

Company Registration No. 2655RS (England and Wales)

BOYNDIE WIND FARM CO-OPERATIVE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

BOYNDIE WIND FARM CO-OPERATIVE LIMITED

COMPANY INFORMATION

Directors

Mr J Balharry
Mr D Leece
Mr R Maddock
Mr D Richard-Jones
Mr C McKay
Mr C Ewen
Mr M Pitman
Mrs B Holligan

Secretary

Mrs A Heslop

Company number

2655RS

Registered office

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

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

BOYNDIE WIND FARM CO-OPERATIVE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and financial statements 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 1 January 2013:

Mr J Balharry

Mr D Leece

Mr R Maddock

Mr D Richard-Jones

Mr C McKay

Mr C Ewen

Mr M Pitman

Mrs B Holligan

In accordance with the Co-operative's Rules of Association, Mr J Balharry and Mr R Maddock retire by rotation and, being eligible, offer themselves for re-election. Mr D Richard-Jones has indicated that he will retire at the AGM and not seek re-election.

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 at the Annual General Meeting.

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.

This report has been prepared in accordance with the Financial Reporting Standard for Smaller Entities.

By order of the board

.....

Mrs A Heslop

Secretary

Dated

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BOYNDIE WIND FARM CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOYNDIE WIND FARM CO-OPERATIVE LIMITED

We have audited the financial statements of Boyndie Wind Farm Co-operative Limited for the year ended 31 December 2013 set out on pages 4 to 9. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Co-operative's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Co-operative's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Co-operative and the Co-operative's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Co-operative's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Co-operative's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002.

BOYNDIE WIND FARM CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF BOYNDIE WIND FARM CO-OPERATIVE LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Friendly and Industrial and Provident Societies Acts 1965 to 2002 require us to report to you if, in our opinion:

- proper books of account have not been kept in accordance with the requirements of the legislation; or
- a satisfactory system of control over transactions has not been maintained by the Co-operative in accordance with the requirements of the legislation; or
- the profit and loss account to which our report relates, and the balance sheet are not in agreement with the books of account of the Co-operative ; or
- we have not received all the information and explanations we require for our audit.

.....
Melville & Co

**Chartered Accountants
Statutory Auditor**

18 Trinity Enterprise Centre
Furness Business Park
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 £
Turnover		156,983	145,691
Cost of sales		(28,975)	(25,413)
Gross profit		128,008	120,278
Administrative expenses		(60,795)	(57,244)
Operating profit	2	67,213	63,034
Other interest receivable and similar income	3	3,098	5,171
Profit on ordinary activities before taxation		70,311	68,205
Tax on profit on ordinary activities	4	-	-
Profit for the year		70,311	68,205

BOYNDIE WIND FARM CO-OPERATIVE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Intangible assets	6		591,577		627,072
Investments	7		1		1
			<u>591,578</u>		<u>627,073</u>
Current assets					
Debtors	8	65,898		57,630	
Cash at bank and in hand		323,679		292,497	
		<u>389,577</u>		<u>350,127</u>	
Creditors: amounts falling due within one year	9	(99,415)		(95,460)	
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	10		881,740		881,740
Shareholders' funds			<u>881,740</u>		<u>881,740</u>

These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board for issue on

.....
Mr D Leece
Director

.....
Mr R Maddock
Director

BOYNDIE WIND FARM CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable from the royalty instrument for the Co-operative's share of electricity generated (including environmental attributes) from the Boyndie Airfield Wind Farm site.

1.4 Royalty instrument

The royalty instrument is valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal instalments over 24 years from the date of commencement of generation of electricity from the site in September 2006. The supplementary royalty instrument which extends the original agreement to cover an additional turbine is amortised over 20 years and 5 months to give the same date for final write down. The period of amortisation is based on the number of years of the agreement which assumes the wind farm will be operational over this term. The agreement also specifies that, if the wind farm is decommissioned before the expiration of this term or there are other circumstances requiring the seller of the royalty agreement to terminate the agreement before its full term, that party will re-purchase the royalty agreement for a consideration equal to its depreciated value. The Co-operative's board therefore consider that the period of amortisation referred to above is the appropriate rate to arrive at a true and fair valuation of the royalty instrument. This is an exception to the requirements of the Financial Reporting Standard for Smaller Entities that intangible assets should not be depreciated over a period in excess of twenty years.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

2 Operating profit	2013	2012
	£	£
Operating profit is stated after charging:		
Amortisation of intangible assets	35,495	35,495
Auditors' remuneration	770	740
Directors' remuneration	4,000	4,000
	<u> </u>	<u> </u>
3 Investment income	2013	2012
	£	£
Bank interest	3,098	5,171
	<u> </u>	<u> </u>
	<u>3,098</u>	<u>5,171</u>

BOYNDIE WIND FARM CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

4	Taxation	2013	2012
	Current tax charge	-	-
		<u> </u>	<u> </u>

The Co-operative intends to distribute its available profits as members share interest which is an allowable deduction against taxable profits. Members share interest should cover the full taxable profit and therefore no corporation tax arises.

5	Members share interest	2013	2012
		£	£
	Members share interest	70,311	68,205
		<u> </u>	<u> </u>

6	Intangible fixed assets		Other intangible assets £
	Cost		
	At 1 January 2013 & at 31 December 2013		825,590
			<u> </u>
	Amortisation		
	At 1 January 2013		198,518
	Charge for the year		35,495
			<u> </u>
	At 31 December 2013		234,013
			<u> </u>
	Net book value		
	At 31 December 2013		591,577
			<u> </u>
	At 31 December 2012		627,072
			<u> </u>

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.

BOYNDIE WIND FARM CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

7 Fixed asset investments

	Unlisted investments £
Cost	
At 1 January 2013 & at 31 December 2013	1
Net book value	
At 31 December 2013	1
At 31 December 2012	1

The fixed asset investment represents the company's £1 holding in Energy4All Limited, the company which provides management services to the Co-operative (see note 12).

8 Debtors	2013 £	2012 £
Other debtors	65,898	57,630

9 Creditors: amounts falling due within one year	2013 £	2012 £
Trade creditors	10,247	8,782
Taxation and social security	8,391	8,725
Other creditors	80,777	77,953
	99,415	95,460

Other creditors include £71,219 (2012 - £69,803) members share interest due.

10 Share capital	2013 £	2012 £
Allotted, called up and fully paid		
881,740 Ordinary shares of £1 each	881,740	881,740

Members shares are currently transferable and withdrawable in limited circumstances. The directors are recommending to amend the circumstances where shares may be withdrawn as outlined in note 13.

BOYNDIE WIND FARM CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

11 Control

There is no controlling interest in the Co-operative.

12 Related party transactions

The management services of the Co-operative are carried out by Energy4All Limited, a company which specialises in assisting in the setting up, development and management of renewable energy co-operatives. Boyndie Wind Farm Co-operative Limited holds one share in this company. One of the Co-operative's directors, Mr D Richard-Jones is a representative of Energy4All Limited and does not need to retire by rotation. Energy4All Limited has charged administration fees of £15,698 for the year and £2,415 for dealing with share transfers between members. The Co-operative owes £10,247 to Energy4All Limited at 31 December 2013 which is included in trade creditors.

13 Post balance sheet events

The original intention, as outlined in the share offer, was that the Co-operative would build up its cash reserves over the life of the project to repay members at the end of its term. However, since the returns available on cash funds are currently poor, the directors have considered alternatives which would allow partial repayment of capital over the course of the project. The board therefore intend to put a motion before the AGM to amend the rules of the Co-operative to give the board, subject to the approval of the members, the power to specify an amount of members share capital to be withdrawn which will be applied to all members in proportion to their holding.