Phase Two Project Business Case

Sheffield Renewables

The aim of this document is to supply additional financial information to potential investors in the Sheffield Renewables 2016 Share Offer. This document provides detailed information on the financial assessment of the proposed schemes, and how the new schemes will affect the overall financial situation of Sheffield Renewables.

Disclaimers

This Project Business Case supplements Sheffield Renewables 2016 Share Offer Document, this is not a standalone document. The Share Offer document gives a detailed introduction to the Share Offer, as well as full Terms and Conditions. Please read the Share Offer document, Business Plan and the rules of Sheffield Renewables Ltd in detail before investing. This Project Business Case gives detailed project and financial information for Sheffield Renewables Phase Two projects.

Please only invest in this offer if you can afford to lose the money. Payments to shareholders are not guaranteed and are dependent on scheme performance.

Sheffield Renewables Limited* (Sheffield Renewables or The Society) and The Board of Sheffield Renewables (The Board) accept responsibility for the information contained in this document. To the best of the knowledge of the Society and The Board the information contained in this document is in accordance with the facts and contains no omission likely to affect its substance.

Investors should read the whole text of this document and the 2016 Share Offer document and should be aware that the intended outcomes of an investment in the Society are speculative and involve significant risk. Prospective investors are advised to read with particular care the sections of the Share Offer document headed Terms of the Community Shares (pages 16-17) and Risks (page 18).

The share offer is exempt from the Financial Services and Markets Act 2000 or subsidiary regulations; this means there is no right of complaint to an ombudsman. A Community Benefit Society is registered with but not authorised by the Financial Conduct Authority. The money paid for shares is therefore not safeguarded by any depositor protection scheme or dispute resolution scheme, so investors may lose some or all of their investment. As the whole of the investment could carry this risk, please consider it carefully in the context of the complete share offer document, and if needed seek independent advice.

* Sheffield Renewables Limited is a Community Benefit Society registered under The Co-operative & Community Benefit Societies Act 2014, registered with the Financial Condut Authority. Registration No: 30736R. VAT Registration No. 102929725. Registered Address: 25 Alexandra Road, Sheffield, S2 3EE.

Full copies of our rules can be obtained at

https://www.sheffieldrenewables.org.uk/wp-content/uploads/2015/03/Sheffield-Renewables-Limited-IPS-Rules.pdf

or on request.

Supporting Documentation

The following documents should be read along with this Project Business Case;

- The rules of Sheffield Renewables Ltd
- Sheffield Renewables 2016 Share Offer Document
- Sheffield Renewables Business Plan

Outline Proposal

Phase Two will consist of two new solar projects built inside Sheffield. The first a 26.1kW scheme, generating revenue of £2,591 per year. The second will be 30kW scheme generating a revenue of £3,379 per year. The cost to build these these two projects is £69,384. The capital required will be raised through a community share offer (see attached 2016 Share Offer Document). The projects will generate income through the sale of electricity, as well as receiving the Feed-in Tariff subsidy. Sheffield Renewables will sell all the electricity generated by the solar panels, to the owners or users of the building on which they are installed, at a discounted rate in lieu of rent of the roof space. The aim of this document is to explain the financial viability of the projects and to demonstrate why we are confident that the revenue from the projects will cover costs and pay the proposed interest, community benefit and capital repayments.

The Board has set out the priorities for how project revenue must be spent. This is to ensure that we are able to sustain the organisation and meet commitments to investors. The priorities are:

1. Operate and maintain our PV schemes
2. Repay loans and pay interest on loans and pay tax
3. Maintain our reserves
4. Set aside funds to repay shareholders who wish to cash in their shares levels set by Board of Directors and agreed at our AGM
5. The remaining funds will be split between interest payments to shareholders and the Community Benefit Fund (CBF). For every £2 we pay in interest we will aim to pay £1 into the CBF.

The process of developing new solar photovoltaic projects firstly involves finding a suitable building on which to place the panels. This is a long process and requires building a strong relationship with the owner and user of the space. An assessment of the potential power that can be generated from the roof space is undertaken, this involves assessing the available area to place panels, any potential shading of the site, the orientation among others variables. The price for selling electricity to the grid is significantly lower than that of selling to the owner/user of the building, even at a discounted rate. The Business Case, presented later, relies on being able to sell all the generated electricity to the owner/user of the building. As a result an analysis of the buildings current electricity usage is undertaken to ensure that the building not only uses more electricity than will be generated from the panels but also that it is using it at a time when the panels will be generating. At the end of the 20 year lease the site has the option of taking ownership of the panels at no cost, which should continue to produce for up to another 20 years. A financial model of the scheme, detailing expected revenues and expenditures over the life time of the projects is then created, to ensure that the scheme will be able to finance the capital required to build it.

The Board has takes the approach that as any new investment will be in Sheffield Renewables as a whole and not in the individual projects in any share offer, the new projects must not negatively effect the rates of return of the existing portfolio of projects. As a result The Board will only approve projects that are able to support the advertised returns to investors and CBF as standalone projects. This is a cautious approach by The Board, done to ensure the ongoing organisational Business Case is robust so that existing and future shareholder investment is not compromised.

Financial Projections

All of the project electricity generation figures presented in this document are based on the Microgeneration Certificate Scheme (MCS) method. This is an industry led and internationally recognised method for calculations to predict power output figures. This method takes a very conservative approach and is based on a 20% reduction from predictions for an average year of generation. Sheffield Renewables therefore feel that this is a reasonable worst case level for generation and all financial projections are based on this.

Additional modelling inputs common to all the financial projections:

- A 5% contingency is included for each project, in addition to the quoted cost of the scheme, to cover unexpected eventualities, this is in line with industry practice.
- Inflation is modelled at 2% per year in line with the Bank of England's long term targets.
- Over time the panels will degrade as they age. This has been included in the models as a decrease in output at a rate of 0.5% per year.
- Fixed Asset depreciation is included at a rate 8% per year, which is in line with other solar schemes.
- Tax is modelled at the current rate of 20%, and is indicative of amounts expected. Due to the calculation process which does not take into full account of losses from previous years the tax shown here is likely to be greater than actually paid.
- Interest to shareholders is paid on the remaining shares in the organisation at a rate of 3% per year.
- Community Benefit Fund contributions are paid on the remaining shares in the organisation at a rate of 1.5% per year.
- Share repayments are included in the model, with all the invested capital being removed at by the end of the 20 year period.

Interest is paid on shares 3 years after the start of operation of the first Phase Two project, or 3 years after May 2017 whichever is later, contributions to the CBF also begin on this date. After this date shareholders can make an application to withdraw shares. The amount available to withdraw is set by The Board, and is equal or less then the closing balance at the end of the financial year. This is at The Boards discretion and will be agreed by the members at the AGM.

Summary of Phase Two Project Business Case

The Project Business case details the finances of the installation of **56 kW** of new solar PV panels in two projects, costing a total of **£69,384**. The financial modelling undertaken suggests a yearly generation of **42,322 kWh** of electricity producing a total revenue from sales of electricity and FiT of **£127,305** over the lifetime of the projects. The forecast demonstrates that the schemes will be able to cover costs, repay all the invested capital, pay interest of **£16,450** to investors as well as providing **£8,226** into a community benefit fund. Due to changes in the FiT rates since Sheffield Renewables built its first schemes the margins on the projects are smaller than before. However, the business case demonstrates that these new projects will have a positive effect on the overall finances of The Society.

1 Project One

Project One (Lembas Ltd, the plan for Project One is to install solar photovoltaic panels on the roof of Lembas Ltd, in the S8 region of Sheffield. Lembas is a Speciality Vegetarian and Wholefood Wholesaler and workers co-operative. They approached Sheffield Renewables as they are keen to reduce their carbon footprint and provide a benefit to the community. They have been working to improve the energy efficiency of their warehouse. The solar panels will contribute substantially to reducing their energy costs. The lease agreement with Lembas has been signed. Planning permission, Energy Performance Certificate and District Network Operations have been achieved and installation is able to commence as soon as capital is raised.

Table 1 gives details of inputs used to produce financial modelling for Lembas as a standalone project. The Installation costs for the project are based on a quotation received. The predicted revenue is based on the agreed electricity sale price and the FiT rate.

Table 1: *Details for Project One*

Installation	
Installation Costs	£27,500
Contingency	£1,375 (5%)
Share capital required	£28,875
Generation	
Capacity	26.1 kW
Predicted Generation / yr	18,022 kWh
Predicted Revenue / yr	£2,591
Predicted Running Costs / yr	£595

Table 3 shows the financial projections for Project One, detailed for the first 5 year period, and summarised from year 6 to 20. The Running Costs covers insurance, metering and monitoring for the project, as well as a small fund to cover the cost of managing the new investors. This scheme will use optimised current inverters, and as a result we are not expecting to need to develop an inverter fund. As the project will not be constructed until part way through our financial year 2017, partial Sales and Running Costs have been modelled for the first year. All the development work for this project has been funded through grants.

Table 2: *Project 1 Whole Life Profit and Loss*

Whole Life Profit and Loss	
Sales exc. VAT	55,666
Grants and misc	
Development Costs	
Staff Costs	
Inverters	
Overheads	-13,206
EBITDA	**42,460**
Depreciation	-28,875
Interest + CBF	-10,640
PBT	**2,944**
Tax	-2,523
Total Profit / Loss	**422**

Due to the depreciation of the fixed assets the project shows an accountancy Trading Loss for the first 15 years of the project. The profit that the project makes in the last 10 years exceeds the losses in the first 10 years. Despite the accountancy Trading Loss it can be seen that the scheme will be able to cover the Running Costs, pay the expected interest of 3%, finance the repayment of capital whilst keeping a positive cash flow at all times. The Balance Sheet shows that over the 20 year life of the scheme all the share assets remaining in the project are returned to investors and a Community Benefit Fund (CBF) of £3,547 is created.

Table 2 summarises the whole life profit and loss for Project 1. Over the course of the project we are expecting to generate significant Earnings Before Interest Tax Depreciation and Amortisation (EBITA), which translates into a small Profit before Tax (PBT). It should be noted that whilst the PBT is small this is calculated after the payment of interest to shareholders and the Community Benefit Fund (CBF).

Table 2 and 3 demonstrate that whilst the margins on the projects, forecast via our conservative approach, are not as significant as with the previous projects, they will still be able to cover their costs, fulfil the payment of schedules listed above and have a net positive contribution to Sheffield Renewables and the wider community.

Table 3: *Project One, Cash Flow, Profit & Loss, Balance Sheet and Fixed Asset Depreciation*

SHEFFIELD RENEWABLES	Year End 30 September							
CASH FLOW								
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022-2026**	**2027-2036**	**Total**
Opening Bank			1,150	3,146	5,169	2	43	430	**9,940**
Sales exc. VAT		1,500	2,591	2,630	2,669	2,709	14,160	29,407	**55,666**
Share Issue		28,875							**28,875**
Grants and misc									
New Capital		-28,875							**-28,875**
Development Cos									
Running Costs		-350	-595	-607	-619	-631	-3,352	-7,052	**-13,206**
Interest on Share					-866	-686	-2,921	-2,619	**-7,093**
Share Repayment					-6,000	-1,000	-6,000	-15,875	**-28,875**
Inverters									
CBF					-350	-350	-1,500	-1,347	**-3,547**
Tax								-2,523	**-2,523**
Closing Bank		**1,150**	**3,146**	**5,169**	**2**	**43**	**430**	**422**	**10,362**

PROFIT & LOSS									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022-2026**	**2027-2036**	**Total**
Sales exc. VAT		1,500	2,591	2,630	2,669	2,709	14,160	29,407	**55,666**
Grants and misc									
Development Cos									
Staff Costs									
Inverters									
Overheads		-350	-595	-607	-619	-631	-3,352	-7,052	**-13,206**
EBITDA		1,150	1,996	2,023	2,050	2,077	10,809	22,355	**42,460**
Depreciation		-2,310	-2,310	-2,310	-2,310	-2,310	-11,550	-5,775	**-28,875**
Interest + CBF					-1,216	-1,036	-4,421	-3,966	**-10,640**
PBT		**-1,160**	**-314**	**-287**	**-1,477**	**-1,269**	**-5,163**	**12,614**	**2,944**
Tax								-2,523	**-2,523**
Appropriations									
Inverters Fund									**0**
CBF					-83	7	39	37	**0**
Total Profit / Loss		**-1,160**	**-314**	**-287**	**-1,560**	**-1,262**	**-5,123**	**10,128**	**422**

	BALANCE SHEETS							
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022-2026**	**2027-2036**
Fixed assets		26,565	24,255	21,945	19,635	17,325	5,775	**0**
Cash and Bank		1,150	3,146	5,169	2	43	430	**422**
Net Current Assets		27,715	27,401	27,114	19,637	17,368	6,205	**422**
Shares		28,875	28,875	28,875	22,875	21,875	15,875	**0**
General Funds		-1,160	-1,474	-1,761	-3,321	-4,583	-9,706	**422**
Inverters Fund								**0**
CBF					83	76	37	**0**
Capital Employed		27,715	27,401	27,114	19,637	17,368	6,205	**422**

	DEPRECIATION	**8% SL**				
		Paces Fitzwilliam	**Attercliffe**	**Proj One**	**Proj Two**	**Total**
2016	Opening Capital Cost					
	added					
2017	added			28,875		
2016	Opening Charge					
	for year					
2017				-2,310		**-2,310**
2018				-2,310		**-2,310**
2019				-2,310		**-2,310**
2020				-2,310		**-2,310**
2021				-2,310		**-2,310**
2022-2026				-11,550		**-11,550**
2027-2036				-5,775		**-5,775**
	Net Book Value					
2016						
2017				26,565		**26,565**
2018				24,255		**24,255**
2019				21,945		**21,945**
2020				19,635		**19,635**
2021				17,325		**17,325**
2022-2026				5,775		**5,775**
2027-2036						

Project Two

The plan for Project Two is to install solar photovoltaic panels on the roof of a social housing block in the in the S11 region of Sheffield. Negotiations are still ongoing with the owner / user of the building, however we are confident that we will be able to secure these in the near future.

Table 4 gives details of inputs used to produce financial modelling for Project Two as a standalone project. The Installation costs for the project are based on an estimation received. The predicted revenue is based on the current electricity sale price of the user of the building and our expected discount rate and also the FiT rate.

Table 4: *Details for Project Two*

Installation	
Installation Costs	£38,580
Contingency	£1,929 (5%)
Share capital required	£40,509
Generation	
Capacity	30 kW
Predicted Generation / yr	24,300 kWh
Predicted Revenue / yr	£3,379
Predicted Running Costs / yr	£595

Table 6 shows the financial projections for Project Two, detailed for the first 5 year period, and summarised from year 6 to 20. The Running Costs covers insurance, metering and monitoring for the project, as well as a small fund to cover the cost of managing the new investors. This scheme will use micro-inverters, and as a result we are not expecting to need to develop an inverter fund. As the project will not be constructed until part way through our financial year 2017, partial Sales and Running Costs have been modelled for the first year. All the development work for this project has been funded through grants.

Table 5: *Project 2 Whole Life Profit and Loss*

Whole Life Profit and Loss	
Sales exc. VAT	71,639
Grants and misc	
Development Costs	
Staff Costs	
Inverters	
Overheads	-13,056
EBITDA	**58,583**
Depreciation	-40,509
Interest + CBF	-14,036
PBT	**4,038**
Tax	-3,057
Total Profit / Loss	**981**

Due to the depreciation of the fixed assets the project shows an accountancy Trading Loss for the first 15 years of the project. The profit that the project makes in the last 5 years exceeds the losses in the first years. Despite the accountancy Trading Loss it can be seen that the scheme will be able to cover the Running Costs, pay the expected interest of 3%, finance the repayment of capital whilst keeping a positive cash flow at all times. The Balance Sheet shows that over the 20 year life of the scheme all the share assets remaining in the project are returned to investors and a Community Benefit Fund (CBF) of £4,679 is created.

Table 6: *Project Two, Cash Flow, Profit & Loss, Balance Sheet and Fixed Asset Depreciation*

SHEFFIELD RENEWABLES			Year End 30 September						
CASH FLOW									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022-2026**	**2027-2036**	**Total**
Opening Bank			800	3,584	6,406	53	78	262	**11,183**
Sales exc. VAT		1,000	3,379	3,429	3,480	3,532	18,467	38,351	**71,639**
Share Issue		40,509							**40,509**
Grants and misc									
New Capital		-40,509							**-40,509**
Development Cost									
Running Costs		-200	-595	-607	-619	-631	-3,352	-7,052	**-13,056**
Interest on Shares					-1,215	-975	-3,931	-3,235	**-9,357**
Share Repayments					-8,000	-1,900	-11,000	-19,609	**-40,509**
Inverters									
CBF								-4,679	**-4,679**
Tax								-3,057	**-3,057**
Closing Bank		**800**	**3,584**	**6,406**	**53**	**78**	**262**	**981**	**12,164**

BALANCE SHEETS								
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022-2026**	**2027-2036**
Fixed assets		37,268	34,028	30,787	27,546	24,305	8,102	**0**
Cash and Bank		800	3,584	6,406	53	78	262	**981**
Net Current Assets		38,068	37,612	37,193	27,599	24,384	8,364	**981**
Shares		40,509	40,509	40,509	32,509	30,609	19,609	**0**
General Funds		-2,441	-2,897	-3,316	-5,518	-7,321	-14,306	**981**
Inverters Fund								**0**
CBF					608	1,095	3,061	**0**
Capital Employed		38,068	37,612	37,193	27,599	24,384	8,364	**981**

PROFIT & LOSS									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022-2026**	**2027-2036**	**Total**
Sales exc. VAT		1,000	3,379	3,429	3,480	3,532	18,467	38,351	**71,639**
Grants and misc									
Development Cost									
Staff Costs									
Inverters									
Overheads		-200	-595	-607	-619	-631	-3,352	-7,052	**-13,056**
EBITDA		800	2,784	2,822	2,861	2,901	15,115	31,299	**58,583**
Depreciation		-3,241	-3,241	-3,241	-3,241	-3,241	-16,204	-8,102	**-40,509**
Interest + CBF					-1,215	-975	-3,931	-7,914	**-14,036**
PBT		**-2,441**	**-457**	**-418**	**-1,595**	**-1,315**	**-5,020**	**15,283**	**4,038**
Tax								-3,057	**-3,057**
Appropriations									
Inverters Fund									**0**
CBF					-608	-488	-1,966	3,061	**0**
Total Profit / Loss		**-2,441**	**-457**	**-418**	**-2,202**	**-1,803**	**-6,985**	**15,287**	**981**

DEPRECIATION				**8% SL**			
		Paces Fitzwilliam	**Attercliffe**	**Proj One**	**Proj Two**	**Total**
2016	Opening Capital Cost					
	added					
2017	added				40,509	
2016	Opening Charge					
	for year					
2017					-3,241	**-3,241**
2018					-3,241	**-3,241**
2019					-3,241	**-3,241**
2020					-3,241	**-3,241**
2021					-3,241	**-3,241**
2022-2026					-16,204	**-16,204**
2027-2036					-8,102	**-8,102**
	Net Book Value					
2016						
2017					37,268	**37,268**
2018					34,028	**34,028**
2019					30,787	**30,787**
2020					27,546	**27,546**
2021					24,305	**24,305**
2022-2026					8,102	**8,102**
2027-2036						

Operational Finances

The operational finance modelling establishes the financial viability of Sheffield Renewables activities to meet the requirements of sustaining the organisation and meeting the commitments to investors over the lifetime of the schemes as highlighted in the priorities on page 2. The Share Offer document gives details of the accounts for Sheffield Renewables for the last 3 years. Earlier tables have demonstrated viability of the Phase 2 schemes as propositions for investment. Tables 7 and 8 bring together Phase 2 schemes with the three earlier schemes to give a financial picture for Sheffield Renewables as an organisation over the next 20 years.

Points to note are total sales of over £600k over the lifetime of the schemes and interest payments paid to investors of over £80,000. Community schemes will benefit from £40,000 of Community Benefit Fund with the potential to benefit further from any additional surplus at the end of the schemes twenty year lifespan.

Years 2017-2019 show the commencement of interest payments to existing shareholders from our Phase One income along with payments to the CBF. A further increase in these payments is seen in 2020 as interest and CBF payments become due on Phase Two schemes.

For many projects cash flow can be a problem for long term viability but Table 8 demonstrates that Sheffield Renewables cash flow will remain positive for the whole lifetime of the scheme. Over the first ten years a reserve fund of £24,000 is built up as provision for replacement of inverters on our first three schemes. Phase 2 schemes use different technology not requiring this provision.

Table 7: *Sheffield Renewables Whole Life Profit and Loss*

Whole Life Profit and Loss	
Sales exc. VAT	613,709
Grants and misc	19,005
Development Costs	-6,864
Staff Costs	-8,870
Inverters	-24,000
Overheads	-145,312
EBITDA	**447,669**
Depreciation	-224,210
Interest Payments	-81,300
CBF	-40,650
PBT	**101,509**
Tax	-26,517
Total Profit / Loss	**70,992**

Sheffield Renewables is a cautious organisation and predictions of output and financial predictions have been based on conservative estimates. Warranties are included in our initial capital costs and insurance is provided for in the running costs of around £6,000 per year. Also included in running costs are £3,000 for keeping the office, telephone and our administration of shares. Communicating with members, management of their funds and record keeping with respect to share holdings is a vital responsibility of the organisation. Our share management is currently undertaken by volunteers, using a bespoke share management database, a new reserve of £4,000 is established should exceptional circumstance occur that we require support for this from an external organisation.

Although our profit/loss in Table 8 shows a negative figure for the first years of the organisation, as a Community Benefit Society provision for interest payments and CBF payments are deducted before tax, the loss is as a result depreciation on our assets over 12 years and as such will not affect investors. However, the depreciation of assets will affect our tax position meaning that tax will be paid during the later years of the schemes. The tax estimate is based on a conservative estimate and under current tax regulations. This figure may reduce as full account has not been taken of allowances that may be available to us as an organisation under current tax regulations.

These projections have been prepared with the assistance of our accountant and The Board of Sheffield Renewables believe they represent a full and true picture of the organisation and its finances.

Table 8: *Sheffield Renewables Operational, Cash Flow, Profit & Loss, Balance Sheet and Fixed Asset Depreciation*

SHEFFIELD RENEWABLES	Year End 30 September								
CASH FLOW									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022-2026**	**2027-2036**	**Total**
Opening Bank	45,951	51,823	51,125	56,676	62,843	57,532	53,146	60,746	**439,843**
Sales exc. VAT		23,500	29,500	29,940	30,386	30,838	161,223	286,812	**592,198**
Share Issue		70,000							**70,000**
Grants and misc									
Outstanding	5,872								**5,872**
New Capital		-69,384							**-69,384**
Development Cost		-6,864							**-6,864**
Running Costs		-6,000	-6,120	-6,242	-6,367	-6,495	-34,474	-72,536	**-138,235**
Interest on Shares		-5,950	-5,830	-5,530	-7,330	-6,730	-26,148	-23,783	**-81,300**
Share Repayments		-4,000	-10,000	-10,000	-20,000	-20,000	-75,000	-152,322	**-291,322**
Inverters							-8,000	-16,000	**-24,000**
CBF		-2,000	-2,000	-2,000	-2,000	-2,000	-10,000	-20,650	**-40,650**
Tax								-26,517	**-26,517**
Closing Bank	**51,823**	**51,125**	**56,676**	**62,843**	**57,532**	**53,146**	**60,746**	**35,750**	**429,642**

BALANCE SHEETS								
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022-2026**	**2027-2036**
Fixed assets	141,214	191,435	172,271	153,108	133,945	114,781	21,257	**0**
Cash and Bank	51,823	51,125	56,676	62,843	57,532	53,146	60,746	**35,750**
Net Current Assets	193,037	242,560	228,947	215,951	191,476	167,927	82,003	**35,750**
Shares	221,322	287,322	277,322	267,322	247,322	227,322	152,322	**0**
General Funds	-28,285	-54,537	-61,465	-67,625	-76,165	-83,479	-99,077	**31,750**
Inverters Fund		4,800	7,200	9,600	12,000	14,400	16,000	**0**
CBF		975	1,890	2,654	4,319	5,684	8,758	**0**
Member Mgt		4,000	4,000	4,000	4,000	4,000	4,000	**4,000**
Capital Employed	193,037	242,560	228,947	215,951	191,476	167,927	82,003	**35,750**

PROFIT & LOSS									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022-2026**	**2027-2036**	**Total**
Sales exc. VAT	21,511	23,500	29,500	29,940	30,386	30,838	161,223	286,812	**613,709**
Grants and misc	19,005								**19,005**
Development Cost		-6,864							**-6,864**
Staff Costs	-8,870								**-8,870**
Inverters							-8,000	-16,000	**-24,000**
Overheads	-7,077	-6,000	-6,120	-6,242	-6,367	-6,495	-34,474	-72,536	**-145,312**
EBITDA	24,569	10,636	23,380	23,697	24,018	24,344	118,749	198,276	**447,669**
Depreciation	-13,612	-19,163	-19,163	-19,163	-19,163	-19,163	-93,524	-21,257	**-224,210**
Interest + CBF		-7,950	-7,830	-7,530	-9,330	-8,730	-36,148	-44,433	**-121,950**
PBT	**10,957**	**-16,477**	**-3,613**	**-2,996**	**-4,475**	**-3,549**	**-10,924**	**132,586**	**101,509**
Tax								-26,517	**-26,517**
Appropriations									
Inverters Fund		-4,800	-2,400	-2,400	-2,400	-2,400	-1,600	16,000	**0**
CBF		-975	-915	-765	-1,665	-1,365	-3,074	8,758	**0**
Member Mgt		-4,000							**-4,000**
Total Profit / Loss	**10,957**	**-26,252**	**-6,928**	**-6,161**	**-8,539**	**-7,314**	**-15,598**	**130,827**	**70,992**

DEPRECIATION			**8% SL**			
		Paces Fitzwilliam	**Attercliffe**	**Proj One**	**Proj Two**	**Total**
2016	Opening Capital Cost	108,658				
	added		61,500			
2017	added			28,875	40,509	
2016	Opening Charge	-15,332				
	for year	-8,692	-4,920			
2017		-8,693	-4,920	-2,310	-3,241	**-19,163**
2018		-8,693	-4,920	-2,310	-3,241	**-19,163**
2019		-8,693	-4,920	-2,310	-3,241	**-19,163**
2020		-8,693	-4,920	-2,310	-3,241	**-19,163**
2021		-8,693	-4,920	-2,310	-3,241	**-19,163**
2022-2026		-41,171	-24,600	-11,550	-16,204	**-93,524**
2027-2036			-7,380	-5,775	-8,102	**-21,257**
	Net Book Value					
2016		84,634	56,580			**141,214**
2017		75,941	51,660	26,565	37,268	**191,435**
2018		67,249	46,740	24,255	34,028	**172,271**
2019		58,556	41,820	21,945	30,787	**153,108**
2020		49,863	36,900	19,635	27,546	**133,945**
2021		41,171	31,980	17,325	24,305	**114,781**
2022-2026			7,380	5,775	8,102	**21,257**
2027-2036						

Monitoring and Evaluation

The responsibility for monitoring the performance of schemes lies with Sheffield Renewables Board of Directors. The performance of schemes is monitored by Directors at every Board meeting, the frequency of these meetings depends on work load but is no less then quarterly.

The assessment of the level of interest to be paid starts in year three and is carried out annually at the end of the financial year once the accounts have been checked by our accountant. The level of community benefit fund contribution is also done at this time. An annual progress report will be presentment at AGMs.

A risk assessment is presented in the Share Offer document. The Board of Directors take the responsibility for meeting all obligations to shareholder very seriously. All decisions are done considering this responsibility and the responsibility to ensure that the organisation operates in a sustainable and ethical manner.