

**Boyndie Wind Farm
Co-operative Ltd**

**Annual Report, AGM Notification and Summary
Financial Statements for the year ended
31st December 2012**

Boyndie Wind Farm Co-operative Ltd

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SOCIETY INFORMATION

Directors	Ross Balharry Cameron Ewen Barbara Holligan Duncan Leece Robert Maddock Christopher Mckay Mike Pitman David Richard-Jones (E4A Representative)
Chairman	Mike Pitman
Company Secretary	Annette Heslop
Registered Number	2655RS
Registered office	Floor 3 The Co-operative Group Newhouse Composite Distribution Centre 401 Edinburgh Road Newhouse Lanarkshire ML1 5GH
Administration Address:	Unit 33, Trinity Enterprise Centre Furness Business Park Barrow-in-Furness LA14 2PN
Auditors	Melville & Co. 18 Trinity Enterprise Centre Furness Business Park Barrow-in-Furness Cumbria LA14 2PN
Bankers	Co-operative Bank plc 1 Balloon Street Manchester M60 4EP
Solicitors	Bates, Wells & Braithwaite 2-6 Cannon Street London EC4M 6YH
Number of Current members	715

BOYNDIE WIND FARM CO-OPERATIVE

Chairman's Report for the Year ending 31st December 2012

This is my first report to you since becoming your Chairman last year and I am disappointed to report a drop off in the 2012 results. This was due to a combination of factors throughout the year.

Firstly the wind speed was down in 2012 with 8% less electricity being produced compared to 2011. The average net electricity price in 2012 was £43.65 compared to £48.54 in 2011, a 10% drop. Income from the trading of recycled ROCs has been falling over the years and 2011/12 was particularly low due to more producers reaching their targets (with offshore wind and other renewable sources). It is expected that the ROC recycled value shouldn't fall to zero and should tend towards 10% of the ROC value. However, the recycled element is a small portion of the overall income. The wholesale price of electricity also affects our returns and this is clearly a volatile factor not always directly or transparently linked to domestic prices. The directors continue to monitor these variables but members will realise that we are not in a position to influence them.

The above factors have contributed to the reduction in turnover. However, turbine availability was higher in 2012 than the previous year thereby reducing any loss of income due to the turbines being inoperative.

The Overall return this year is 7.74% compared to 10.05% last year. Whilst disappointing, it is in the current climate a good return on an investment. The return this year is more in line with the figures quoted in the original prospectus, which was 8%.

Production/Financial

As you know, the Boyndie Co-op takes no direct part in the management of the wind farm, although the Board is in regular contact with the site operators (Falck Renewables) and monitors the site's operation. The table below shows the results for the years 2009 - 2012.

YEAR	2009	2010	2011	2012
Output MWh	37,347	39,302	43,067	39,702
Profit £	53,431	63,752	88,574	68,205
Return on Investment %	7.34%	7.71% (Average)	10.05%	7.74%

The Board and Staffing

At the start of 2012, the Board of the Co-op consisted of 6 local people plus one from Energy4All acting in a liaison role. In addition to myself, the directors were Barbara Holligan (Maud), Duncan Leece (Boyndie), Ross Balharry (Whitehills), Robin Maddock (Portsoy), Millan Copic (Banff) and finally David Richard-Jones from Wick who liaises with Energy4All and supported the launch of the original Boyndie Wind Farm Co-operative.

At our Board meeting on 12 January 2012 Cameron Ewen, a farmer from Fordyce was co-opted onto the Board. Cameron Ewen was formally appointed a Director at the 2012 AGM as was Christopher Mackay (Portsoy) who had stood as a new Director. After the AGM the board held a meeting and appointed myself as Chairman to replace Milan.

I am sure the shareholders, as well as the board, would like to thank Milan Copic for the contribution he made in his role as Chairman since the formative days of the Co-operative right up to 2012 when he resigned as a director. He was a key factor in the success of the Co-operative.

Under the Rules of the Co-op, one third of directors' stand down each year. If they wish, they can submit themselves for re-election alongside any new candidates who put themselves forward. This year, Duncan Leece and Barbara Holligan will be standing down and are offering themselves for re-election.

The Board's policy of inviting a volunteer observer at Board meetings has proved of value in the past, and again this year, we invite interested persons to come forward after the AGM to fill the existing vacancy for an observer.

You will be aware that the day-to-day management of the Co-op is handled most efficiently by the Energy4All office in Cumbria under the ongoing contract with the Boyndie Co-op. They monitor the wind farm performance data from Falck Renewables, manage the accounts, handle membership matters and generally administer the Co-op's affairs. We are grateful to them for their continuing professional expertise and guidance.

Board Activities

The principle activity undertaken by your Board over the past year has been the monitoring of the performance of the eight turbines. Most of our directors live locally, and so they are able to observe when a turbine is stationary. The Board communicates regularly with the Falck Renewables staff in their Inverness Office regarding all matters. Boyndie is fortunate in having the Scottish engineering staff of the turbine manufacturers Enercon based in the locality, so any repairs are undertaken with a minimum of downtime.

The Future

The local community continues their interest in the windfarm with community groups and particularly schools requesting visits to the site. These are managed directly by Falck Renewables and we are grateful for their support in this particular way.

Now that the Co-op is firmly established, its future direction is a matter for the Board and the membership. We have been speaking with Energy4All about what other Co-operatives are doing and will consider whether what others are doing is something that we as a Board should be recommending to the Shareholders. We would welcome any new ideas about what you would like to see the Co-op doing, especially in the environmental field. We would ask that if you have any thoughts on this then talk to one of the directors, come along to the AGM or even put yourself forward as a director / observer with the Board. Co-ops rely on their members to participate and help to set policy democratically.

Conclusion

At the end of our sixth year of trading I am pleased to report that the Co-operative is in excellent shape. Its financial position is robust and it has a strong membership and supportive Board. The current economic climate is such that the Board is satisfied that the long term prospects for investors in the Boyndie Wind Farm are good.

Mike Pitman

Mike Pitman
Chairman, Boyndie Wind Farm Co-operative Ltd
April 2013

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

Principal activities

The principal activity of the Co-operative continued to be that of the generation and supply of electricity from renewable sources.

Directors

The following directors have held office since the 1 January 2012

Ross Balharry
Cameron Ewen (Appointed 12 January 2012)
Barbara Holligan
Duncan Leece
Robert Maddock
Christopher McKay (Appointed 23 May 2012)
Mike Pitman
David Richard-Jones (E4A Representative)
Milan Čopić (Resigned 23 May 2012)

The Rules allow for a maximum number of seven Board members of which one third must retire each year in rotation. At the AGM in May 2013 Barbara Holligan and Duncan Leece will retire by rotation and, being eligible, offer themselves for re-election. The Co-op received one new nomination to join the Board from David Keith. David Richard-Jones is a representative of Energy4All Ltd and does not need to retire by rotation.

Auditors

In accordance with the Co-operative's rules of association, a resolution proposing that Melville & Co. be reappointed as auditors of the Co-operative will be put to the Annual General Meeting.

Remuneration of Directors

The Board considers it is not appropriate, given the size of the Society, to establish a separate Remuneration Committee, and these functions are carried out by the Board as a whole.

The Directors are entitled to claim £500 per annum incurred in the performance of their duties. Details of the total value of fees paid are provided in the Notes to the Summary Profit & Loss.

Management

Energy4All Ltd, a company dedicated to developing community ownership of renewables, manages the day to day activities of the Co-op along with maintaining the members share register.

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Rules of the Co-operative require the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Co-operative and of the profit or loss of the Co-operative for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Co-operative will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Co-operative and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965-2002. They are also responsible

for safeguarding the assets of the Co-operative and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company’s auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company’s auditors are aware of that information.

Income through the Royalty Instrument Agreement

The Co-op has a right to an income less operating costs through a Royalty Instrument with Falck Renewables Wind Ltd for a period of 24 years.

Income is derived from the price achieved for the sale of electricity and environmental attributes.

Wind Farm Production

The wind farm production from the eight turbines is tabulated below. Output during the year was slightly down on the budgeted figure primarily due to lower than average wind speeds during the first half of the year.

2012	P90 Budgeted output MWh	Actual output MWh	Cumulative % of P90 forecast
January	4,330	4,932	114%
February	4,950	4,534	102%
March	4,860	3,651	93%
April	3,980	2,825	88%
May	3,270	2,350	86%
June	3,450	1,938	81%
July	2,480	1,897	81%
August	2,340	2,341	82%
September	2,870	3,727	87%
October	4,110	2,587	84%
November	3,800	3,631	85%
December	3,760	5,289	90%
Totals	44,200	39,702	

Boyndie Wind Farm Co-operative Ltd

Notice of Annual General Meeting to be held on Wednesday 22nd May 2013

NOTICE is given that the Annual General Meeting of members will be held at 7:00 pm on Wednesday 22nd May 2013 at the St Brandon's Church Centre, Seafield Street, Whitehills, Banffshire for the following purposes:

AGENDA

1. Introductions and welcome.
2. **Motion 1:** To approve the minutes of the annual general meeting held on 23rd May 2012 (previously circulated 22nd June 2012).
3. **Motion 2:** To receive and adopt the Report of the Directors and the annual Accounts for the year ended 31st December 2012, together with the Report of the auditors thereon.
4. **Motion 3:** To re-appoint the firm of Melville & Co, Chartered Accountants, as auditor until the conclusion of the next Annual General Meeting at a fee to be agreed by the Board.
5. **Motion 4:** To approve the distribution of the surplus funds for the year (the operating profit together with any other income) by way of Share Interest. A share interest statement will be provided with each cheque payment.
6. Election of Directors: declaration of result.

Close of formal business

Guest Speaker: **Mr Andrew King, Founder and Past Chairman, Energy4All.**
"Boyndie Wind Farm Co-op - Past, Present & Future"

By order of the Board
Annette Heslop,
Company Secretary
25th April 2013

Registered Office:
Floor 3
The Co-operative Group
Newhouse Composite Distribution Centre
401 Edinburgh Road
Newhouse
Lanarkshire
ML1 5GH

Administration Address:
Unit 33, Trinity Enterprise Centre
Furness Business Park
Barrow in Furness
Cumbria LA14 2PN
Tel: 01229 821028

Please refer to the enclosed Form of Proxy and Ballot Form for instructions on voting.

NOMINATIONS TO THE BOARD

The Rules allow for a maximum number of seven Board members of which one third must retire each year in rotation. Barbara Holligan and Duncan Leece will retire by rotation and will seek re-election. The Co-op received one new nomination to join the Board from David Keith. Members will be asked to vote for two out of the three candidates through a ballot.

Biographical Notes

Retiring Director's Seeking Re-election

Barbara Holligan- Peterhead

Three years ago I sought election for the first time to the Board, having previously been an 'observer' at meetings. During the last three years I have learned much about the governance of Boyndie WFC, and tried to put the perspective of Josephine Public to the Board's work.

Whilst still living with my family, (all six of us are Boyndie investors) on a croft near Maud, we do have a new addition to the family since I first stood for election– a 10kw wind turbine on a 15m pole. This very small development in wind turbine terms, as well as taking two years of my life, gave me insights into the problems of getting renewable energy projects off the ground. It made me eternally grateful for the work Energy4All did with Falck to create the Boyndie Wind Farm Coop, and with it the opportunity for ordinary people in the 'hosting' community to benefit from investment in renewable energy, without having to personally own the land or go through the time consuming and expensive 'developmental hurdles', perhaps unsuccessfully.

I strongly believe that affected communities should have rights to invest in on -and off-shore wind developments. This wider ownership of energy production, would encourage accountability of planners and power generation network suppliers, as well as fostering more responsible attitudes towards energy usage by end users.

My strengths are in the areas of co-operation and communication. If re-elected I will continue to work with the other Directors, to ensure the success of Boyndie WFC, for members' benefit and as an example to other communities. I will diligently seek the necessary information, to be able to protect members' interests and their investments. I will look to ensure co-operative values are at the heart of all decisions the Board takes.

Thank you.

Duncan Leece - Banff

I have spent my working life in the retail and tourism industries, having served at both operational management and board level in both. I live in Boyndie and my home is one of the closest houses to the turbines. Naturally, this prompted me to take a keen interest in the wind farm development right from the start, and becoming a founder director of the co-op enabled me to promote active community participation in local business and local people having a say in running their communities, both of which are passions. I run two local charities, The Boyndie Trust and The Banffshire Partnership as my paid work.

Having been a director of the Boyndie Wind Farm Co-op since 2005 I would like to be re-elected to serve for another term and look forward to you supporting my re-election.

New Candidate

David Keith – Whitehills

I was born and brought up at Newburgh Aberdeenshire, attending Newburgh Primary and Aberdeen Central Secondary Schools. My education received a further boost in Central and North Italy with the First Battn. The London Scottish Regiment, followed by No. 1 Special Guard Battn. (This was not a member of the

Household Cavalry. We guarded German Army prisoners rather than the dear Queen) and latterly in Germany with the 1st. Battn. The Gordon Highlanders. I was demobbed in 1949 with the rank of War Substantive Sergeant, whilst serving as platoon Sergeant of No. 11 Platoon, D Company. On demob I enrolled for a double honors course in English & Psychology, graduating in English/Psychology, graduating in 1952.

My first employment was as an Eastern Trainee with one of the great colonial trading firms, Ms Harrisons @ Crosfield. After 6 months in London studying accounts, shipping and company procedures I was posted to what was then British North Borneo, where I served during two four-year contracts. When Borneo was granted independence I returned to London where I worked for three years for London Transport Executive, got married and returned to Scotland and qualified as an English teacher at Aberdeen College of Education, thereafter teaching as First Assistant at Boddam, Headmaster at Logie Coldstone and finally for 23 enjoyable and highly interesting years during a time of major educational change, as Head teacher of Whitehills School. I am tempted to say "Si monumentum requiris, circumspice!" Now retired, my wife and I operate a small Camping and Caravan Site in Whitehills.

During my 41 years in Whitehills I have been involved with most Whitehills & District organisations: The Hall Committee, The Playing Field Association, The local Boy Scout Support Group and in fact I was a founder member and first secretary of the Whitehills @ District Community Association and of the Community Council into which this metamorphosed.

Why vote for me? I have made three major career changes during my life, which suggests a certain amount of flexibility and adaptability and reached middle management levels in all three. My wife and I have made our liking for Whitehills sufficiently obvious by buying a house here and bringing up four children of our own plus two foster children here. We have a vested interest in helping the process forward. The Wind Farm Co-op appears from outward appearances to be competently and intelligently run, and I expect they could find a use for me.

Please refer to the enclosed Ballot Form for instructions on voting.

**INDEPENDENT AUDITORS' STATEMENT
TO THE SHAREHOLDERS OF BOYNDIE WIND FARM CO-OPERATIVE LIMITED**

We have examined the summary financial statement for the year ended 31 December 2012 set out on pages 11 and 12.

Respective responsibilities of directors and the auditors

The directors are responsible for preparing the summarised financial statements in accordance with applicable United Kingdom law and guidance.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summarised annual report with the full financial statements and the Director's Report.

We also read the other information contained in the summarised financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full financial statements describes the basis of our opinion on those financial statements and the Directors' Report.

Opinion

In our opinion the summary financial statements are consistent with the full financial statements and the Directors Report of Boyndie Wind Farm Co-operative Limited for the year ended 31 December 2012 and have been prepared in accordance with relevant guidance and regulations.



Melville & Co.
Chartered Accountants
Statutory Auditor

17th April 2013

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18 Trinity Enterprise Centre
Barrow-in-Furness
Cumbria
LA14 2PN

BOYNDIE WIND FARM CO-OPERATIVE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Share of net operational income of wind farm		145,691	175,415
Turbine operating costs	1	(25,413)	(29,773)
Gross profit		120,278	145,642
Administrative expenses	2	(57,244)	(59,946)
Operating profit		63,034	85,696
Other interest receivable	3	5,171	2,878
Profit for the year	4	68,205	88,574
Return on Investment			
Gross Return		7.74%	10.05%

Notes

1 Turbine operating costs

Typical operating costs include operational & maintenance fees, rates, land rental fees, insurance and community benefit.

2 Administrative expenses

Administrative services for the co-operative are provided by Energy4All Ltd under contract. Items under this heading include administration charges (£14,602), audit fees, amortisation on intangible assets (£35,495), directors' remuneration (£4,000) and expenses.

3 Other interest receivable

Interest received from funds in bank accounts.

4 Profit for the year

The Co-op seeks to pay out in full its after tax profits as members share interest.

BOYNDIE WIND FARM CO-OPERATIVE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012		2011	
		£	£	£	£
Fixed assets					
Intangible assets	1	627,072		662,567	
Investments	2		1		1
			<u>627,073</u>		<u>662,568</u>
Current assets					
Debtors	3	57,630		70,570	
Cash at bank		292,497		274,979	
			<u>350,127</u>		<u>345,549</u>
Creditors: amounts falling due within one year	4	<u>(95,460)</u>		<u>(126,377)</u>	
Net current assets			<u>254,667</u>		<u>219,172</u>
Total assets less current liabilities			<u>881,740</u>		<u>881,740</u>
Capital and reserves					
Called up share capital			881,740		881,740
Shareholders' funds			<u>881,740</u>		<u>881,740</u>

Notes

1 Intangible assets

The intangible asset represents the acquisition of a royalty instrument entitling the Co-operative to a share of the revenues less an allocation of operating costs for electricity generated from the Boyndie Airfield Wind Farm site.

2 Fixed asset investment

The fixed asset investment represents the company's holding in Energy4All Limited, the company which provides management services to the Co-operative.

	2012	2011
3 Debtors		
Accrued income	57,403	70,390
Prepayments	227	180
	<u>57,630</u>	<u>70,570</u>
4 Creditors		
Trade creditors	8,782	12,451
Accruals	8,150	9,211
Members share interest (includes uncashed amounts from previous years)	69,803	89,819
VAT	8,725	14,896
	<u>95,460</u>	<u>126,377</u>