimated based on the duration of the FiT payments that are receivable in respect of that array, which are typically 20 years.

The Low Carbon Hub IPS Limited

Inverters used on solar PV arrays are anticipated to have a shorter useful life than the arrays themselves. In recognition of this, these are separated out from the array they support and are depreciated over 10 years.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

No deferred tax asset is currently recognised in respect of any taxation losses.

Derivatives, financial Instruments and investments

Financial Instruments are classified and accounted for, where appropriate, according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments.

Investments in subsidiaries are included at cost.

Interest on members' equity

Interest on members' equity is recorded as an expense once the interest payment has been agreed by the board. All interest payments are made at the discretion of the board and therefore no accrual is made for interest payments not yet declared.

3. Interest Receivable

	2022	2021
	£	£
Sandford Hydro IPS Equity and Working Capital Loan Interest	97,355	103,504
Ray Valley Solar IPS Equity and Working Capital Loan Interest	151,780	5,802
Bank and other Interest	666	720
	249,801	110,026

Loans have been made to Low Carbon Hub Sandford Hydro and Ray Valley Solar as detailed in note 19, Related Party Transactions.

Sandford Hydro Limited equity loan interest of £85,354 (2021: £87,057) was accrued as interest on the £1,624,177. (2021: £1,674,177) Sandford Hydro equity loans. Interest has been charged at a rate of 5% for 2021/22, which is the equivalent of the members' interest rate of return. Sandford Hydro Limited also holds Fish Pass Loan. The loan agreement for £100,000 (2021: £100,000) is between the Low Carbon Hub IPS with Oxford City Council with the monies loaned onto Sandford Hydro at the same headline 2% interest rate. Interest accrued in the year was £2,000 (2021: £2,000). Sandford Hydro also has working capital loan of £200,000 (2021: £200,000) with the Low Carbon Hub IPS. The interest accrued was £10,000 (2021: £14,447) at a rate of 5%.

The Low Carbon Hub IPS Limited

Ray Valley Solar Limited equity loan interest of £151,780 (2021: £5,802) was accrued as interest on the £6,252,940 (2021: £1,845,443) Ray Valley Solar equity loan. Interest has been charged at a rate of 5% for 2021/22, which is the equivalent of the members' interest rate of return. Community Benefit Donations

In accordance with the Company's aims and objectives, historically surpluses from projects that have been for at least one year are passed to The Low Carbon Hub CIC in the form of a Community Benefit Donation. In the year ending 31 March 2022 The Low Carbon Hub IPS Limited initiated the policy of directly distribution of Community Benefit Donations. These funds are used to support its activities within Oxfordshire focussed on improving energy efficiency, and on increasing the amount of energy produced from community-owned renewable sources.

During the year, direct donations £35,059 (2021: £61,261 via Low Carbon Hub CIC) were recorded as expenses.

4. Administration Costs

Administration costs are made up of the following:

	2022	2021
		£
Low Carbon Hub CIC (see related parties note)	119,345	110,532
Other Admin Fees	34,545	18,651
Other Operations & Maintenance Fees	33,482	32,238
	187,372	161,421

The audit fee for 2021/22 included in these accounts is £6,825 (2021: £5,000).

5. Taxation

A reconciliation of income tax applicable to accounting profit before tax at the statutory tax rates for the years ended 31 March 2022 and 31 March 2021 is as follows:

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The standard rate of corporation tax for the year ended 31 March 2021 was 19% (2020: 19%).

	2021	2021
	£	£
(Deficit) for the year before tax	(13,060)	(7,037)
At United Kingdom Tax rate of 19%	(2,481)	(1,337)
Creation of tax losses	2,481	1,337
Total reported on the income statement	-	-

The Low Carbon Hub IPS Limited

6. Interest Payable

	2022	2021
	£	£
Loan Interest	74,151	9,658
Other interest	-	14,695
	74,151	24,353
Members Interest Payments	<u>441,429</u>	<u>370,889</u>
	515,580	395,242

For 2021/22 the Directors have declared interest payments on outstanding capital as follows:

	Interest rate	Interest Due £
Solar PV 2014	5.60%	95,241
Solar PV 2016	5.49%	40,880
Sandford Hydro 2016	4.10%	59,990
ONCORE A 25 Year Pledge	4.20%	4,738
ONCORE A Withdrawable	3.00%	720
ONCORE B	4.20%	3,535
Community Energy Fund	4.00%	236,324
		441,428

£441,428 (2020: £326,664) has been accrued at the balance sheet date and it is expected that this will be paid out prior to the 2022 AGM.

7. Intangible Fixed Assets

	Goodwill
	£
As at 1 April 2021	10,731
Arising in the year	-
As at 31 March 2022	10,731
Amortisation	
As at 1 April 2021	1,467
Amortisation in the year	489
As at 31 March 2022	1,956
Net book value at 31 March 2021	9,264
Net book value at 31 March 2022	8,775

Goodwill arose in relation to the transfer of engagements of ONCORE on 1 June 2018.

The Low Carbon Hub IPS Limited

8. Tangible Fixed Assets

	Solar PV Arrays	Inverters	Rose Hill Battery	WIP & Office	Total
	£	£	£	£	£
Cost					
At 31 March 2021	3,987,461	260,780		£411,458.00	4,659,699
Additions		960	62,687	190,053	253,700
Disposals				(155,307)	(155,307)
At March 2022	3,987,461	261,740	62,687	446,204	4,758,092
Depreciation					
At 31 March 2021	1,026,285	130,379	-	260	1,156,924
Provided during the year	227,889	26,870	12,537	490	267,786
Disposals		-	-	-	-
At 31 March 2022	1,254,174	157,249	12,537	750	1,424,710
Net book value					
At 31 March 2021	2,961,176	130,401	-	411,198	3,502,775
At 31 March 2022	2,733,287	104,491	50,150	445,454	3,333,382

A total of £Nil (2021: £85,265) of financing costs were capitalised into Tangible Fixed Asset cost during the year. Of these costs, £Nil (2021: £1,003 nil) related to interest on loan finance and £Nil (2021 £84,262 related to costs incurred in relation to newshare offerings. The finance costs previously included in Tangible Fixed Asset Working-in-Progress in the year ended 31 March 2021 related to the issue of share capital have in the year ending 31 March 2022 have been netted against members equity as required under 611 to 615 Companies Act.

9. Fixed Asset Investments

	2021	2021
	£	£
Investment in subsidiary - Low Carbon Hub Sandford Hydro Limited	1	1
Investment in subsidiary – Ray Valley Solar Limited	683,305	683,305
Loans to subsidiaries (note 18)	8,620,362	3,819,620
	9,303,668	4,502,926

The Society owns 100% of the share capital of Low Carbon Hub Sandford Hydro Limited and Ray Valley Solar Limited, companies incorporated in England and Wales and having its registered office at Holywell House, Osney Mead, Oxford, OX2 0ES.

The Low Carbon Hub IPS Limited

10. Stock

	2022	2021
	£	£
Stock	40,217	-

The stock held relates to Inverters purchased by The Low Carbon Hub IPS Limited that were held at a third-party contractors premises at the year-end. Post year end these were installed as part of upgrading process for People's Power Station 2.0 development.

11. Debtors

	2022	2021
	£	£
Trade Debtors	28,809	80,039
Accrued Income Electricity Sales & FIT	1,756	13,235
Prepayments and accrued income	48,742	362,912
VAT recoverable	83,460	-
Amounts owed from Low Carbon Hub C.I.C. (see note 18)	436,564	571,776
Amounts owed from Low Carbon Hub Sandford Hydro Limited	10,164	49,859
	609,495	1,077,821

12. Cash or cash equivalents

	2021	2020
	£	£
Unrestricted cash	1,366,322	208,848
Restricted cash	35,007	87,794
	1,401,329	296,642

Management have set aside £35,007 (2021 79,537) as a fund to cover expected future inverter replacement requirements. This level of cash will be regularly reviewed.

The Low Carbon Hub IPS Limited

13. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Oxford City Council Salix Loan (See Note 15)	77,592	-
Oxford City Council Non-Salix Loan (See Note 15)	64,108	-
Oxford City Council Fish Pass Loan (See Note 15)	-	100,000
Trade Creditors	32,940	141,096
Deferred consideration	411,000	411,000
Accruals	496,473	230,427
Deferred income	£191,423.22	215,422
VAT		2,349
	1,273,536	1,211,483

The deferred consideration for Ray Valley Solar Limited was paid on 2 August 2022.

14. Creditors: Amounts falling due greater than one year

	2021	2020
	£	£
Oxford City Council Salix Loan	1,977,060	-
Oxford City Council Non-Salix Loan	1,935,892	-
Oxford City Council Fish Pass Loan	100,000	-
Deferred income	37,923	156,806
	4,050,875	156,806

On 23 February 2022 two loan facilities was signed between The Low Carbon Hub IPS Limited and Oxford City Council as long-term finance for the construction of Ray Valley Solar project. The Salix Loan has an interest rate of 1.45% and is due for repayment on 31 March 2045. The Non-Salix Loan has an interest rate of 2.85% and is due for repayment on 31 March 2045. These loans are secured against Ray Valley Solar assets. The balances remaining at year end for Salix Loan is £1,977,060 (2021: £Nil) and Non-Salix Loan £1,935,892 (2021: £Nil). These loans are stated net of finance arrangement fees.

The Fish Pass Loan with Oxford City Council with The Low Carbon Hub IPS Limited that was utilised in the Sandford Hydro was renewed with an interest rate of 2%. The Loan was renegotiated in the year and is now repayable on 10 April 2023. The balances remaining at year end is £100,000.

The Low Carbon Hub IPS Limited

15. Share Equity

The equity held by shareholders at 31 March 2021 is as follows:

	2022	2021
	£	£
Class B £1 Shares Solar PV 2013	145,800	145,800
Class A £1 Shares Solar PV 2014	1,552,640	1,629,075
Class A £1 Shares Solar PV 2016	742,507	777,307
Class A £1 Shares Sandford Hydro 2016	1,463,177	1,471,177
ONCORE - £1 Portfolio A 25 Year Pledge	112,109	116,776
ONCORE - £1 Portfolio A Withdrawable	24,010	24,010
ONCORE - £1 Portfolio B	84,045	87,136
Community Energy Fund £1 Shares	6,068,886	4,104,282
	10,193,174	8,355,563

The share equity stated in the balance sheet is net of share raise costs.

Number of shares issued, allotted and fully paid

Share Class	Issued	Allotted	Fully Paid
Class B £1 Shares Solar PV 2013	145,800	145,800	145,800
Class A £1 Shares Solar PV 2014	1,552,640	1,552,640	1,552,640
Class A £1 Shares Solar PV 2016	742,507	742,507	742,507
Class A £1 Shares Sandford Hydro 2016	1,463,177	1,463,177	1,463,177
ONCORE - £1 Portfolio A 25 Year Pledge	112,109	112,109	112,109
ONCORE - £1 Portfolio A Withdrawable	24,010	24,010	24,010
ONCORE - £1 Portfolio B	84,045	84,045	84,045
Community Energy Fund £1 Shares	6,068,886	6,068,886	6,068,886

The Low Carbon Hub IPS Limited

Number of individual shareholders by share class at 31st March 2022:

Share Class	2022	2021
Class B - Solar PV 2013	10	10
Class A - Solar PV 2014	344	345
Class A - Solar PV 2016	253	240
Class A - Sandford Hydro 2016	544	465
Class A - ONCORE - £1 Portfolio A 25 Year Pledge	72	63
Class A - ONCORE - £1 Portfolio A Withdrawable	13	13
Class A - ONCORE - £1 Portfolio B	37	37
Class A - Community Energy Fund £1 Shares	3,008	1180

Rights, Preferences and Restrictions attaching to Share Classes

Class A shares are non-transferable. They can be withdrawn by agreement between the Directors and the member holding a class A share.

Class B shares can be transferred between family members, or to any trust established for the benefit of family members at any time. They can only be transferred outside of a family member by giving formal notice to the Directors of their wish to do so, and by following a prescribed process set out in section 9 of the Society's rules, which can be found online at <https://www.lowcarbonhub.org/wp-content/uploads/2020/07/Low-Carbon-Hub-IPS-Rules-2020.pdf>.

Terms under which capital can be repaid to members for each share class are set out in section 7 of the Society's rules, which can be found online at https://www.lowcarbonhub.org/wp-content/uploads/2022/09/LCH-IPS-Ltd-Rules_Sept_22.pdf. All members have one vote at General Meetings of the Society, regardless of how many shares they hold.

16. Board Members' Remuneration

No expenses were paid to any Board members in their capacity as Board members.

17. Capital Commitments

The Society had no authorised capital commitments as at 31 March 2021 (2020: £nil). Capital in respect of working progress projects is only committed when lease contracts with Landlords have been signed.

18. Related Party Transactions

During the year the company made the following transactions with:

The Low Carbon Hub CIC:

£111,964 was paid in respect of Investor Registry Services, Administration and Operations & Maintenance costs (2021: 79,627); and £Nil was included as a Community Benefit Donation, as described in Note 4 (2021: £61,621). £752 was paid in respect of Finance Arrangement Fees (2021: Nil).

The Low Carbon Hub IPS Limited

At the balance sheet date, £436,564 (2021: £571,776) was owed by The Low Carbon Hub CIC and included in trade creditors was £7,343 (2021: £76,511.11 owed to The Low Carbon Hub CIC).

Sandford Hydro Limited

Loans have been made to Sandford Hydro as follows:

£200,000 at a rate of 5% which is the same terms that the IPS has secured the loan from CLF, Esmee Fairbairn Foundation and Big Society (2021: £200,000).

£100,000 at a rate of 2%. This is a supplemental loan from Oxford City Council known as the Fish Pass Loan and is being lent across on the same terms (2021: £100,000).

£1,624,177 (2021: £1,674,177) loan from the equity raised. This is at a rate of 5%. to cover the investor returns.

At the balance sheet date, the intercompany clearing account had a balance (owed) of £10,164 (2021: £49,859).

Ray Valley Solar Limited

Loans have been made of £6,327,596 (2021: £1,845,433) loan from the equity raised. This is at a rate of 5%. to cover the investor returns.