

**Boyndie Wind Farm
Co-operative Ltd**

**Annual Report, AGM Notification and Summary
Financial Statements for the year ended
31st December 2014**

Boyndie Wind Farm Co-operative Ltd

Annual Report, AGM Notification and Summary Financial Statements for the year ended 31st December 2014

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SOCIETY INFORMATION

Directors	Ross Balharry Cameron Ewen Barbara Holligan Duncan Leece Robert Maddock Christopher Mckay Mike Pitman
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 26, 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	703

BOYNDIE WIND FARM CO-OPERATIVE

Chairman's Report for the Year ending 31st December 2014

There are a few key things to address for this year. Firstly the decision, which was ratified at the 2014 AGM to pay back to the investors 30% of the capital they paid in, was carried out, and for every £250 invested £75 was returned in September. As discussed there seemed little point holding on to the funds in the co-op when they were getting no real return.

Secondly although the production for the year was just over 91% of the budget, compared to almost 94 % in 2013 and just under 90% in 2012, the gross income was £139,886, £156,980 and £146,349 respectively. The key reason for these fluctuations was the wholesale price of Electricity was £41.44 in 2014, £49.26 in 2013 and £46.93 in 2012. This is the price Falck as the operator of the turbines was getting and our 4% royalty stream was reduced too.

Thirdly during the year Falck sold a share in the turbines, so the ownership is effectively now a joint venture. This should not have affected the Co-op but it has a little. Since Falck are still running the business, they agreed with their new partner that a management charge should be levied in the project to reflect the time they spend. They then were going to add this charge to the operating expenses, 4% of which flows through to the operating expense falling on the Co-op. We went back to Falck and argued that their new ownership arrangement should not be added to the operating cost of which we bear a share, this was purely an internal charge. They have accepted this. A further factor that affects the operating cost is that the turbines are getting older and the annual maintenance cost has risen.

The final result, however, is that this year shows the smallest ever pot of funds to distribute to the shareholders and it is no consolation that since the return of 30% of the shareholders funds happened, that the percentage return is still much better than you will get from any bank. To my mind it is the absolute payment that is important and unfortunately due to the factors above the Board has little ability to affect this.

Hopefully 2015 will prove to be a windy year and the price of electricity will firm up. The latter does not look too likely since we know the price for January and February 2015. Given the low oil price which is the key driver of Energy prices, the prospects for an improved Electricity price look slim.

Mike Pitman

Mike Pitman
Chairman, Boyndie Wind Farm Co-operative Ltd
April 2015

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014

Ross Balharry

Cameron Ewen

Barbara Holligan

Duncan Leece

Robert Maddock

Christopher McKay

Mike Pitman

David Richard-Jones (Resigned 21st May 2014)

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 2015 Cameron Ewen and Mike Pitman will retire by rotation and, being eligible, offer themselves for re-election. The Co-op has received one new nomination from Leslie Hutchison Burns to join the board. Please refer to the ballot form for voting instructions.

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 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 Co-operative & Community Benefit Societies Act 2014. 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.

2014	P90 Budgeted output MWh	Actual output MWh	Monthly % of P90 forecast
January	4,330	5,519	127%
February	4,950	5,419	109%
March	4,860	4,342	89%
April	3,980	2,764	69%
May	3,270	1,336	41%
June	3,450	1,493	43%
July	2,480	1,571	63%
August	2,340	3,704	158%
September	2,870	1,774	62%
October	4,110	3,910	95%
November	3,800	3,535	93%
December	3,760	4,973	132%
Totals	44,200	40,341	91%

Boyndie Wind Farm Co-operative Ltd

Notice of Annual General Meeting to be held on Wednesday 27th May 2015

NOTICE is given that the Annual General Meeting of members will be held at 7:00 pm on Wednesday 27th May 2015 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 21st May 2014 (previously circulated 12th June 2014).
3. **Motion 2:** To receive and adopt the Report of the Directors and the annual Accounts for the year ended 31st December 2014, 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

By order of the Board
Annette Heslop,
Company Secretary
16th April 2015

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

Administration Address:
Unit 26, 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. At the AGM in May 2015 Cameron Ewen and Mike Pitman will retire by rotation and, being eligible, offer themselves for re-election. The Co-op has received one new nomination from Leslie Hutchison Burns to join the board. Therefore voting will take place through a ballot.

Biographical Notes

Retiring Director's Seeking Re-election

Cameron Ewen - Banff

My name is Cameron Ewen and I farm at Meikle Toux, near Cornhill. I'm married to Fiona and we have two young children, Iain (13) and Eilidh (10). I've lived in the area most of my life, born in Banff and educated at Ordiquhill and Fordyce Primaries, Banff Academy and Agricultural College in Aberdeen. Since then, most of my working life has been on the family farm, apart from two spells abroad. Firstly, I worked for a while in the Canadian Prairies and then I was awarded a Young Farmers exchange scholarship to New Zealand.

When I was younger I was very active in the Young Farmers Movement, being Chairman at Club and District level and serving on the Area and National Committees. I was also part of the team representing Scotland at the European Rally in Denmark.

I took over the farm when I was 29 and have built up a herd of beef cattle and a flock of sheep. We also graze some of the land on Boyndie Drome. More recently, I have been involved in the National Farmers Union, being Chairman of Banffshire and the North East and also served two years as a Director. I had a further two years on the Environment and Land Use Committee, which includes renewable energy.

I have enjoyed my three year term as a Director of the Boyndie Wind Farm Co-op and hope you see me as being fit for re-election.

Mike Pitman - Banff

I am 57 years old and a partner in Johnston Carmichael LLP, Scotland's largest independent firm of Chartered Accountants, and work out of their Fraserburgh office. I have several clients who have Turbines so I have a professional interest in wind energy as well as a personal one. I have been on the Boyndie board for 7 years, now the last 3 as Chairman.

I have lived in Banff for some 26 years and during my time in the town have been Chairman of Banff Academy School Board and Banff Round Table. I am currently a director of Fraserburgh Development Trust and a Bakery Company.

I am a season ticket holder at Pittodrie and have enjoyed the last 2 years after many years of famine! My golfing report card continues to say "Michael is enthusiastic but he could do a lot better".

New Candidate

Leslie Hutchinson Burns - Banff

I put my name forward as a prospective Board member for the windfarm as I believe I can make an informed, positive contribution to the future activities of the Boyndie Co-op.

I have worked for almost 40 years in the UK electricity supply industry across a range of operational and strategic roles. In all of these posts I encouraged and led organisational and process changes. I also have an extensive technical knowledge of the Distribution and Transmission industry.

In recent years, I have been a senior adviser to the Transmission System Operators in Northern Ireland and Republic of Ireland on various aspects of existing grid operations and planning for proposed future changes. I now only work part-time which allows me to pursue other interests.

I grew up in Renfrew but my mother's family came from Turriff so we always spent holidays in Banff. This continued when my own family came along and then 10 years ago we bought our house in Banff which has been a great move.

My unique knowledge and experience coupled with my enthusiasm, decisive nature and simple, direct, friendly manner can be of benefit to the future of the Co-op.

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 2014 set out on pages 9 and 10.

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 2014 and have been prepared in accordance with relevant guidance and regulations.



Melville & Co.
Chartered Accountants
Statutory Auditor

29th April 2015

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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 2014

	Notes	2014 £	2013 £
Share of net operational income of wind farm		139,886	156,983
Turbine operating costs	1	(36,933)	(28,975)
Gross profit		102,953	128,008
Administrative expenses	2	(57,348)	(60,795)
Operating profit		45,605	67,213
Other interest receivable	3	859	3,098
Profit for the year	4	46,464	70,311
Return on Investment			
Gross Return (2014 based on weighted average capital)		6.03%	7.97%

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 (£14,444), 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 2014

	Notes	2014		2013	
		£	£	£	£
Fixed assets					
Intangible assets	1	556,082		591,577	
Investments	2		1		1
			<u>556,083</u>		<u>591,578</u>
Current assets					
Debtors	3	104,825		65,898	
Cash at bank		49,659		323,679	
			<u>154,484</u>		<u>389,577</u>
Creditors: amounts falling due within one year	4	<u>(93,353)</u>		<u>(99,415)</u>	
Net current assets			<u>61,131</u>		<u>290,162</u>
Total assets less current liabilities			<u>617,214</u>		<u>881,740</u>
Capital and reserves					
Called up share capital	5	617,214		881,740	
Shareholders' funds			<u>617,214</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.

	2014	2013
3 Debtors		
Accrued income	79,720	65,713
Prepayments	105	185
Fund from deposit Handelsbanken (E4A)	25,000	0
	<u>104,825</u>	<u>65,898</u>
4 Creditors		
Trade creditors	8,090	10,247
Accruals	30,213	9,558
Members share interest (includes uncashed amounts from previous years)	48,051	71,219
VAT	6,999	8,391
	<u>93,353</u>	<u>99,415</u>
5 Share Capital		
Allocated called up and fully paid	617,214	881,740
The rules of the co-operative were amended to allow partial repayments of capital during the life of the co-operative the board authorised a repayment of 30% being £264,526 on 28 August 2014.		