

Great Glen Energy Co-operative Ltd

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

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Contents

	Page
Society Information	2
Chairman's report	3
Directors' Report	4
Notice of Annual General Meeting	6
Nominations to the Board	7
Report of the Auditors	8
Summary Profit & Loss	9
Summary Balance Sheet	10

Society Information

Directors:	Felix Paterson Graham Strachan Lorna Lumsden Kenneth Knott Ian Whyte Robert Jackson
Chairman:	Graham Strachan
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 33, 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	670

CHAIRMAN'S REPORT - Year Ending 31 December 2013

The co-operative is now well established with the original turbines having had 5 full years of operation and the newer turbines two years. For 2013 we are happy to report on a return on investment of 10.5%. It is clear that annual returns will vary year on year depending on many factors not least the wholesale price of electricity (rarely reflecting retail domestic prices) and how windy it has been. Our 6th AGM is on 15th April 2014 and we look forward to meeting as many members as can make it along to this event. We hope to answer any questions you may have on how our co-op is developing. More information on the AGM is contained with this AGM mailing.

In the summer of 2013 we organised a site visit and publicised the event widely. Some 20 members and friends came along on what turned out to be a lovely day. All enjoyed the outing and representatives from Falck were on hand to answer technical questions. Our thanks to everyone.

The committee meets throughout the year, usually in the Falck Offices. Many thanks to Falck for providing facilities and keeping our costs down. It also provides us with a regular chance to be updated on productivity and any site issues. We monitor production although we are not in a position to influence the operation of the wind farm. We also regularly consider risks facing the co-operative and are not currently aware of any issues of concern other than general uncertainty with regard to energy markets. There continue to be occasions when curtailment requires the wind farm not to produce. For these curtailments we are compensated. This year there have also been a number of outages for grid maintenance and reinforcement for which we are not compensated.

We are aware that Falck are in the process of developing a further extension to the Millennium wind farm but at the time of writing no planning application has been submitted. We are in discussions with them on how this will link to our interests and whether it may provide a further opportunity for investment for existing members and we hope it will open up an opportunity for new members.

Members were advised that our Development Fund is nearly exhausted and members may wish to consider making a contribution from profits towards a top-up fund. The Directors have not been aware of any demand for assistance from the Co-op so are not inclined at this time to request contributions from members. If members wish to donate funds we would need to gain charitable status or use another charity to maintain tax-free status.

We have operated throughout 2013 with a Board of six directors. Our rules require Felix and Kenneth to stand down this year but both are prepared to stand again. The Rules allow for a maximum of seven directors. The Board have produced a budget along similar lines to previous years. There have been no changes to basic Directors Fees since first agreed some six years ago and directors may take the opportunity in 2014 to revise these fees in line with inflation.

Details of the financial return payable to members in respect of 2013 can be found in the enclosed papers. All directors have considered this return and are happy to recommend full disbursement of surpluses to members. I would like on behalf of all directors to thank all Energy4All staff for their support throughout the year. I would also like to thank Euan Fraser, David Lawson and all the team at Falck for their support. On behalf of all directors I am pleased to recommend this Annual Report 2013 to you for your approval.

Graham Strachan.

Chairman, Great Glen Energy Co-operative Ltd.

February 2014

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 of electricity through renewable sources.

Board of Directors

Current serving directors

Kenneth Knott

Felix Paterson

Lorna Lumsden

Graham Strachan (Chair)

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 2014, Kenneth Knott and Felix Paterson will retire by rotation and both have indicated they would like to stand again.

The Co-op received no new nominations 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 Kenneth Knott and Felix Paterson 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 directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

The rules of the Co-operative require the directors to prepare financial statements for each financial year. Under those rules the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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.

Directors' Statement

The auditor has issued unqualified reports on the full annual financial statements. Their report on the full annual financial statements contained no matters to report by exception under the Friendly and Industrial and Provident Societies Acts 1965 to 2002.

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

2013	P50 Budgeted Output MWh	Actual Output MWh	Cumulative % of P50 forecast
January	22,900	19,919	87%
February	15,600	11,500	82%
March	16,400	13,150	81%
April	18,200	12,069	77%
May	12,500	10,518	78%
June	13,500	7,748	76%
July	12,200	10,646	77%
August	14,000	10,399	77%
September	19,300	11,895	75%
October	16,800	16,805	77%
November	19,900	18,287	79%
December	20,900	27,504	84%
Totals	202,200	170,440	

Production during 2013 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 15th April 2014

NOTICE is given that the Annual General Meeting of members will be held at 6.00pm on Tuesday 15th April 2014 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 16th April 2013. Circulated May 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 payment.
6. **Election of Directors**
Motion 5: To re-appoint Kenneth Knott as a Director of the Co-op.
Motion 6: To re-appoint Felix Paterson as a Director of the Co-op.
7. Any Other Business

Close of Formal Business

The AGM will be followed by a short presentation on "The first five years performance and the way ahead for Millennium Wind Farm" by Euan Fraser, Asset Manager for Falck Renewables Wind.

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

By order of the Board
Annette Heslop,
Company Secretary
13th March 2014

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

Nominations to the Board

The Rules allow for a maximum number of seven Board members. Both Kenneth Knott and Felix Paterson will retire by rotation and both have indicated they would like to stand again. This will leave three vacancies. The Co-op received no new nominations 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 Kenneth Knott and Felix Paterson through a motion.

Nominations to the Board Biographical Notes

Retiring Directors Seeking Re-election

Kenneth Knott

I have lived in Fort Augustus (Glenmoriston) since 2000 with wife Susan and 2 children (now at university). I have worked in the Forest Industry since leaving school covering Operational matters to planning and environmental functions. Covering various posts has given me a chance to live across the GB before settling in Glenmoriston, currently my role covers The wider Environment with liaison with renewable companies for new projects (primarily Hydro) in the Lochaber area.

Since 2000 I have undertaken stints as the Chair of the Community Council, director on the local Community Company and Board member of Wind Cooperatives.

Renewable energy developments along with climate change remain a key interest for me, particularly in how they can integrate into the local community.

Felix Paterson

Native to Fort Augustus, but leaving the area in the mid 1970s to pursue a career in the Royal Air Force, I returned in 2004 with my wife, Denise, and our 2 children. I have always had a keen interest in the history of the area and of course the various developments that have shaped our community. Since leaving the Air Force I have been lucky enough to have been involved in a number of these developments. I was employed for 5 years in the re-development of the Fort Augustus Abbey into the 106 luxury apartment 'Highland Club' - a development which ultimately saved the building from ruin. I also worked for a short period on the Glendoe Hydro Recovery Scheme, which involved the construction of a diversion tunnel after the original tunnel had collapsed. Now in full operation Glendoe produces 180 GWh of electricity each year.

I have been involved with the Millennium Wind Farm and the Great Glen Co-op from inception. The principle of the Co-op, as set out by Energy4all, attracted me to become involved. I believe that the man in the street should be afforded the opportunity to become involved and benefit from developments such as Millennium. I wish to serve another term to support the principles of the co-operative whilst keeping abreast of local developments.

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



11/03/14

Melville & Co.
Chartered Accountants
Statutory Auditor

.....
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 2013

	Notes	2013 £	2012 £
Share of net operational income of wind farm		247,332	229,800
Operating costs		(56,916)	(61,337)
Gross profit		190,416	168,463
Administrative expenses	1	(21,158)	(26,470)
Other operating income	2	16,739	21,844
Operating profit		185,997	163,837
Other interest receivable and similar income	3	708	886
Profit on ordinary activities before taxation		186,705	164,723
Tax on profit on ordinary activities		-	-
Profit for the period	4	186,705	164,723
Members share interest		186,705	164,723
Members Return on Investment			
Gross Return		10.5%	9.3%

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 (£3,500) & expenses, and charitable donations (£368).

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 2013. 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 or requested by writing to the Company Secretary.

GREAT GLEN ENERGY CO-OPERATIVE LIMITED

SUMMARY BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
Fixed Assets					
Intangible assets	1	1,777,940		1,777,940	
Investments	2		1		1
		<u>1,777,941</u>		<u>1,777,941</u>	
Current assets					
Debtors	3	109,988		87,180	
Cash at bank		109,339		105,745	
		<u>219,327</u>		<u>192,925</u>	
Creditors: amounts falling due within one year	4	<u>(219,328)</u>		<u>(192,926)</u>	
Net current liabilities			(1)		(1)
Total assets less current liabilities		<u>1,777,940</u>		<u>1,777,940</u>	
Capital and reserves					
Called up share capital	5	1,777,940		1,777,940	
Shareholders' funds		<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.

	2013	2012
3 Debtors		
Trade debtors	9,809	9,592
Prepayments and accrued income	100,179	77,588
	<u>109,988</u>	<u>87,180</u>
4 Creditors		
Trade creditors	9,831	9,609
Accruals	15,689	15,490
VAT	6,226	2,476
Members share interest (includes uncashed amounts from previous years)	187,582	165,351
	<u>219,328</u>	<u>192,926</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.