

22<sup>nd</sup> April 2010

Dear Member,

**NOTICE OF ANNUAL GENERAL MEETING 2010**

I am pleased to send you details about the Annual General Meeting (AGM) of Boyndie Wind Farm Co-operative for the financial year ending 31 December 2009. The enclosed Annual Report contains the formal AGM notice and summary accounts for the year end. Any member wishing to receive a full set of Accounts or Standing Orders of the Society in respect to the AGM may do so by writing to the Secretary of Boyndie (please enclose a large s.a.e. if postal copy required) or by email request to [annette@boyndie.coop](mailto:annette@boyndie.coop).

The meeting will take place on **Wednesday 26<sup>th</sup> May 2010** in the St Brandon's Community Centre, Seafield Street, Whitehills. Refreshments will be available on arrival from 6.30 p.m. and the meeting will start at **7:00 p.m.**

With regards to voting on the motions before the meeting, you have the option either to attend the AGM and vote in person or to use the enclosed Form of Proxy and vote by post.

**N.B.** Your completed Form of Proxy must arrive no later than **2:00 pm on Monday, 24<sup>th</sup> May 2010**. An envelope is provided but please attach a postage stamp.

Our guest speaker this year will be Mark Jennison, Project Director of Energy4All.

In order to prepare seating arrangements, I would appreciate it if you could let me know whether you plan to attend. Please confirm by returning the confirmation slip at the bottom of this letter no later than **Monday 17<sup>th</sup> May 2010**.

I hope you will be able to attend the meeting and the Board look forward to seeing you.

With best regards,



Annette Heslop  
Secretary

.....  
Please detach and return to Boyndie Co-op

Please complete and return only if you plan to attend the Boyndie Wind Farm Co-op AGM on  
**Wednesday 26<sup>th</sup> May 2010**

Name of Member \_\_\_\_\_

Address \_\_\_\_\_

I plan to attend the AGM on the above date (please tick)

Please let us know if you are planning on bringing a guest/partner, number of guest/partners \_\_\_\_\_

**Please return this slip to Boyndie Co-op at Unit 33 Trinity Enterprise Centre, Furness Business Park, Barrow in Furness, LA14 2PN, to arrive no later than 17<sup>th</sup> May 2010.**

# **Boyndie Wind Farm Co-operative Ltd**

## **Annual Report, AGM Notification and Summary Financial Statements for the year ended 31<sup>st</sup> December 2009**

# **Boyndie Wind Farm Co-operative Ltd**

## **Annual Report, AGM Notification and Summary Financial Statements For the year ended 31<sup>st</sup> December 2009**

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## **SOCIETY INFORMATION**

|                                  |   |
|----------------------------------|---|
| <b>Directors</b>                 | John-Ross Balharry<br>Milan Copic<br>Bill Ellis<br>Brian Hendrie<br>Duncan Leece<br>Robert Maddock<br>Mike Pitman<br>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<br>87 Bath Street<br>Glasgow<br>G2 2EE  |
| <b>Administration Address:</b>   | Unit 33, Trinity Enterprise Centre<br>Furness Business Park<br>Barrow-in-Furness<br>LA14 2PN  |
| <b>Auditors</b>                  | Melville & Co.<br>18 Trinity Enterprise Centre<br>Furness Business Park<br>Barrow-in-Furness<br>Cumbria<br>LA14 2PN   |
| <b>Bankers</b>                   | Co-operative Bank plc<br>1 Balloon Street<br>Manchester<br>M60 4EP  |
| <b>Solicitors</b>                | Bates, Wells & Braithwaite<br>2-6 Cannon Street<br>London<br>EC4M 6YH   |
| <b>Number of Current members</b> | 725   |

## **CHAIRMAN'S REPORT - Year ending 31<sup>st</sup> December 2009**

I am pleased to present my second annual report since becoming Chairman of the Boyndie Wind Farm Co-operative. I am delighted to represent so many local people as members of the first windfarm co-operative in Scotland.

This is the member's fourth Annual General Meeting, and the third 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 25<sup>th</sup> May 2010 in St Brandon's Community 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.

### **Production**

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) and monitors the site's operation.

2009 was less windy than 2008 and the site produced 13.05% less power than in 2008 (37,347 Megawatt hours, compared with 42,952 MWh in 2008. Against our forecast output, the 2009 generated power was 96.25% of the estimated output, which a very good result compared with other Scottish co-operative windfarms.

The average UK household uses about 4.7MWh of electricity per year, so the site generated enough power to supply nearly 8,000 households. Obviously, as households strive to reduce the amount of electricity they consume, in line with Government policies, the energy we generate will supply more households.

It also represents a saving of roughly 28,000 tonnes of CO<sub>2</sub> which would have been discharged into the atmosphere by a coal-fired power station to produce the same amount of power.

### **Financial Summary**

During 2009, the windfarm operator, Falck Renewables, installed mechanical lifts in each of the towers of the seven turbines to satisfy health & safety requirements for safe access for maintenance staff. The turbines were originally fitted with a steel ladder stretching the full height of the tower. The cost of the seven lift installations had to be met from revenue, and the Co-operative met its obligation to share in this cost. This, combined with a reduced value of electricity generated in 2009, resulted in a net profit for 2009 of £53,431.

This amount is available for distribution to the members and represents a 7.34% return on investment, which will be paid this spring if the AGM agrees. The return indicated in the Share Offer document was 8%. Compared with the return currently available from other forms of investment, I trust that you will agree with me that this is very satisfactory.

## **The Board and Staffing**

The Board of the co-op consists of 7 local people plus one from Energy4All to act in a liaison role. In addition to myself, the directors are Duncan Leece (Boyndie), Ross Balharry (Whitehills), Bill Ellis (Portsoy), 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 project. As a result of the interest shown at last year's AGM, the Board co-opted two other members of the co-op to join the Board as observers. They are Lilian Jappy and Barbara Holligan. I would like to thank them for their valued contributions to the Board's deliberations over the past year.

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, Bill Ellis and Duncan Leece will be standing down. Bill has decided to retire, and Duncan is offering himself for re-election, along with any other candidates.

I hope that you will all join with me in thanking Bill for his sterling work on behalf of the co-op. He played a key role before, during and after the launch of the co-operative, and he has been a most valued member of the Board since its inception. Bill often acted as a guide for visiting parties to the windfarm in its early days. On behalf of all members of the co-operative, Thank You, Bill.

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 professional expertise and guidance.

## **Board Activities**

The principle activity undertaken by your Board over the past year has been the planning and arrangements for the launch of the eighth turbine share offer.

You will have all received a series of correspondence, paperwork and offer letters relating to this exciting development, and we were delighted that our efforts and deliberations were rewarded by the offer being fully subscribed. Share certificates are being issued as I write this report. We look forward to this new turbine being as productive as its seven neighbours.

## **The future**

The local community continues showing interest in the windfarm, with community groups and particularly schools requesting visits to the site. These are now managed directly by Falck Renewables, who have appointed a staff member to manage 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 for the Board. Co-ops rely on their members to participate and help to set policy democratically.

## **Conclusion**

I am delighted to report that as the Boyndie project enters its fourth full year, now with eight operating turbines, it is in good shape. Its financial position is robust and it has a strong membership and supportive Board. The wind farm on which it is based is operating well and with the successful addition of the eighth turbine, the co-op continues to set an example to the rest of Scotland.

Thank you for your support

*Milan Čopić*

Milan Čopić (Chairman)  
April 2010

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

### **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 1 January 2009:

Ross Balharry  
Milan Copic  
Bill Ellis  
Brian Hendrie  
Duncan Leece  
Robert Maddock  
Mike Pitman  
David Richard-Jones

At the AGM in May 2009 Ross Balharry and Milan Copic were re-elected to the Board. Barbara Holligan and Lillian Jappy accepted the offer to join future Board meetings as non-voting consultants.

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 2010, Duncan Leece will retire by rotation and, being eligible, offer himself for re-election. Bill Ellis has indicated he will retire at the AGM. David Richard-Jones is a representative of Energy4All Ltd and does not need to retire by rotation. The Co-op has received one new nomination to join the Board from Barbara Holligan. Barbara has been attending board meetings as an advisor throughout the year. As the Board has not exceeded its maximum number of Board members we invite the members of Boyndie to confirm the re-appointment of Duncan and the appointment of Barbara.

### **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 plus reasonable expenses 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 seven turbines is tabulated below:

| <b>2009</b>   | <b>P90 Budgeted output MWh</b> | <b>Actual output MWh</b> | <b>Cumulative % of P90 forecast</b> |
|---------------|--------------------------------|--------------------------|-------------------------------------|
| January       | 3,822                          | 4,624                    | <b>121%</b>                         |
| February      | 4,368                          | 2,961                    | <b>93%</b>                          |
| March         | 4,290                          | 4,363                    | <b>96%</b>                          |
| April         | 3,510                          | 2,301                    | <b>89%</b>                          |
| May           | 2,886                          | 2,906                    | <b>91%</b>                          |
| June          | 3,042                          | 1,732                    | <b>86%</b>                          |
| July          | 2,184                          | 2,516                    | <b>89%</b>                          |
| August        | 2,067                          | 2,895                    | <b>93%</b>                          |
| September     | 2,535                          | 2,222                    | <b>92%</b>                          |
| October       | 3,627                          | 4,055                    | <b>95%</b>                          |
| November      | 3,354                          | 3,845                    | <b>96%</b>                          |
| December      | 3,315                          | 2,926                    | <b>96%</b>                          |
| <b>Totals</b> | <b>39,000</b>                  | <b>37,347</b>            |                                     |

The actual output in the above table is lower than the budget is due to low wind speeds during 2009, particularly during some of the winter months.

## Notice of Annual General Meeting to be held on Wednesday 26<sup>th</sup> May 2010

**NOTICE** is given that the Annual General Meeting of members will be held at 7:00 p.m. on Wednesday 26<sup>th</sup> May 2010 at the St Brandon Centre, Seafield Street, Whitehills for the following purposes:

### AGENDA

1. Introductions and welcome.
2. **Motion 1:** To approve the minutes of the annual general meeting held on 27<sup>th</sup> May 2009.
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 2009, 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:** To confirm the re-appointment of Duncan Leece (retiring by rotation) as a director of the co-operative.
7. **Motion 6:** To confirm the appointment of Barbara Holligan as a director of the co-operative.
8. Any Other Business

**Guest Speaker: Mark Jennison, Project Director of Energy4All Limited**

By order of the Board  
Annette Heslop,  
Company Secretary  
22<sup>nd</sup> April 2010

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  
[annette@boyndie.coop](mailto:annette@boyndie.coop)

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

## **Nominations to the Board Biographical Notes**

The Rules allow for a maximum number of seven Board members of which one third must retire each year in rotation. Bill Ellis will retire by rotation and will not seek re-election. Duncan Leece will retire by rotation and will be seeking re-election. The Co-op received one new nomination to join the Board from Lillian Jappy. Lillian has been attending meetings as an advisor throughout 2009. This means the Board has not exceeded its maximum number of Board members therefore we invite the members of Boyndie to confirm the re-appointment of Duncan and the appointment of Lillian.

### **Directors Seeking Re-election**

#### **Duncan Leece -**

I have worked in retailing and tourism since the late 1970's and managed a variety of business both in Central London, and for the last fifteen years, in the Northeast of Scotland. Until March 2005 I was a director of Aberdeen & Grampian Tourist Board. Currently I manage two charitable trusts, Banffshire Partnership Ltd and Boyndie Trust Ltd, both of which are involved in improving economic and social issues in the coastal communities of Banffshire. I am Vice Chairman of Whitehills & District Community Council and a caseworker for SSAFA Forces Help.

I live adjacent to the Boyndie Wind farm and this has prompted my interest in ensuring as much benefit as possible from its development is available to local people.

Having been involved in Boyndie Coop from its inception, I feel I still have ideas and experience relevant to ensuring the long-term success of the organisation. Accordingly, I put myself forward for another term of service on the Boyndie Board.

### **New Candidate**

#### **Barbara Holligan**

I have lived for 25 years on a small croft outside of Maud, where I am 3/4 of the way through raising four children, and still trying to prevent Mother Nature from reclaiming her land from us. I was thrilled when the Boyndie Co-op gave me the opportunity to invest in renewable energy for myself and my children.

I have always been interested in environmental issues, and am pleased to have been given the opportunity last year to shadow the Board and find out more about its work, and the issues facing community ownership of energy supplies and the commercial development of renewable energy resources.

I am a keen co-operator, and through my membership of the Grampian Area Committee of the Co-op Group, I have gained experience of the wider world of co-operation. My particular interests are Fair- and Ethical Trading, community involvement and education. My remit in seeking a place on the Board is as an ordinary co-op member, thus members interests will be my prime concern,

I am committed to continuing to gain knowledge specific to the operation of the Co-op, and sharing my noted interests, for the benefit of Boyndie Co-op members and their communities.

**Please refer to the Form of Proxy for voting instructions.**

**BOYNDIE WIND FARM CO-OPERATIVE LIMITED**

**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 2009 set out on pages 10 and 11.

**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 2009 and have been prepared in accordance with relevant guidance and regulations.

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

13 April 2010  
.....  
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 2009

|  | Notes | 2009<br>£     | 2008<br>£     |
|--|-------|---------------|---------------|
| Share of net operational income of wind farm             |       | 124,604       | 132,943       |
| Turbine operating costs                                  | 1     | (24,127)      | (18,353)      |
| <b>Gross profit</b>                                      |       | 100,477       | 114,590       |
| Administrative expenses                                  | 2     | (47,760)      | (44,638)      |
| Other operating income                                   |       | 0             | 7             |
| <b>Operating profit</b>                                  |       | 52,717        | 69,959        |
| Other interest receivable                                | 3     | 714           | 5,333         |
| <b>Profit on ordinary activities<br/>before taxation</b> |       | 53,431        | 75,292        |
| Tax on profit on ordinary activities                     |       | 0             | 0             |
| <b>Profit for the year</b>                               | 4     | <b>53,431</b> | <b>75,292</b> |
| <b>Return on Investment</b>                              |       |               |               |
| Gross Return   |       | 7.3%          | 10.3%         |

#### 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 (£4,007) 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 LTD AGM 2010**  
**MEMBER FORM OF PROXY – MOTIONS BEFORE THE MEETING**

You may attend the meeting in person, in which case you do not have to return the Form of Proxy. If you are unable to attend please complete this Form of Proxy and return in the envelope provided to Boyndie Wind Farm Co-operative Limited, Unit 33 Trinity Enterprise Centre, Furness Business Park, Barrow in Furness, Cumbria LA14 2PN to arrive no later than **2 p.m. on Monday 24th May 2010.**

Please do not forget to use a postage stamp.

.....  
**Complete this section only if you wish to appoint a proxy or the Chairman to vote on your behalf at the meeting**

I hereby appoint:

The Chairman \_\_\_\_\_ (Note 1) as my proxy to vote for me on my behalf, as indicated below, at the Annual General Meeting to be held at the St Brandon Centre, Seafield Street, Whitehills on the 26th May 2010.

Member's name \_\_\_\_\_

Address \_\_\_\_\_

Please indicate with an X in the spaces below how you wish to cast your vote on the following motions. (Note 3).

| <b>ORDINARY BUSINESS</b>                                      | <b>Mark with X</b>       |                          |                          |
|---|--------------------------|--------------------------|--------------------------|
|   | <b>For</b>               | <b>Against</b>           | <b>Abstain</b>           |
| Motion 1: To approve minutes of AGM held on the 27th May 2009 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Motion 2: To approve annual accounts up to 31 December 2009   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Motion 3: To re-appointment of Auditors Melville & Co         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Motion 4: To approve the distribution of surplus for the year | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Motion 5: To re-appoint Duncan Leece as a Director            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Motion 6: To appoint Barbara Holligan as a Director           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Signature (Please sign in the box above)

*If you are voting or appointing a proxy by post, you must sign this form in order for your votes to be valid.*

Date: \_\_\_\_\_ 2010

**Notes:**

- 1 A member may appoint a proxy of his own choice who need not be a member of the Co-operative. If such an appointment is made, delete the words "Chairman" and insert the name of the person appointed proxy in the space provided. A proxy is entitled to attend and vote instead of the shareholder.
- 2 If this proxy is granted by a corporation it must be executed under its seal or under the hand of some officer, attorney or other person authorised to sign the same in that behalf.
- 3 If this proxy form is returned without any indication as to how the person appointed proxy shall vote, the proxy shall vote or abstain from voting as he/she thinks fit.
- 4 To be valid, form(s) of proxy must be lodged at the administration office of the Co-operative at not less than 48 hours before the time appointed for the meeting or adjourned meeting and must be accompanied by any power of attorney or other authority under which it is signed or by a notarially certified copy of such power or authority.