

**Boyndie Wind Farm  
Co-operative Ltd**

**Annual Report, AGM Notification and Summary  
Financial Statements for the year ended  
31<sup>st</sup> December 2010**

# Boyndie Wind Farm Co-operative Ltd

## Annual Report, AGM Notification and Summary Financial Statements for the year ended 31<sup>st</sup> December 2010

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### Contents

	Page
Society Information	2
Chairman's report	3
Directors' Report	6
Notice of Annual General Meeting	9
Nominations to the Board - Biographical Notes	10
Report of the Auditors	11
Summary Profit & Loss	12
Summary Balance Sheet	13

## **SOCIETY INFORMATION**

<b>Directors</b>	John-Ross Balharry Milan Copic Duncan Leece Robert Maddock Mike Pitman Barbara Holligan (Appointed 26 May 2010) Lilian Jappy (Co-opted 21 September 2010) David Richard-Jones (E4A representative)
<b>Chairman</b>	Milan Copic
<b>Company Secretary</b>	Annette Heslop
<b>Registered Number</b>	2655RS
<b>Registered office</b>	Robert Owen House 87 Bath Street Glasgow G2 2EE
<b>Administration Address:</b>	Unit 33, Trinity Enterprise Centre Furness Business Park Barrow-in-Furness LA14 2PN
<b>Auditors</b>	Melville & Co. 18 Trinity Enterprise Centre Furness Business Park Barrow-in-Furness Cumbria LA14 2PN
<b>Bankers</b>	Co-operative Bank plc 1 Balloon Street Manchester M60 4EP
<b>Solicitors</b>	Bates, Wells & Braithwaite 2-6 Cannon Street London EC4M 6YH
<b>Number of Current members</b>	723

## **BOYNDIE WIND FARM CO-OPERATIVE**

### **Chairman's Report for the Year ending 31<sup>st</sup> December 2010**

I am pleased to present my third annual report since becoming Chairman of the Boyndie Wind Farm Co-operative. I must also express my delight that so many local people are represented as members of Boyndie - the very first windfarm co-operative in Scotland. The pioneering example that we all set way back in 2005 in supporting this innovative community investment has been replicated in other wind farm co-ops across Scotland – indeed some of you may also be members of these other, later, wind farm co-ops.

This is Boyndie Member's fifth Annual General Meeting, and the fourth full year report. All co-operatives are democratically run and the Boyndie Wind Farm membership will have the opportunity to ask questions and to discuss the direction of the co-op at our AGM to be held on the evening of 25<sup>th</sup> May 2011 in St Brandon's Church Centre, Whitehills.

#### **Background**

The Boyndie Wind Farm Co-op was formed in 2005 by Energy4All Ltd, a not-for-profit social enterprise whose aim is to help community groups own a stake in renewable energy schemes. Energy4All made a deal with the wind farm developer Falck Renewables, who wished to offer a stake in their Scottish projects to local people. The arrangement was that on each Falck site in Northern Scotland, Energy4All would create a co-op and local people will be able to buy a stake in the project.

Boyndie was the first of these projects; it was constructed in spring 2006. The community was offered a stake that necessitated the raising of over £700,000. Energy4All recruited a representative local board, and prepared a share offer document. The share offer was launched in May 2006 and raised more than the target amount.

There are just over 700 members of the Boyndie Co-op and the great majority of them live locally. We were particularly pleased to welcome over 100 children whose parents and grandparents bought co-op membership for them as an investment in the future. We look forward to some of these young investors becoming the directors of the Co-operative in years to come.

#### **Eighth Turbine**

The additional turbine was constructed during the winter of 2009 and early spring of 2010. It was commissioned in April 2010, and started contributing to the wind farm's output from that date. The Boyndie Co-op offered additional shares to existing Co-op Members and I am pleased to report 355 Members took up the offer. The additional Royalty Agreement was signed on 1 April 2010, valued at £143,740.

#### **Production**

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.

Last year, I reported that 2009 was less windy than 2008 and the site produced 13.05% less power than in 2008. It is therefore with disappointment that I have to report that 2010 was an even less windy year than 2009! In fact, the industry has gone on record as reporting that during 2010 the wind across the whole of the UK was the lowest since records began way back in the 19<sup>th</sup> century. The reduced output for Boyndie as a result of these unprecedented calm periods totalled 39,302 MWh for the whole of 2010 against a budget of 42,540 MWh. This included the additional nine months output from the 8<sup>th</sup> turbine. So the effect of the calm 2010 can easily be seen.

However, despite the record low winds of 2010, I am pleased to report that the Boyndie Wind Farm Co-operative returned a profit of £63,752 for 2010, compared with £53,431 in 2009, due partly to the contribution from the eighth turbine and also strengthening prices for the electricity generated towards the year end.

With the average UK household using approximately 4.7MWh of electricity per year, during 2010 Boyndie generated enough power to supply over 8,300 households with clean, renewable electricity. As more households become energy conscious and strive to reduce the amount of electricity they consume, the energy Boyndie generates will supply an increasing number of households.

### **Financial Summary**

Boyndie operated with seven turbines until April 1<sup>st</sup>, 2010 when the eighth turbine was commissioned, and so output for the last nine months of the year was from eight turbines.

The total output for 2010 was 39,302 MWh which created a profit of £63,752.

For the first three months of 2010 before the 8<sup>th</sup> turbine was commissioned, the 2010 share interest payment will be £19,967, which represents a return of 10.97% for the 3 months. The balance of the profits for the last nine months will be distributed among all members regardless of whether they made an investment in the additional turbine. This amounts to £43,785 – a return of 6.62% for the 9 months. A detailed breakdown is available in the Directors' Report. The average return over the whole year is 7.71%.

The return indicated in the original Share Offer document was 8%. The 2010 average return compares very favourably with this projected figure, given that 2010 now holds the record as the least windy year since records began. Compared with the return currently available from other forms of investment, I am sure that you will agree with me that this is very satisfactory. We can only hope that in future years the wind returns to a more favourable pattern more akin to that in our projected figures.

### **The Board and Staffing**

At the start of 2010, the Board of the Co-op consisted of 7 local people plus one from Energy4All acting in a liaison role. In addition to myself, the directors were Barbara Holligan (Peterhead), Duncan Leece (Boyndie), Ross Balharry (Whitehills), Brian Hendrie (Whitehills), Robin Maddock (Portsoy), Mike Pitman (Banff), and finally David Richard-Jones from Wick who liaises with Energy4All and supported the launch of the original Boyndie Wind Farm Co-operative. Lilian Jappy continued to serve as an observer from the 2009 AGM.

In September 2010, Brian Hendrie moved home from Aberdeenshire and resigned from the Board. Lilian Jappy was co-opted onto the Board in place of Brian. I would like to place on record the Board's appreciation of the support and valued contribution made by Brian during his time as a Director.

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, Robin Maddock will be standing down and is offering himself for re-election. As Lilian Jappy was co-opted onto the Board in September in place of Brian Hendrie, she is standing for election to have her nomination confirmed by Members.

As a result of the interest shown at last year's AGM, the Board welcomes expressions of interest from Co-op Members who may wish to consider joining the Board as observers.

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 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.

I am grateful to the Board for their commitment and support to the Co-operative. Boyndie was the first wind farm Co-operative in Scotland, and we were the first to purchase shares in an additional turbine. You can rest assured that your Board continues to work for the benefit and interests of all shareholders in the Co-op.

### **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.

In September 2010, we hosted a visit to the wind farm from members of the Grampian and Inverness & Moray Area Committees of Scottish Co-op. Over thirty members met in the Boyndie Visitor Centre before visiting the wind farm where they met Euan Currie of Falck Renewables. He invited the visitors into the control room of the eighth turbine where they could see the scale of the engineering involved in the German-manufactured Enercon turbines. The most common comment from the visitors was the relative lack of noise from the turbine operating immediately above their heads! We are grateful to Falck Renewables for their support and assistance in organising such visits.

### **The future**

The local community continues showing interest in the windfarm, with community groups and particularly schools requesting visits to the site. These continue to be managed directly by Falck Renewables, who have appointed a staff member to process such requests.

Now that the Co-op is firmly established, its future direction is a matter for the Board and the membership. If you have ideas about what you would like to see the Co-op doing, especially in the environmental field, then talk to one of the directors, come along to the AGM or even put yourself forward as an observer with the Board. Co-ops rely on their members to participate and help to set policy democratically.

### **Conclusion**

At the end of our fourth 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 lower return than expected due to low wind speeds in 2010 is disappointing, but 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.

Thank you for your support

*Milan Copic*

Milan Copic  
Chairman, Boyndie Wind Farm Co-operative Ltd  
April 2011

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

### **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 2010

Ross Balharry	
Milan Copic	
Lilian Jappy	(Co-opted 21 September 2010)
Duncan Leece	
Robert Maddock	
Mike Pitman	
Barbara Holligan	(Elected at AGM 26 May 2010)
David Richard-Jones	
Brian Hendrie	(Resigned 21 September 2010)
Bill Ellis	(Resigned at AGM 26 May 2010)

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 2011, Robert Maddock will retire by rotation and, being eligible, will offer himself for re-election. Lilian Jappy who was co-opted on to the Board during the year will offer herself for election. 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 PLC for a period of 24 years.

For the first three years of operation a fixed all inclusive unit price was agreed with the wind farm operator. From 1 September 2009 the price is variable based on the price achieved for the sale of electricity and environmental attributes.

#### Wind Farm Production

The wind farm production from the turbines is tabulated below. Note that the wind farm increased the number of turbines from seven to eight with effect from 1<sup>st</sup> April 2010. Output during the year was down by 8% on the budgeted figure primarily due to lower than average wind speeds.

<b>2010</b>	<b>P90 Budgeted output MWh</b>	<b>Actual output MWh</b>	<b>Cumulative % of P90 forecast</b>
January	3,822	4,071	107%
February	4,368	2,692	83%
March	4,290	3,655	83%
April	3,980	2,950	81%
May	3,270	1,734	77%
June	3,450	2,066	74%
July	2,480	2,619	77%
August	2,340	1,791	77%
September	2,870	4,862	86%
October	4,110	4,530	89%
November	3,800	4,469	91%
December	3,760	3,863	92%
<b>Totals</b>	<b>42,540</b>	<b>39,302</b>	<b>92%</b>

#### Share Interest distribution 2010

As all members are aware, the Boyndie Co-operative ran a further share offer in 2010 for existing members of the co-op who wished to take an additional stake in the wind farm following its extension from 7 turbines to 8 turbines.

This Offer raised £153,740 (to add to the £728,000 raised in the Original Offer). This was used to purchase an additional stake in the windfarm from 1<sup>st</sup> April 2010.

One of the conditions of the further offer of shares was that the rate of return per share received by members should not be affected by a decision to invest or not to invest in the Extension Offer.

As the co-operative's year end is 31<sup>st</sup> December this raises the question of how to deal with the return on the Extension Offer money for the nine months prior to the year end.

After detailed and careful consideration of the options by Energy4All and the Board of Boyndie Co-op, the decision has been taken that the fairest and simplest way is to make a declaration of return to all members for the first 3 months of 2010, based on their shareholding prior to the extension offer, together with an additional return to all members based on their shareholding after the extension offer (1 April 2010). The following calculations show the breakdown of members' share interest payments based on £63,752 total profit for the year.

Original offer (7 turbines Jan – Mar 2010)

Total investment	£728,000
Total Income	£40,597
Less operating costs	£6,802
Less Co-op Admin costs	£14,096
Add interest received	£268
Co-op Profit	£19,967
<b>Member return on investment</b>	<b>10.97% (based on £728,000 for 3 months)</b>

A member investing £1,000 would receive £27.42 share interest.

Calculation:

$£1,000 \times 10.97\%$  divided by  $12 \times 3$  months = £27.42

From 1<sup>st</sup> April 2010 and beyond, all shares (from both the Original and the Extension Offers) will be treated equally.

Any profit accumulated after the 1 April will be distributed to all members regardless of whether they made an additional investment in the 8<sup>th</sup> turbine.

After Additional Offer (8 turbines Apr – Dec 2010)

Total investment	£881,740
Total Income	£113,133
Less operating costs	£23,808
Less Co-op Admin costs	£46,285
Add interest received	£745
Co-op Profit	£43,785
<b>Member return on investment</b>	<b>6.62% (based on £881,740 for 9 months)</b>

For every £1,000 invested in the Co-op after the additional share offer, a member would receive £49.65 share interest in addition to the share interest calculated for the first 3 months of the year.

Calculation:

$£1,000 \times 6.62\%$  divided by  $12 \times 9$  months = £49.65

# Boyndie Wind Farm Co-operative Ltd

## Notice of Annual General Meeting to be held on Wednesday 25<sup>th</sup> May 2011

**NOTICE** is given that the Annual General Meeting of members will be held at 7:00 p.m. on Wednesday 25<sup>th</sup> May 2011 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 26<sup>th</sup> May 2010.
3. **Motion 2:** To receive and adopt the Report of the Directors and the annual Accounts for the year ended 31<sup>st</sup> December 2010, 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. **Motion 5:** Re-elect Robert Maddock as a Director of the Co-op.
7. **Motion 6:** Elect Lilian Jappy as a Director of the Co-op.
8. Any Other Business

### Close of formal business

9. **Guest Speaker**  
**Maitland Mackie BScAg, MAhons Econ, LLD, FRAGS, DBA, CBE**  
*'Understanding the energy crisis, and wind energy's part in its solution'*

By order of the Board  
Annette Heslop,  
Company Secretary  
21<sup>st</sup> April 2011

Registered Office:  
Robert Owen House,  
87 Bath Street  
Glasgow G2 2EE

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 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. Robert Maddock will retire by rotation and will seek re-election. Lilian Jappy was co-opted onto the Board and now seeks formal approval.

### Biographical Notes

#### Retiring Director Seeking Re-election

##### **Robert Maddock - Portsoy**

I was born and brought up in Hamilton, Lanarkshire in 1952 and lived there until February 2006.

On leaving school I joined Clydesdale Bank in Motherwell and worked my way through the ranks becoming a manager when I was 28 in the International Division in Glasgow. I had various managerial jobs, primary in Treasury, Asset & Liability Management and latterly in Treasury Compliance & Operational Risk. In 2000 I moved to work for the parent company (National Australia Bank) although I was still based in Glasgow. Following a restructuring in the organisation, I was made redundant in February 2006.

My wife and I have had a house in Portsoy since November 2002 but have been coming to Portsoy for holidays for about 35 years. On moving permanently to Portsoy, I secured a job as an Assistant Registrar with Aberdeenshire Council, which I still hold. I am also Chairman of Banffshire Partnership Ltd and Chairman of the Portsoy District Community Association which runs the Pavilion and playing fields in Portsoy.

I am a Member of the Chartered Institute of Bankers in Scotland and have an MSc in International Banking & Finance.

I have served as a director of Boyndie Wind Farm Co-operative since the AGM in May 2008 and I am willing to put myself forward for another term.

#### Co-opted Director seeking election

##### **Lilian Jappy - Buckie**

I was born in 1942 left school at 15 and went to work at the Buckie Co-op, their values and principles are still with me today. I am married and have 2 children. I have been a primary school teacher since 1973. I served 8 years on Grampian Area Committee of the Co-operative Group and 7 years as a director on the Scottish Board. I gained a wealth of knowledge in this time supporting wind farms, co-operatives, environment issues and fairtrade. I have been a shareholder of Boyndie Wind Farm since inception, an observer at committee meetings then was co-opted on to the board last year. I believe in the commitment to the environment for the protection of our future generations. I am on the board of Rathven Parish Church. I am vice chair of Buckie 50+ who have a membership of 250. I take part in a group called Buckie Blethers promoting Doric and writing our own material. We have a travel club at Buckie and I have been the chair person for 2 years. It would be a privilege to serve on the board of Boyndie Wind Farm with like minded co-operators.

**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 2010 set out on pages 12 and 13.

**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 2010 and have been prepared in accordance with relevant guidance and regulations.



**Melville & Co.**  
Chartered Accountants  
**Statutory Auditor**

18<sup>th</sup> April 2011

.....  
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 2010

	Notes	2010 £	2009 £
Share of net operational income of wind farm		153,730	124,604
Turbine operating costs	1	(30,610)	(24,127)
<b>Gross profit</b>		<b>123,120</b>	<b>100,477</b>
Administrative expenses	2	(60,381)	(47,760)
<b>Operating profit</b>		<b>62,739</b>	<b>52,717</b>
Other interest receivable	3	1,013	714
<b>Profit on ordinary activities before taxation</b>		<b>63,752</b>	<b>53,431</b>
Tax on profit on ordinary activities		0	0
<b>Profit for the year</b>	4	<b>63,752</b>	<b>53,431</b>
<b>Return on Investment</b>			
Gross Return	3 months	<b>10.97%</b>	<b>7.34%</b>
	9 months	<b>6.62%</b>	
	Average	<b>7.71%</b>	

### 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 audit fees, amortisation on intangible assets, directors' remuneration (£4,009) and expenses.

#### **3 Other interest receivable**

Interest received from funds in bank accounts.

#### **4 Profit for the year**

Amount available for distribution to members.

# BOYNDIE WIND FARM CO-OPERATIVE LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	2010		2009	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	1	698,062		581,983	
Investments	2		1		1
		<u>698,063</u>		<u>581,984</u>	
<b>Current assets</b>					
Debtors	3	58,505		44,317	
Cash at bank		220,150		176,504	
		<u>278,655</u>		<u>220,821</u>	
<b>Creditors: amounts falling due within one year</b>	4	<u>(94,978)</u>		<u>(74,805)</u>	
<b>Net current assets</b>		<u>183,677</u>		<u>146,016</u>	
<b>Total assets less current liabilities</b>		<u>881,740</u>		<u>728,000</u>	
<b>Capital and reserves</b>					
Called up share capital	5	881,740		728,000	
<b>Shareholders' funds</b>		<u>881,740</u>		<u>728,000</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. Additional costs were incurred in the year on a supplementary royalty agreement to extend the co-operative share to cover the 8 turbines of the enlarged wind farm rather than the 7 turbines originally built. The additional asset will amortise each year over the remaining life of the project.

#### 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.

	2010	2009
<b>3 Debtors</b>		
Accrued income	58,446	44,198
Prepayments	59	119
	<u>58,505</u>	<u>44,317</u>
<b>4 Creditors</b>		
Trade creditors	11,692	10,055
Accruals	11,064	9,258
Members share interest (includes uncashed amounts from previous years)	65,284	54,460
VAT	6,938	1,032
	<u>94,978</u>	<u>74,805</u>

#### 5 Called up share capital

During the year the company issued 153,740 additional £1 member shares which were promoted to existing shareholders in order to fund the purchase of the supplementary royalty instrument to the value of £143,740. The remaining £10,000 covered additional costs incurred on a supplementary royalty agreement and share offer costs.