

# **Great Glen Energy Co-operative Ltd**

## **Annual Report, AGM Notification and Summary Financial Statements for the year ended 31<sup>st</sup> December 2014**

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## Society Information

Directors:	Felix Paterson Graham Strachan (Chair) Resigned 27 <sup>th</sup> January 2015 Lorna Lumsden Kenneth Knott Ian Whyte Robert Jackson
Company Secretary:	Annette Heslop
Registered Office:	The Co-operative Group, Newhouse Composite Distribution Centre Floor 3, 401 Edinburgh Road Newhouse Lanarkshire ML1 5GH
Administration Address:	Unit 26, Trinity Enterprise Centre Furness Business Park Barrow-in-Furness LA14 2PN
Registered Number:	2700RS
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
Number of current members	672

## **OUTGOING CHAIRMAN'S REPORT - Year Ending 31 December 2014**

We always knew that there would be good years and not-so-good. 2013 reported a return on investment of 10.5%. For 2014 we expect to announce a return of 8.8%. There are several reasons for this rate of return but clearly 2014 was not as good a year for wind and retail electricity prices remained low. Fortunately this still represents a comparatively good rate of return on investment and we know on average that future years are likely to be better. Our co-op is well established with the original turbines operational for 6 full years. There have been concerns that the FCA will no longer register new co-ops similar to GGEC but the FCA has indicated to E4A that our registration will remain. This is an issue your new Board will monitor. A planned expansion of the wind farm is also an issue that affects the co-op and which the Board will keep under review.

The 7th AGM takes place on 14th April 2015 and Board members look forward to meeting as many members as are able to attend. Board members, and hopefully a representative from E4A, will be present to answer questions and discuss future opportunities. More information on the AGM is contained with this AGM mailing.

In 2014 we were very pleased to have been able to make a community grant to Foyers Primary School Parent Council to develop the outside area of this small rural school to encourage understanding of environmental issues amongst pupils. We were also able to hold one of our meetings at Abriachan Forest Trust "Forest School" where we saw, at first hand, the benefits of investment in renewable energy facilitated by an earlier grant awarded by GGEC to the Trust. The Co-op's grant fund is now very low and members must decide if the fund should be topped up from dividends or from donations.

The Board have produced a budget along similar lines to previous years, taking account of the small increase to directors' and officers' fees previously agreed. Costs have been contained. The venue for the AGM attracts a nominal charge but board meetings throughout the year have cost nothing and we are grateful to Falck for their support and the use of their boardroom at Dochfour Business centre for our meetings.

After 7 years on the Board, having been involved from the very early days when recruiting members, I have decided to retire and leave the co-op in the capable hands of colleagues and those who come after. I have enjoyed my time as a Board member and for the past 5 years as Chairman. I wish everyone all the best for the future and thank all my fellow Directors for their support. As ever thanks to all involved at Energy4All and Falck.

Graham Strachan.  
Chairman, Great Glen Energy Co-operative Ltd.

January 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 of electricity through renewable sources.

### **Board of Directors**

Current serving directors

Kenneth Knott

Felix Paterson

Lorna Lumsden

Graham Strachan (Chair) Resigned 27<sup>th</sup> January 2015

Robert Jackson

Ian Whyte

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 April 2015, Graham Strachan and Ian Whyte will retire by rotation and Ian has indicated he would like to stand again.

The Co-op received one new nomination to join the Board from Murdo Macdonald. A ballot is not required as the total number of Board members does not exceed seven. Members are asked to re-elect Ian Whyte and elect Murdo Macdonald through a motion.

### **Auditors**

A resolution to re-appoint Melville & Co as auditors of the co-operative for the ensuing year will be proposed at the AGM.

### **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. The Chairman and the Administration Secretary are paid £750 per annum. 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 and financial monitoring.

### **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.

### Income through the Royalty Instrument Agreement

The Co-op has a right to an income through a Royalty Instrument with Falck Renewables Wind Ltd. The Royalty Instrument represents an amount paid to secure an entitlement to a share of income from electricity and environmental attributes less operating costs for a period of 25 years. The royalty instrument has a loan note element which ensures that annual investment returns, before deducting administration costs, do not fall below 6.5%. The purchase price is repayable in full at the end of the term so no amortisation is provided.

### Wind Farm Production

<b>2014</b>	<b>P50 Budgeted Output MWh</b>	<b>Actual Output MWh</b>	<b>Cumulative % of P50 forecast</b>
January	22,900	18,016	79%
February	15,600	21,465	103%
March	16,400	13,540	97%
April	18,200	10,540	87%
May	12,500	8,542	84%
June	13,500	4,678	77%
July	12,200	9,069	77%
August	14,000	8,914	76%
September	19,300	6,005	70%
October	16,800	15,979	72%
November	19,900	9,519	70%
December	20,900	21,470	73%
<b>Totals</b>	<b>202,200</b>	<b>147,737</b>	

Production during 2014 is approximately 16% down on the budgeted forecast during the year primarily due to lower than average wind speeds and grid outages and curtailment.

# Great Glen Energy Co-operative Limited

## Notice of Annual General Meeting to be held on Tuesday 14<sup>th</sup> April 2015

**NOTICE** is given that the Annual General Meeting of members will be held at 6.00pm on Tuesday 14<sup>th</sup> April 2015 in the Boardroom at the Highland Homeless Trust in David Whyte House (The Voluntary Sector Building), 57 Church Street, Inverness for the following purposes:

### AGENDA

1. Introductions and welcome.
2. **Motion 1:** To approve the minutes of the annual general meeting held on 15<sup>th</sup> April 2014. Circulated May 2014.
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 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 payment.
6. **Election of Directors**  
**Motion 5:** To re-appoint Ian Whyte as a Director of the Co-op.  
**Motion 6:** To appoint Murdo MacDonald as a Director of the Co-op.
7. Any Other Business

### Close of Formal Business

8. Developments elsewhere in the Energy4All family – Marna McMillin
9. We hope Jim Barr Chairman of Abriachan Forest Trust will give a talk on renewable energy in the community. GGEC supported AFT with funds from the community budget for the renewable heating system for the AFT classroom

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

By order of the Board  
Annette Heslop,  
Company Secretary  
24<sup>th</sup> March 2015

Registered Office:  
The Co-operative Group, Newhouse Composite  
Distribution Centre  
Floor 3, 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  
info@greatglen.coop

## **Nominations to the Board**

The Rules allow for a maximum number of seven Board members. Both Graham Strachan and Ian Whyte will retire by rotation and Ian has indicated he would like to stand again. This will leave three vacancies. The Co-op received one new nomination to join the Board. A ballot is not required as the total number of Board members does not exceed seven. Members are asked to re-elect Ian Whyte and elect Murdo MacDonald through a motion.

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

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

#### **Ian Whyte**

I was born and brought up on the Black Isle and have lived there for most of my life. I was educated in Dingwall Academy, and then studied telecommunications at Inverness College. I worked as a telephone engineer with Post Office Telephones, which became BT, then for Lockheed in Saudi Arabia.

After my return from Saudi Arabia, I set up my own business selling and operating vending machines in the Highlands and Islands. I ran this successfully for over twenty years but had to give up because of illness. For the last five years of my working life I supervised offenders doing unpaid work in the community.

Since I retired I have been able to indulge my interest in wildlife in general, and birds in particular. I am also a woodturner and glass engraver, and enjoy drawing and painting.

#### **Murdo Macdonald – Profile**

After a childhood in the Western Isles and Renfrewshire, I became a Fishery Officer, with DAFS, which involved the superintendence of sea fisheries at ports throughout Scotland, which led to an appointment (as Investment Manager) with the Highlands and Islands Development Board (HIDB). This led to a more general role as Development Manager with Ross & Cromarty Enterprise, followed by 5 years Management of Eilean Iarmain Estate on Skye, an estate which encouraged significant community engagement.

Following Eilean Iarmain I managed the MOD Hebrides Range, a missile testing facility in the Uists, then followed a ten-year period as a Performance Director with QinetiQ plc, responsible for delivering large contracts to the MOD. I retired from QinetiQ at the end of 2014, with the intention of taking a delayed gap year. I have, however, now found myself working on the new Queen Elizabeth Aircraft Carrier at Rosyth. I was a Reservist Officer with the Highlanders, am a founder member of the Isle of Harris Distillery and currently Chair of the Scottish Modern Pentathlon Association. I live between Edinburgh and Inverness and enjoy gardening in both locations and am a keen cyclist and devotee of racquet sports.

With a keen interest in renewable energy technology, together with community project experience, I hope I would be able to make a positive contribution to the GGEC Board.



**INDEPENDENT AUDITORS' STATEMENT  
TO THE SHAREHOLDERS OF GREAT GLEN ENERGY 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' 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 Great Glen Energy 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**

24<sup>th</sup> March 2015

.....  
18 Trinity Enterprise Centre  
Barrow-in-Furness  
Cumbria  
LA14 2PN

# GREAT GLEN ENERGY CO-OPERATIVE LIMITED

## SUMMARY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
<b>Share of net operational income of wind farm</b>		214,561	247,332
Operating costs		(53,539)	(56,916)
<b>Gross profit</b>		161,022	190,416
Administrative expenses	1	(22,624)	(21,158)
Other operating income	2	17,673	16,739
<b>Operating profit</b>		156,071	185,997
Other interest receivable and similar income	3	402	708
<b>Profit on ordinary activities before taxation</b>		156,473	186,705
Tax on profit on ordinary activities		-	-
<b>Profit for the period</b>	4	156,473	186,705
Members share interest		156,473	186,705
<b>Members Return on Investment</b>			
Gross Return		8.8%	10.5%

### Notes

#### **1 Administrative expenses**

Administrative services for the Co-operative are provided by Energy4All Ltd under contract. These costs are recovered by the Co-operative from Falck Renewables Wind Ltd (see note 2). Other items under this heading are Directors' remuneration (£3,850) & expenses, and charitable donations (£983).

#### **2 Other operating income**

The Co-operative recovers its administrative expenses from Falck Renewables Wind Ltd.

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

Bank interest received

#### **4 Members share interest**

Profit available for distribution to members

The summary financial statements have been extracted from the full version of our financial statements for the year ended 31 December 2014. These financial statements do not contain sufficient information to allow a full understanding of the state of affairs of the co-operative. A full version of the financial statements can be downloaded from the website at [www.greatglen.coop](http://www.greatglen.coop) or requested by writing to the Company Secretary.

# GREAT GLEN ENERGY CO-OPERATIVE LIMITED

## SUMMARY BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014 £	£	2013 £	£
<b>Fixed Assets</b>					
Intangible assets	1	1,777,940		1,777,940	
Investments	2		1		1
		<u>1,777,941</u>		<u>1,777,941</u>	
<b>Current assets</b>					
Debtors	3	93,954		109,988	
Cash at bank		89,564		109,339	
		<u>183,518</u>		<u>219,327</u>	
<b>Creditors: amounts falling due within one year</b>	4	<u>(183,519)</u>		<u>(219,328)</u>	
<b>Net current liabilities</b>			(1)		(1)
<b>Total assets less current liabilities</b>		<u>1,777,940</u>		<u>1,777,940</u>	
<b>Capital and reserves</b>					
Called up share capital	5	1,777,940		1,777,940	
<b>Shareholders' funds</b>		<u>1,777,940</u>		<u>1,777,940</u>	

### Notes

#### 1 Intangible assets

Represents the royalty instrument that secures entitlement to a share of the revenues less operating costs of the Millennium Wind Farm and there is a loan note element which ensures that net revenues will not fall below a certain level. The purchase price is repayable in full at the end of the 25 year term or the commencement of decommissioning if earlier.

#### 2 Fixed asset investment

Fixed asset investments comprise an investment of £1 for an ordinary share in Energy4All Limited.

	2014	2013
<b>3 Debtors</b>		
Trade debtors	10,025	9,809
Prepayments and accrued income	83,929	100,179
	<u>93,954</u>	<u>109,988</u>
<b>4 Creditors</b>		
Trade creditors	10,025	9,831
Accruals	16,075	15,689
VAT	0	6,226
Members share interest (includes uncashed amounts from previous years)	157,419	187,582
	<u>183,519</u>	<u>219,328</u>

#### 5 Called up share capital

1,777,940 Ordinary Shares of £1 each issued in order to fund the acquisition of a Royalty Instrument with Loan Note element.