

Report of the Directors

for the period from 11th November 2021 to 14th November 2022

and the

Financial Statements

for the period from 1st April 2021 to 31st March 2022

for

The Totnes Renewable Energy Society Limited

The Directors present their Report of the Society for the period from 11th November 2021 to 14th November 2022 with Financial Statements for the year ending 31st March 2022.

Principal Activity

TRESOC's work on a community owned solar micro-grid with Transition Homes Totnes is bearing fruit, with full planning consent granted for the development of 39 affordable low energy homes at Clay Park. Financial projections for the micro-grid are favourable, with delivery projected for 2024-25. The Energy Local Totnes project is underway with assistance from Devon County Council's COVID 19 Economic Recovery and Business Prospectus Funding. An Energy Local Adviser has been appointed and TRESOC is actively engaged with local partners, Totnes Town Council, Transition Streets and The Mansion Trust to establish the first solar roofs for the launch of the Energy Local Totnes club.

Review of Business

Following conclusion of the Clay Park micro-grid initial feasibility study in November 2021, TRESOC successfully applied for a second stage RCEF grant for the necessary detailed technical and legal work, now recently completed. The financial modelling suggests that the project could pay 4% return to shareholders, repay capital over a 23-year period, and make a positive contribution to TRESOC after accounting for payments to shareholders and covering running costs. TRESOC is preparing for a community share offer in Q2 2023 to deliver this exciting community energy project, with significant opportunities for future replication.

TRESOC's proposed Energy Local Totnes Club gained a significant profile during the year with the appointment of Jem Friar as Energy Adviser for the project. The launch of the club has been delayed until the spring to the volatile energy market. Detailed negotiations are in progress to install solar PV on the Totnes Library and St Mary's Church. It is hoped that Totnes Town Council, will kick start the club with its existing 15kW solar array on the Town Hall. The project is designed to provide local people with discounted electricity, but due to the innovative nature of the project and the current market conditions there are lots of unknowns. Therefore, the first stage of the project will be a small pilot to allow testing of the model.

Locally generated renewable energy, shared with our neighbours through the local grid network offers real opportunities to deliver electricity at lower unit cost than is currently the case for large scale generation plant, remote from point of use. With the Clay Park microgrid and Energy Local Totnes projects underway, TRESOC is in an excellent position to benefit from growth in the local microgrid community energy sector.

In response to a question from members on the Totnes Community Windfarm at the 2021 AGM, Ian Bright contacted the owner of the site, re-stating TRESOCs willingness to enter into an agreement to develop the 2 turbines as proposed. Quite understandably, the owner does not wish to endure a repeat of the living experience of a windfarm planning application and is also aware that TRESOC remains willing and able to re-submit a planning application for the windfarm as events may allow.

The Renewable Energy Experiential Learning (REEL) Programme is now in its seventh year of operation and remains a favourite with local schools and pupils alike. A grant from the Chancegrove Family Foundation and RCEF, enabled TRESOC to deliver an expanded renewable energy learning programme to include pupils from the Grove Primary School, St Christopher's and Park School in the 2022, with over 150 children taking part. Tours of local wind, solar and hydropower installations, with classroom experiments for all 9-11 year children, are instructive & fun, giving young people an opportunity to engage with the challenges of climate change in a positive way

The output from our largest solar array at Hatchlands Farm has improved recently, following a solicitor's letter to the owner and clear skies in summer. From our remote monitoring of the system we can see that straw shredding next to the solar roofs has stopped and output has increase, however it is still not at projected levels for the age & capacity of the panels. Foot Anstey Solicitors have been instructed by TRESOC and we hope to permanently stop the chopping in the vicinity of the panels. The owner has offered to buy the array but no price has yet been offered and if straw chipping next to the barn permanently ceased then the roof still has capacity to deliver on its projected financial potential.

Due to the ongoing legal work on the Shine Project with South Devon Rural Housing Association around the signing of the leases, difficulties with the new owner of the Lescaze Office Building and the Straw Chopping legal case, legal costs for this current financial year will be circa £10,000.00. Therefore, TRESOC will not be able to pay a dividend for the year ending March 31st 2022 despite the years small profit.

RCEF grants and loans continue to make a substantial contribution towards TRESOC's capacity to develop significant new schemes, enabling Directors to be paid directly for their work on these projects and to bring in local specialist input for new projects as required. Financial discipline was maintained throughout the year, with monthly financial reports to the Board. The income from existing assets has been managed to cover operating costs, giving us confidence in the business model for the future. Commissioning of new Energy Local & Clay Park projects will make a significant difference to TRESOC's ability to pay dividends to members in the years ahead.

Financial Governance – The Waterfall

TRESOC is looking to implement a new waterfall process to determine the order of priority for disbursements to its various counterparties and stakeholders. The rationale is to ensure that TRESOC remains liquid and so can continue is working for the community. As part of that, we would also like to ensure that when capital

repayments are made all shareholders of the same class are treated equally with regards to the available capital at any given moment. The proposed waterfall structure and wording is below.

TRESOC will operate the cash waterfall as described below when looking to make cash (re)payments. To highlight, interest to shareholders is payable at the board's discretion, and only after line items 1-4 have been satisfied. Capital repayment to shareholders will only be made after interest payments to bond and shareholders, as applicable, have been completed. In some exceptional circumstances, the board may, at its discretion, choose to elevate the repayment of capital up the waterfall.

1. Operating costs, including select projects in the community.
2. Bank loans and capital repayments as applicable
3. Building up realistic cash reserves for replacement items such as inverters, damaged arrays etc.
4. Bond interest and capital repayment as applicable
5. Share interest (if the Board elects to pay interest in a given year)
6. Share capital repayments. Please note, all cumulative repayments and processed repayment claims in a given year will be treated equally, and repayment will be made on a pro-rate basis to the amount of funds available as per this waterfall.
7. Any remaining surplus will go to community projects, re-invested in the business/further reserves or as an accelerated capital repayment as best determined by the Board.

The TRESOC TEAM

Managing Director, Ian Bright has been working with Totnes Town Council, The Mansion Trust & other local partners, building support for the Energy Local Totnes and other activities across the TRESOC renewables portfolio to support the continuing growth of the Society.

After 16 years' service as Managing Director of TRESOC, Ian is stepping down from the role at this AGM to allow Dr Sally Murrall-Smith to formally take up the position that she has been successfully occupying these past few years. Ian is delighted to formally hand over management responsibility to Sally and seeks election at this AGM to continue to serve on the TRESOC Board as Founder Director.

Dr Sally Murrall-Smith, TRESOC Operations Director, is project managing the Clay Park & Energy Local Totnes projects. Sally has responsibility for administration, book keeping, press, business and financial management systems and is the programme director for REEL.

Alastair Gets, Engineering Director is managing and monitoring our solar assets, with technical input across the range of our projects in development including significant contributions to the Clay Park micro-grid and Energy Local projects, key to TRESOC's future success.

Raymond Seager, Finance Director, is actively involved in advising on finance across the range of TRESOC activities and is developing a finance waterfall to structure the use of generation income and return share encashments equitably.

Stephanie Burns retired as Legal Director due to insurmountable work commitments.

TRESOC is pleased to welcome Hannah Evans, who has joined the Board as Legal Director and Company Secretary. Hannah is a Senior Associate at Foot Anstey solicitors and a member of their dispute resolution team specialising in property litigation. Hannah is actively engaged in resolving issues arising from the range TRESOC activities, with particular emphasis on clarifying terms for redemption and valuation of TRESOC assets in solar roof leases.

Luke Siemaszko continues to make a significant contribution to TRESOC as a project manager and communications engineer, providing technical input across the range of TRESOC projects and assisting Sally and Alastair with Clay Park.

William Thomas has joined TRESOC as Communications Officer providing communications support, including for the website and social media. He works with a variety of local organisation including Canoe Adventures, The Bio-Regional Learning Centre, Awaken Life Science and the Devon Partnership NHS Trust.

Jem Fryer, has been appointed the role of Energy Local Advisor and is helping Sally to establish the Totnes Energy Local Club.

Members who wish to contribute to the work of the Society are always welcome to join us. Please contact Sally Murrall-Smith or Ian Bright for details.

Directors

The Directors shown below have held office during the whole period from 11th November 2021 to the date of this Report.

I Bright	Managing Director
Sally Murrall-Smith	Operations Director
Alastair Gets	Engineering Director
Raymond Seager	Finance Director

Changes to Directors holding Office

Stephanie Burns	Legal Director & Company Secretary retired 31 st March 2022
Hannah Evans	Legal Director & Company Secretary appointed 31 st March 2022

Directors Retiring at AGM 14th November 2022

Ian Bright
Sally Murrall-Smith
Stephanie Burns

Election of Directors

Sally Murrall-Smith to stand for election as Managing Director

Ian Bright to stand for election as Founder Director

Hannah Evans to stand for election as Legal Director and Secretary

TRESOC Limited (Registered Number 30373R)

Olly Frankland to stand for Policy Director

Resolutions:

- (1) That the society, in accordance with its Rules, disapplies the requirement to appoint an auditor for the current year.
- (2) That £20-45k from TRESOC accounts can be used to part fund initial cost of microgrid install at Clay Park
- (3) To put Finance Waterfall in place to determine how generation income is use in TRESOC and shares encashed equitably.

On Behalf of the Board

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I Bright – Managing Director

Date 14th November 2022.....

Financial Statements for the Year Ended 31st March 2022

Darnells Chartered Accountants, Totnes, prepared the Society's accounts for the year ended 31st March 2022. A copy of TRESOC's accounts is available for inspection by members prior to the AGM and is also posted on our website. The main points are:

- Total turnover for the year was £66,822, comprising £52,325 from solar outputs, grant income of £16,863 and other income of £2,879.
- The cost of sales was £18,535, consisting of £1,472 in metering costs and £17,063 in consultancy fees.
- TRESOC incurred £44,152 in expenses during the year, including £1,690 in Directors' fees, £1,495 in administrative costs, £3,804 for insurance, £1,730 in accountancy fees, £819 in bank charges, and £25,800 in depreciation.
- TRESOC reported a loss of £2,322, primarily driven by a depreciation of £25,800 on tangible fixed assets.
- The profit & loss reserve stood at: -£186,071 (minus) on 31st March 2022.
- Called Up Share capital at 31st March stood at £452,181.
- Total Equity was £288,201.

Significant financial events in the since 1st April 2021 have included:

The award of £80k grant from BEIS to develop the microgrid at Clay Park eco-homes development and fund REEL in a local school.

The award of £25k grant from Devon County Council (Team Devon's COVID -19 Economic Recovery and Business Prospectus Funding) to develop 250 kW of new community owned solar in Totnes and establish Energy Local Totnes to buy this electricity at a discounted price.

The securing of a Chacegrove Family Foundation grant for £1670 to deliver REEL at the Grove school.