

Finance Report from AGM on 26/9/2025

Presentation of the audited accounts by Brian Titley, LCG Treasurer.

SLIDE 1

Here are the Low Carbon Gordano finance report and presentation of the financial statements for the year ending 31/3/25.

SLIDE 2

£198,378 was paid out during 24/25 as interest at 7.0% on member shares held the previous year.

Based on our existing payment policy, we would be expecting to pay out about £145,000 during the current financial year as interest at 5.3% on member shares held during 24/25.

SLIDE 3

£19,300 was paid out to the community benefit fund during 24/25.

£19,300 is being paid out to the community benefit fund in this current financial year as approved by the AGM last year.

The LCG Board are proposing the CBF payment to be paid during 2025/26 to be £10,000 (£9,000 to Quartet to administer and £1,000 will be paid to a project in the Developing World), noting that this is a reduction on the previous year to reflect the investment by LCG in the Channel Green Energy wind turbine and the expected community benefit that will bring.

SLIDE 4

The Profit and Loss account:

- Sales were £536,917. Excluding grants, this was up £10k on the

previous year. Note that this number does include £220k relating to business interruption insurance still due at year end and still increasing.

- Profit for the year was £111,169, down on the profit of £152,277 in the previous year and was £44.5k lower than we had set out in the projections.

SLIDE 5

The Balance Sheet:

- Balance sheet shows a net worth of £1,812,089.

SLIDE 6

How is that net worth financed? Well, ...

- The £888,311 cumulative loss to date is financed by the £2,700,400 member shares.

SLIDE 7

The long-term projections are based on the Active option as presented to and favoured by members at September 2024 AGM, with the poll continuing a week after that AGM. This scenario is based on using LCG's asset base to seek grant funding and push on with developing new sites. This means that, there is no longer a point in 2042 where all the shares have been withdrawn and residual money is left in the bank. We now have the scenario, where the net worth in 2042 is positive and the shares value is covered by the value of the fixed assets (the installations).

SLIDE 8

Approval of the accounts as presented proposal.

SLIDE 9

There is an allowance for the net of shares withdrawn v new shares invested to be £228,750 in 2025/26. This budget comprises the share withdrawal applications from November 2024, where 50% was paid in 24/25 and the remainder is being paid in 25/26 plus an allowance of £28,000 to be paid out to deceased members' estates, that are currently in progress.

The current budget for share withdrawals in the following year, 2026/27, is £184,000. Any member wishing to request share withdrawal during 2026/27 will need to email LCG during October 2026. The available share withdrawal budget does depend on a number of factors including business performance and the number of maturing bonds that are not reinvested in April 2026. A decision regarding the share withdrawal budget will be made by the LCG Board in its May 2026 meeting, alongside finalising decisions on interest rates and the proposed community benefit payment.

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Approval of the accounts as presented proposal.

SLIDE 11

Approval of Board to appoint auditor proposal.

LCG's "Active" Strategy (not for presentation at Sept 2025 AGM but as background information).

In starting to look at some long-range forecasting, past 2042, we have looked at 3 different interest rates (2% above RPI, at RPI and 2% below RPI), we have looked at implementing the change for November 2025 and for November 2024, and we have looked at a passive, an active and a midway approach. This created 36

different scenarios and a summary table was presented to Board for discussion. Out of these, the Board has decided to further develop the “at RPI” scenario for passive and active approaches, whilst also looking at the effect of starting the interest rate drop for payments in November 2024 versus November 2025.

PASSIVE Scenario

The “Passive Scenario” assumes that the community benefit fund is halved, interest on shares matches RPI starting in Nov 2025, central administration costs of the organisation are cut and development budgets are removed. These projections show that, in 2042, all member shares will have been repaid, there will be a cumulative surplus of £136k and all sites will have closed.

ACTIVE Scenario

The “Active Scenario” assumes that the community benefit fund is maintained at current level with increases in inflation, interest on shares matches RPI (starting in Nov 2025) central administration costs are continued at current level, development budgets are continued, grants are actively sought for new projects and two new £1m projects are developed over the next 15 years. These projections show that, in 2042, member shares will be held, and there will be a cumulative surplus. The new projects will still be running and the remaining shares will be repaid as those projects generate profits each year.

Both of these scenarios are viable – LCG is a sustainable business with either scenario. The “Active Scenario” does require new sites to be developed and income to be realised so monitoring of progress will be required to establish if a shift to a more “Passive Scenario” is required at any stage in the future.

The Board polled the September 2025 AGM for member input on the above “Passive” v “Active” options. The decision is about risk and reward and what we would like to do with LCG. We need to decide whether we are looking for our community energy organisation to maximise the positive impact of the “Active”

approach which carries higher risk with potentially higher impact or if we are looking for the lower risk and lower impact “Passive” approach.