

**Boyndie Wind Farm
Co-operative Ltd**

**Annual Report, AGM Notification and Summary
Financial Statements for the year ended
31st December 2013**

Boyndie Wind Farm Co-operative Ltd

Annual Report, AGM Notification and Summary Financial Statements for the year ended 31st December 2013

Contents

	Page
Society Information	2
Chairman's report	3
Directors' Report	5
Notice of Annual General Meeting	7
Nominations to the Board - Biographical Notes	8
Report of the Auditors	10
Summary Profit & Loss	11
Summary Balance Sheet	12

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	707

BOYNDIE WIND FARM CO-OPERATIVE

Chairman's Report for the Year ending 31st December 2013

This is my second report to you since becoming your Chairman last year. I am pleased to report a small increase in the 2013 results.

Firstly the wind speed was up in 2013 with 4% more electricity being produced compared to 2012. The average net electric price in 2013 was to £45.81, whilst up on 2012 it is still well below the £48.54 received in 2011. The Overall return this year is 8.0% compared to 7.7% last year. The return this year is in line with the figures quoted in the original prospectus, which was 8%.

The Board and Staffing

At the start of 2013, 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 (Maud), Duncan Leece (Boyndie), Ross Balharry (Whitehills), Robin Maddock (Portsoy), Cameron Ewen (Cornhill) and Christopher McKay (Portsoy) and finally David Richard-Jones from Wick who liaises with Energy4All and supported the launch of the original Boyndie Wind Farm Co-operative.

David Richard Jones who has been involved from the very start of the project has advised the board he is going to step down as a Director from the AGM. The Board would like to acknowledge his contribution for helping to get the Co-op off the ground and for his energy and assistance since then. We will miss David and would like to thank him.

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, Ross Balharry and Robin Maddock 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. In addition we have "recruited" 2 young shareholders to be observers at Board meetings, hopefully this will add to their education and they will become Directors of the future.

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.

During the year the board closely monitored the ongoing troubles of the Co-operative Bank, the company's bankers and at one point temporarily moved the cash reserve to another bank until the

banks future was more secure. Out of this exercise, and the lack of interest being paid, the Board have proposed that the cash reserve instead of being built up until the end the Turbines life and then paid back to shareholders should be repaid in instalments starting this year. This will give the shareholders 30% of their original investment back. This removes some of the issues regarding the stability of Banks, gives the shareholders access to some of their capital to reinvest or just spend and will not dilute the annual income the Co-op pays out. Hopefully the AGM will approve the pay back.

Repay Member Share Capital

In February we wrote to all members outlining our plan to repay share capital and included a questionnaire. I am pleased to report that 112 members responded to the questionnaire with a result of 96.4% would like to see a return of capital. The Board recommends a proportion of share capital to be returned to members and has therefore put forward a motion to amend the Rules to allow this to take place and a further motion to approve the distribution.

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 seventh 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 2013

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 2013

Ross Balharry
Cameron Ewen
Barbara Holligan
Duncan Leece
Robert Maddock
Christopher McKay
Mike Pitman
David Richard-Jones (E4A Representative)

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 2014 Ross Balharry and Robin Maddock will retire by rotation and, being eligible, offer themselves for re-election. David Richard-Jones a representative of Energy4All is retiring and will not be seeking re-election. The Co-op has received one new nomination from Alan Sorensen to join the board.

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.

2013	P90 Budgeted output MWh	Actual output MWh	Cumulative % of P90 forecast
January	4,330	4,638	107%
February	4,950	3,773	91%
March	4,860	3,345	83%
April	3,980	3,443	84%
May	3,270	3,394	87%
June	3,450	1,600	81%
July	2,480	1,449	79%
August	2,340	1,875	79%
September	2,870	3,007	82%
October	4,110	3,892	83%
November	3,800	4,856	87%
December	3,760	6,199	94%
Totals	44,200	41,471	

Boyndie Wind Farm Co-operative Ltd

Notice of Annual General Meeting to be held on Wednesday 21st May 2014

NOTICE is given that the Annual General Meeting of members will be held at 7:00 pm on Wednesday 21st May 2014 at the St Brandon's Church Centre, Seafield Street, Whitehills, Banffshire, AB45 2NA for the following purposes:

AGENDA

1. Introductions and welcome.
2. **Motion 1:** To approve the minutes of the annual general meeting held on 22nd May 2013 (previously circulated 20th June 2013).
3. **Motion 2:** To receive and adopt the Report of the Directors and the annual Accounts for the year ended 31st December 2013, 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 amend the Rules of Boyndie Wind Farm Co-operative as outlined on Page 8.
7. **Motion 6:** Subject to the approval of motion 5, and the acceptance of the amended Rules by the FCA to approve the distribution of member share capital at a rate to be decided by the Board.
8. Election of Directors: declaration of result.

Close of formal business

By order of the Board
Annette Heslop,
Company Secretary
17th April 2014

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.
Motion to Amend Rules**

Motion 5: To amend the Rules of Boyndie Wind Farm Co-operative as follows:

At the end of Rule 9.2 add the following:

When submitting the rule amendments for registration the Secretary may at their sole discretion accept any alterations required or suggested by such Authority without reference back to a further General Meeting of the Co-operative.

Delete Rule 15.1 as follows:

Subject to the approval of the Board and not earlier than the date 5 years from the date of registration of these Rules (other than in the event of death or bankruptcy of a member), shares may be withdrawn by members upon giving six weeks' notice to the Co-operative, provided that:

- (a) the notice to withdraw shares must give details of the shares to be withdrawn and be signed by the selling member;*
- (b) not more than 5% of the issued share capital as at 1st January in each year (including all sums under notice of withdrawal at that date), shall be withdrawable during the ensuing year, and if requests for more than this are received in any one year, all withdrawals shall be paid in the order in which the notices were received by the Co-operative; and*
- (c) the right to withdraw may be suspended by the Board either wholly or partially and either indefinitely or for a fixed period. The suspension shall extend and apply to all notices of withdrawal, which have been received and remain unpaid at the time the resolution suspending the right to withdraw is passed by the Board. Where the suspension is for a fixed period, such period may be extended from time to time by the Board.*

And replace with:

15.1 Subject to the approval of the Board, shares may be withdrawn by members by agreement between the Board and the member holding those shares in accordance with any procedures and other conditions the Board may announce.

At the end of Rule 15.2 add the following:

less any costs incurred by the Co-operative in relation to that withdrawal.

Insert new Rule 15.3 as follows:

15.3 The Board may resolve to require any proportion (the "Proportion") of its share capital to be withdrawn on the terms of this Rule 15.3, in which case it shall treat as agreed to be withdrawn on behalf of every member (and not some only) that Proportion of the shares held by them (with such rounding to the nearest whole number of that Proportion which is a fraction as the Board may determine). The amount to be paid per share withdrawn pursuant to this Rule 15.3 shall be the amount calculated under Rule 15.2. All members are deemed to give any consents required to the withdrawal of their shares in the manner provided for in this Rule 15.3

Rule 18.4

First line, amend 'Financial Services Authority' to 'Financial Conduct Authority'.

Rule 24 Interpretations

Third line, amend 'Financial Services Authority ("the FSA")' to 'Financial Conduct Authority ("the FCA")'.

After signatures under Address

amend 'Financial Services Authority to 'Financial Conduct Authority'.

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. Ross Balharry and Robin Maddock will retire by rotation and will seek re-election. David Richard-Jones a representative of Energy4All is retiring and will not be seeking re-election. The Co-op has received one new nomination from Alan Sorensen to join the board. Therefore voting will take place through a ballot.

Biographical Notes

Retiring Director's Seeking Re-election

Ross Balharry - Banff

I was employed in the Banking world from the day I left school in 1964 until retiring some 36 years later, in the year 2000. I commenced employment in Dundee and worked my way up in the business in various branches in the area including Perth and St Andrews and moved into management in Dunfermline. I moved to the north of mainland Scotland in further management positions and then on to senior management in Orkney. Thereafter I served as Associate Director, working on the West coast from a base in East Kilbride, until retirement.

I have been involved in numerous voluntary positions since retirement and relocation to Whitehills in Banffshire, including Director of Boyndie Windfarm Co-operative Ltd., Director of Banffshire Partnership Ltd., Chairman of Whitehills & District Community Council, Treasurer of Whitehills & District Millennium Fund, Member of the Banff (Boyndie) Airfield Trust and Commissioner of Whitehills Harbour.

Robin 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 left on 31st January this year. 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.

New Candidate

Alan Sorensen – Greenock

As a founder investor in the Boyndie Wind Farm, having subsequently added to my investment regularly, I would consider it a privilege to serve as a director.

I am a Church of Scotland parish minister and have a very deep-seated passion for renewable energy and an excitement about the possibilities of wind-farming. You will note that I currently live in Greenock because of work, but my home is actually in Cullen and I am in and around the area regularly. I have a background in retail management and also have 35 years' experience in the communications industry as a professional broadcaster.

I have many years' experience as a Trustee of educational charities and also have experience at Board level as Vice-Convenor of the Kirk's Board of Communication (operating a multi-million pound budget).

I can therefore bring professional skills and experience relevant to the post of director, in addition to people skills, enthusiasm, management experience and the insights gleaned from a lifetime of participation in meetings in busy parishes, in the work of charities and the church at a national level.

I will be a hard-working, passionate, enthusiastic and diligent board member if elected.

Please note there are two board vacancies therefore each member has two votes.

Please refer to the enclosed Ballot Form for voting instructions.

**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 2013 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 Audit 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 2013 and have been prepared in accordance with relevant guidance and regulations.



Melville & Co.
Chartered Accountants
Statutory Auditor

23 April 2014

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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 2013

	Notes	2013 £	2012 £
Share of net operational income of wind farm		156,983	145,691
Turbine operating costs	1	(28,975)	(25,413)
Gross profit		128,008	120,278
Administrative expenses	2	(60,795)	(57,244)
Operating profit		67,213	63,034
Other interest receivable	3	3,098	5,171
Profit for the year	4	70,311	68,205
Return on Investment			
Gross Return		7.97%	7.74%

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 (£18,113), 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 2013

	Notes	2013		2012	
		£	£	£	£
Fixed assets					
Intangible assets	1	591,577		627,072	
Investments	2		1		1
		<u>591,578</u>		<u>627,073</u>	
Current assets					
Debtors	3	65,898		57,630	
Cash at bank		323,679		292,497	
		<u>389,577</u>		<u>350,127</u>	
Creditors: amounts falling due within one year	4	(99,415)		(95,460)	
		<u>290,162</u>		<u>254,667</u>	
Net current assets		<u>290,162</u>		<u>254,667</u>	
Total assets less current liabilities		<u>881,740</u>		<u>881,740</u>	
Capital and reserves					
Called up share capital		<u>881,740</u>		<u>881,740</u>	
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.

	2013	2012
3 Debtors		
Accrued income	65,713	57,403
Prepayments	185	227
	<u>65,898</u>	<u>57,630</u>
4 Creditors		
Trade creditors	10,247	8,782
Accruals	9,558	8,150
Members share interest (includes uncashed amounts from previous years)	71,219	69,803
VAT	8,391	8,725
	<u>99,415</u>	<u>95,460</u>