

Great Glen Energy Co-operative Ltd

Annual Report, AGM Notification and Summary Financial Statements for the year ended 31st December 2011

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Society Information

Directors:	Felix Paterson Graham Strachan Lorna Lumsden Kenneth Knott Ian Whyte Garry Page
Chairman:	Graham Strachan
Company Secretary:	Annette Heslop
Registered Office:	Robert Owen House 87 Bath Street Glasgow G2 2EE
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	678

GREAT GLEN ENERGY CO-OP

CHAIRMAN's REPORT - Year Ending 31 December 2011

I am pleased to report on another successful year for the Great Glen Energy Co-operative Ltd. I am particularly pleased to report on a good return on investment averaging just over 11%, substantially higher than for previous years. Directors were kept busy with the launch of the Additional Share Offer (see later) along with regular monitoring and development work. We are holding our fourth AGM at the Kingsmills Hotel, Inverness on Thursday 19th April 2012 when I look forward to meeting members and along with colleagues answering any questions you may have on the operation of our co-op.

Productivity & Financial Report

We are now able to report on three full years of production for the original turbines and on part of 2011 for the additional turbines. Whilst turbine availability had been reduced in 2011 due in part to the newer turbines settling in and a repairs programme on the original turbines, the final out-turn is very good given some very windy months and some financial adjustments. In consultation with our Company Secretary and Auditors the Board have agreed that payments for 2011 will be split to show the return payable to all members up to 20 March 2011 and the differing payment to members with or without new additional shares for the remainder of the year. Each member will receive one cheque with a detailed breakdown. A sample breakdown is shown in the Directors' Report. Future complete year payments will not need to show this split. Whilst the return on investment rate varies very slightly between members holding just original shares and those holding original and additional shares we were able to ensure there was no loss of return to anyone and in fact a very slight improvement in return is factored into the equation. We have also benefited during the year by receipts for grid curtailment - when the grid require energy producers not to produce - although we have checked and confirmed that such payments to wind producers are very small by comparison with more traditional energy producers. In 2011 we regularly received monthly productivity reports (see website and Directors Report for details) and we also received information on major variations from budget figures.

Full details of the financial return payable to members in respect of 2011 can be found in the Directors' Report. All Directors have considered this return and are happy to recommend full disbursement to members along the lines indicated in the Directors' Report.

Additional Share Offer

Following commissioning of the original 16 turbines an additional 10 turbines were added by April 2011. Members will be aware that Falck Renewables Wind Ltd had agreed to offer us an additional stake in the extra 10 turbines. The Board agreed with the option offered to members in February 2011. On the basis of experience with the Isle of Skye Renewables Co-op which had raised £706,800, continuing interest from our own members and close scrutiny of all documents by Directors and Energy4All, we agreed with the terms of the additional offer. We launched an offer to members on 7th February 2011 and closed the offer on 11th March 2011. There was a very healthy interest in the offer and in total 273 members took up additional shares and an extra £489,670 was raised.

Activities and Developments over the year

The Board is kept busy throughout the year monitoring productivity and finances, considering policy issues and supporting developments. The Board met with Ewan Fraser, Asset Manager for Falck Renewables Wind Ltd and responsible for the Millennium Wind Farm. Ewan has regularly updated us with reports on productivity and developments on the site. I convened a meeting with representatives from Skye and Kilbraur Wind Farm Co-ops (Boyndie was unable to attend). This was informative and helped identify areas where additional training may be required and where we could develop common practices eg on transfer and sale of shares.

We receive regular reports on co-op finances and have undertaken a risk analysis and review of financial procedures.

We continued to identify projects able to make use of our development funds (awarded by E4A) and reported on this work in our annual newsletter. We have been disappointed by the response to invitations to apply to our fund but this may be due to the availability of other sources of help in the area from Falck Renewables Wind Ltd and other renewable energy projects. The Board are not inclined at this stage to set up a longer term project fund using monies from members interest but would prefer to monitor requests and identify any real unmet demand which may exist.

At the time of the share offer we scrubbed our waiting list for members wanting to buy extra shares. After the offer we reopened the list and find that there is still a healthy number of members wanting to buy any shares that become available.

Board Membership, Fees and Allowances

The Board of the Co-op has operated with six Directors for the past year. All six have served for more than one year and both myself and Ian Whyte are required under our rules to stand down at this AGM. Both myself and Ian have indicated that we are prepared to stand for re-election. The Rules allow for a maximum number of seven Directors. Directors currently each receive a fee of £500pa and necessarily incurred expenses. We agreed to limit expenses to £50 maximum per meeting and to pay an enhancement to both the Chairman and Administrative Secretary of £250 each per annum in recognition of additional duties. We also agreed that where a Board member was required to substitute for either the Chairman or Administrative Secretary they should receive an enhancement of £25 for such occurrences (not required to date). The Board have not otherwise amended fees and allowances and do not foresee any other major changes in 2012. I want to thank all my fellow Directors for their service over the past year in particular Lorna Lumsden who as Administrative Secretary has taken all our minutes and organised the local work of the Co-op.

Conclusion

In our third full year of trading I am pleased to report that the Co-op has had a good trading year and that the interest return is substantially higher than previous years. I do however need to remind members that we must always take a longer term view on productivity - preceding years are no guarantee of future years' returns. As a board we will remain vigilant and seek to ensure as far as possible the best availability of turbines and best possible return on your investment.

Staff at the Energy4All office in Cumbria continues to provide agreed administrative (including all financial) services for which Falck Renewables Wind Ltd make payment under contract. E4A looks after the accounts, maintains the membership register and generally administers the Co-op's affairs. I would like to take this opportunity to thank all Energy4All staff for services provided throughout the year.

I am pleased to recommend this Annual Report 2011 to you for your approval.



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

March 2012

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

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
Lorna Lumsden
Garry Page

Felix Paterson
Graham Strachan (Chair)
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 2012, Graham Strachan and Ian Whyte will retire by rotation and, being eligible, offer themselves for re-election.

The Co-op received no new nominations to join the Board therefore the Board would ask members to vote on the motion to re-elect Graham & Ian for a further term of office.

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 1965-1978. 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

2011	P50 Budgeted Output MWh	Actual Output MWh	Cumulative % of P50 forecast
January	15,157	10,164	67%
February	10,312	11,227	84%
March	12,869	11,986	87%
April	18,200	16,114	88%
May	12,500	21,824	103%
June	13,500	8,900	97%
July	12,200	5,009	90%
August	14,000	7,839	86%
September	19,300	15,748	85%
October	16,800	23,913	92%
November	19,900	19,199	92%
December	20,900	21,042	93%
Totals	185,638	172,965	

Production during 2011 is approximately 7% down on the budgeted forecast during the year primarily due to lower than average wind speeds and grid outages and curtailment.

Share Interest distribution 2011

As all members are aware, the Great Glen Energy Co-operative ran a further share offer in 2011 for existing members of the co-op who wished to take an additional stake in the wind farm following its extension from 16 turbines to 26 turbines.

Great Glen Energy Co-operative Limited
Notice of Annual General Meeting to be held on
Thursday 19th April 2012

NOTICE is given that the Annual General Meeting of members will be held at 6:30pm on Thursday 19th April 2012 at the Kingsmills Hotel, Culcabock Road, Inverness IV2 3LP 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 2011. Circulated May 2011.
3. **Motion 2:** To receive and adopt the Report of the Directors and the annual Accounts for the year ended 31st December 2011, 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 Graham Strachan as a Director of the Co-op.
Motion 6: To re-appoint Ian Whyte as a Director of the Co-op.
7. Any Other Business

Close of Formal Business

By order of the Board
Annette Heslop,
Company Secretary
15th March 2012

Registered Office:
Robert Owen House,
87 Bath Street
Glasgow G2 2EE

Administration Address:
Unit 33, Trinity Enterprise Centre
Furness Business Park
Barrow in Furness
Cumbria LA14 2PN
Tel: 01229 821028
info@greatglen.coop

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

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 both will seek re-election. The Co-op received no new nominations to join the Board therefore members are asked to re-elect Graham Strachan and Ian Whyte to the Board through a motion.

Nominations to the Board Biographical Notes

Retiring Directors Seeking Re-election

Graham Strachan– Inverness

I joined the Great Glen Board in January 2008 bringing with me over 20 years experience of rural community and economic development. Having been Economic and Development Manager for the local council I had been involved in negotiating several wind farm community benefit packages. I had also assisted many communities with local development projects. I have worked closely on energy and environmental projects with local communities around Loch Ness. I have established and chaired many community organisations and have considerable experience of project funding, development and management. I have worked with a number of wind farm developers and am always very keen to see local communities benefit from such developments.

I was elected Chairman of the co-op about two years ago and would like to help ensure members gain the most benefit from their investment. I also sit as a Director on our sister co-op Kilbraur Wind Energy Co-op. This gives me added insight into the operation of both wind farms and the administration of the co-ops.

Ian Whyte- By Dingwall

I was born and brought up on the Black Isle where I still live. I have a son and daughter and twin grandsons. I was educated at Dingwall Academy and Inverness College, and trained as a telephone engineer with Post Office Telephones as it was then. I worked for a short time in Saudi Arabia, training Saudi Air force technicians.

On my return from Saudi Arabia I set up, and ran successfully, a small vending business. This lasted for twenty years until a serious illness forced me to sell. I now work as a supervisor for the Community Service.

I consider myself to be a practical environmentalist. I am passionate about wildlife conservation, particularly about conservation of habitat, both as a haven for wildlife and as a source of peace and relaxation for ourselves, but at the same time recognise the importance of the development of green energy resources, and I firmly believe the two can, with care, happily co-exist.

I have thoroughly enjoyed serving on the board and would wish, with the consent of the members, to continue to do so.

**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 2011 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' 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 2011 and have been prepared in accordance with relevant guidance and regulations.



Melville & Co.
Chartered Accountants
Statutory Auditor

8th March 2012

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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 2011

	Notes	2011 £	2010 £
Share of net operational income of wind farm		245,462	116,322
Operating costs		(52,625)	(30,082)
Gross profit		192,837	86,240
Administrative expenses	1	(23,876)	(27,017)
Other operating income	2	19,329	21,399
Operating profit		188,290	80,622
Other interest receivable and similar income	3	272	82
Profit on ordinary activities before taxation		188,562	80,704
Tax on profit on ordinary activities		-	-
Profit for the period	4	188,562	80,704
Members share interest		188,562	80,704
Members Return on Investment			
Gross Return prior to extension		11.4%	6.3%
Gross Return after extension		11.3%	

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 (£1,120).

2 Other operating income

The Co-operative recovers its administrative expenses from Falck Renewables Wind Ltd. Energy4All also provides a sum for the development of the co-op in its early years

3 Other interest receivable

Bank interest received

4 Members share interest

Profit available for distribution to members

GREAT GLEN ENERGY CO-OPERATIVE LIMITED

SUMMARY BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed Assets					
Intangible assets	1	1,777,940		1,288,270	
Investments	2		1		1
		<u>1,777,941</u>		<u>1,288,271</u>	
Current assets					
Debtors	3	107,148		54,492	
Cash at bank		112,695		47,176	
		<u>219,843</u>		<u>101,668</u>	
Creditors: amounts falling due within one year	4	<u>(219,844)</u>		<u>(101,669)</u>	
Net current liabilities			(1)		(1)
Total assets less current liabilities		<u>1,777,940</u>		<u>1,288,270</u>	
Capital and reserves					
Called up share capital	5	1,777,940		1,288,270	
Shareholders' funds		<u>1,777,940</u>		<u>1,288,270</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 6.5%. The purchase price is repayable in full at the end of the 25 year term or the commencement of decommissioning if earlier. Following an expansion of the wind farm the Co-operative raised further capital which was applied to a supplementary royalty instrument giving an increased share of revenues of the extended wind farm over the same period as the original royalty instrument.

2 Fixed asset investment

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

	2011	2010
3 Debtors		
Trade debtors	0	10,785
Prepayments and accrued income	<u>107,148</u>	<u>43,707</u>
	107,148	54,492
4 Creditors		
Trade creditors	10,269	12,120
Accruals	14,911	8,039
VAT	5,894	287
Members share interest (includes uncashed amounts from previous years)	<u>188,770</u>	<u>81,223</u>
	219,844	101,669

5 Called up share capital

1,288,270 Ordinary Shares of £1 each issued in order to fund the acquisition of a Royalty Instrument with Loan Note element.

During the year the company invited members to apply for additional shares to enable the Co-operative to increase its investment in the royalty instrument (see note 1). A total of 489,670 new shares of £1 each were issued with equal rights to the existing shares and the full £489,670 was applied to the purchase of the supplementary royalty instrument.