

# **Kilbraur Wind Energy Co-operative Limited**

## **Notice of Annual General Meeting to be held on Wednesday 24<sup>th</sup> June 2009**

**NOTICE** is given that the Annual General Meeting of members will be held at 6:30pm on Wednesday 24<sup>th</sup> June 2009 at the Royal Marine Hotel, Golf Road, Brora, Sutherland KW9 6QS for the following purposes:

### **AGENDA**

1. To receive and adopt the Report of the Directors and the annual Accounts for the period ended 31<sup>st</sup> December 2008, together with the Report of the auditors thereon.
2. 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.
3. Election of Directors: confirmation of result.
4. Any Other Business

### **Close of Formal Business**

By order of the Board  
Annette Heslop,  
Company Secretary  
20<sup>th</sup> May 2009

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@kilbraur.coop

If you are unable to attend the meeting in person a Form of Proxy is available to appoint a proxy to attend in your place or appoint the Chairman to vote on your behalf.

Please contact the administration address above to request a Form of Proxy.

# **KILBRAUR WIND ENERGY CO-OPERATIVE LTD**

## **CHAIRMAN'S STATEMENT – Year Ending 31 December 2008**

I am pleased to welcome you to the first chairman's report of the **Kilbraur Wind Energy Co-op**. This report covers 2008 which was the year in which the Co-op was developed and launched before buying its share in the wind farm on the 3rd November 2008.

### **Background**

As this will be the first time we meet as a Co-op, it is probably worthwhile to remind members of the background and the progress made.

The Co-op was formed as a result of a deal between Energy4All and a wind farm developer called Falck Renewables, who wanted to offer a stake in their Scottish projects to local people. The first project was Boyndie on Scotland's North East coast constructed in Spring 2006, followed by the Isle of Skye at the beginning of 2008 then Great Glen near Invergarry in Autumn 2008. Kilbraur is now the fourth project developed with Falck, buying a stake in their 19-turbine project. To establish the Kilbraur Co-op, Energy4All recruited a representative local board, who managed the share launch and attracted 516 members to invest £1.044 million.

We had a tremendous response to our share offer during the months of August, September and October 2008. The launch went well with a good turn out for the open day and some good support from the local media. Despite the economic gloom of the credit crunch that hit us in the middle of the share offer, the amount raised staggered all of us, as we feared that events might put off the public's attitude towards investments. In the end we believe people could see the attraction in owning a stake in a local wind farm and we are pleased to have so many new members.

### **Energy production**

As the Co-op purchased its stake in November there are only two months of operation in this financial year's accounts. Those two months were still in the commissioning phase so not all turbines were operating to their full capacity all of the time. However November was a particularly windy month and despite the works being carried out the wind farm produced 12,658 kWh of electricity or nearly 96% of its predicted output. December was not quite so windy and with the commissioning staff on holiday the wind farm wasn't always able to produce electricity. This is naturally expected in the commissioning of any wind farm and we expect to see full production figures throughout 2009. Performance data is now available in the member's area of the website [www.kilbraur.coop](http://www.kilbraur.coop) where each month the latest production figures are published. Please remember to keep in mind that wind by its very nature doesn't always blow as predicted but the longer term trends should generate the predicted returns presented in the share offer document. On the 16<sup>th</sup> February 2009 the Kilbraur wind farm was fully commissioned and operational.

### **Financial performance**

The Co-op's share of the income from the site amounted to £17,017. After taking off our share of operating costs and administration, profits for the two months of production amounts to £9,662 which represents a return of just under 1% for the year. The board have decided to defer payment of share interest until next year as the administration cost to send out the cheques would not be a worthwhile exercise. Therefore the profits from 2009 will be carried forward to the next financial year. If the wind farm operates as well in 2009, we hope this year will generate a gross profit in line with the predicted figure of around 9%.

### **Kilbraur Co-op Outreach Work**

The Board wish to establish a fund with which to support local good causes in the region. Energy4All have established a small amount of money to help us get the fund underway. The Kilbraur Co-op Board and I are looking for suggestions from the membership of how this money could be spent and look forward to discussing this at the forthcoming AGM in June.

### **Kilbraur Extension**

Falck have recently submitted a planning application for an additional 8 turbines on the Kilbraur site in March 2009 and in line with their commitment to community engagement, if approved by the Scottish Executive, have offered Kilbraur the option to purchase a stake in these additional turbines which will be carried out through a 'members share issue'. The extension and the 'members share issue' will be explained in more detail at our AGM and further information on the application is available either on our website [www.kilbraur.coop](http://www.kilbraur.coop) or from Simon Green at West Coast Energy Ltd., Falck's planning consultants, tel: 01352-757604. Members are encouraged to write in support or express any views on the application directly to Highland Council. Kilbraur Co-op and its board have no relationship nor involvement in the planning application for this extension however we welcome the opportunity to purchase a further stake in the wind farm if approved.

### **The Board**

The main focus of the Board this year has been to ensure that the Kilbraur Co-op was successfully launched and that everyone in Sutherland was at least given the opportunity to invest in the wind farm. The Co-operative is extremely fortunate in the breadth and depth of skills and experience on the Board and I would like to thank all involved for their help in achieving what we hope will be a great asset for the people of Sutherland.

Under the Co-op's Rules, each year one third of the Directors retire in rotation. This year Mark Jennison is standing down as director and I, Liam O'Neil will be standing down as Director and Chairman of the Co-op. Mark Jennison and I will not be standing for re-election and so in accordance with the rules there will be three places available and I hope some of our members have felt encouraged by the work of the Co-op to further its future objectives.

I would like to take this opportunity to thank my fellow Directors for the assistance and support they have given me in the initial period of establishing the Co-op. Without their dedication and unstinting giving of their time, the launch of the offer would not have been as successful.

Given the success of the launch, I am in no doubt that the Co-op will go from strength to strength, and all members will have been justified in the vote of confidence they have given to the Co-op.

### **Conclusion**

It has been a great start for what I believe will be just one of many successful wind farm Co-ops that are now becoming established in Scotland. I wish the Co-op and all its members well and that the wind may continue to blow over our wonderful wind farm.

Thank you for your support.



Liam O'Neil (Chairman) April 2009

## **Current Kilbraur Wind Energy Co-op Board**

The Board currently comprises the following:

**Liam O’Neill** – Chairman  
**Mark Jennison**  
**Garry Coutts**  
**Bruce Field**  
**Paul Phare**  
**Tom Robinson**  
**Colin Lawrence** - co-opted

There are **three** Board vacancies. The Rules allow for a maximum number of seven Board members. Both Mark Jennison and Liam O’Neill will retire by rotation however they will not seek re-election. Colin Lawrence was co-opted on to the Board during 2008 and now seeks formal election.

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

#### **Colin Lawrence – Canon Bridge** (co-opted on to the Board during 2008)

I live in Ross-shire with my wife and two dogs. Having owned a house on the Black Isle since 2000, we moved here permanently in 2006 following my retirement after almost 40 years in local government in England. During my last 10 years I was the Personnel Manager of a local authority in Oxfordshire. As a Chief Officer, I was involved in the overall management of the authority, and attended and made presentations to the Council and its Committees.

I have taken a particular interest in the development of Kilbraur from its construction stage, and I approached the Board following the Co-op’s presentation at Rogart last year to offer my services for a vacancy that existed on the Board at that time. I was invited to join the Board in October 2008, and since joining I have gained a good working knowledge of the operation of the Co-op.

As a co-opted member of the Board, I am required to stand down and seek formal election at the AGM. I would like to continue to make a contribution to the Co-op through continuing my membership of the Board, and consequently I am nominating myself for formal election.

#### **New Candidates**

##### **Nigel Jones – Tain**

I am 37 years old and am a practicing solicitor in Tain. I am a partner in the firm of Mackenzie & Cormack, Tain. I have been with the firm since 1996. I deal with property matters primarily but am also involved in other matters such as executries, matrimonial work and some commercial work. I was appointed as a Director of the Highland Solicitors Property Centre in Inverness

approximately 7 years ago and still hold this Directorship. Working with a small firm I am fully involved in the business management side of running a business in addition to the normal everyday legal work that our firm deals with.

Outside interests are largely taken up with my family but I also like running and try to do a half marathon every year. I also try and play golf when I can and generally enjoy appreciating the outdoors.

### **Terry Keatinge – Golspie**

I was raised in Dublin but have spent the last 30 years living in Golspie. I trained as a botanist/ecologist and after a few years in research I have worked for the Nature Conservancy Council and Scottish Natural Heritage in Caithness and Sutherland.

I have been, and remain, involved in a few local community groups and am interested in representing the interests of members of the Kilbraur Wind Energy Co-operative.

### **John MacLennan Whitfield – Sutherland**

Born in Malaysia in 1964, with family roots in Ross-shire, I have spent much of my working life on the move. A professional civil engineer following graduation from Edinburgh University in 1987, I have designed and built many and varied facilities, including dams, roads, bridges and towers and been responsible for multimillion-pound projects both in the UK and Overseas.

I have spent the last six years helping to decommission the nuclear research establishment at Dounreay. During this time I was a key member of the successful and technically challenging Shaft Isolation Project. I completed a degree module course in Sustainable Energy last year and I have also developed in my own time a detailed understanding of renewable energy systems, including wind and solar generation.

I am actively working on energy conservation and micro-generation options for my home and also on the development of detailed proposals for an exciting community-based project associated with Brora Primary School (the Healthy hut and Biozone).

I am a passionate believer in renewable energy and if elected as a Director of Kilbraur Co-op I would bring an understanding of technical issues.

### **Graham Strachan – Beaully**

Professionally I have over 20 years experience of rural community and economic development. Returning in 1990 to the Highlands as Depute Director of Development for Ross & Cromarty I became Economic Development Manager for the wider Inverness Area on re-organisation.

I have worked closely with many community groups negotiating wind farm community benefit packages and have also assisted a large number of community development projects. I was invited to join the Great Glen Energy Co-op as a director and was re-elected at their first AGM. I believe that wind farm co-ops have much to gain from close working relationships and also wish to promote greater local capacity building so that co-ops take over more of the running of the co-op locally.

I have considerable experience of helping new organisations get established, running projects, seeking funding and generally working closely with local communities. I do not believe there are any conflicts of interest in being involved in more than one co-op, in fact I believe it is a good thing and promotes the co-operative movement.

**Please note there are three board vacancies therefore each member has three votes.**

**Voting will take place by ballot at the AGM.**

# KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED

## DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2008

The directors present their report and financial statements for the period ended 31 December 2008.

### Principal activities

The principal activity of the Co-operative is that of the generation of electricity through renewable sources. The company was formed on 9 May 2008 but did not generate income until November 2008.

### Directors

The following directors have held office since 9 May 2008:

Mr G Coutts	(Appointed 9 May 2008)
Mr B Field	(Appointed 9 May 2008)
Mr M Jennison	(Appointed 9 May 2008)
Mr P Phare	(Appointed 25 June 2008)
Mr W O'Neill	(Appointed 9 May 2008)
Mr T Robinson	(Appointed 9 May 2008)
Mr C Lawrence	(Appointed 28 October 2008)

In accordance with the Co-operative's rules of Association, Mr M Jennison and Mr W O'Neill retire by rotation and have indicated they will not seek re-election. Mr C Lawrence was co-opted onto the board and will seek full election at the annual general meeting.

### Auditors

Melville & Co. were appointed auditors to the Co-operative and a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

### Statement of 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.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the Co-operative'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 Co-operative's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board



Mrs A Heslop, Secretary

15<sup>th</sup> May 2009

**KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED**

**INDEPENDENT AUDITORS' STATEMENT  
TO THE SHAREHOLDERS OF KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED**

We have examined the summary financial statement for the period ended 31 December 2008 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 Directors' 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 Kilbraur Wind Energy Co-operative Limited for the period ended 31 December 2008 and have been prepared in accordance with relevant guidance and regulations.



**Melville & Co.**  
Chartered Accountants  
**Statutory Auditor**

**18 May 2009**

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

# KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED

## SUMMARY PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2008

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	Notes	Period ended 31 December 2008 £
<b>Sales Income</b>	<b>1</b>	17,017
Cost of sales		(5,052)
<b>Gross profit</b>		<hr/> 11,965
Administrative expenses	<b>2</b>	(3,734)
Other operating income	<b>3</b>	1,710
<b>Operating profit</b>		<hr/> 9,941
Other interest receivable	<b>4</b>	2,290
<b>Profit on ordinary activities before taxation</b>		<hr/> 12,231
Tax on profit on ordinary activities		(2,569)
<b>Profit for the period</b>	<b>5</b>	<hr/> <hr/> 9,662

### Notes

#### **1 Sales Income**

Represents share of income for two months.

#### **2 Administrative expenses**

Includes directors remuneration and management charges.

#### **3 Other operating income**

Includes re-imbursable admin & management charge

#### **4 Other interest receivable**

Interest receivable from funds in Co-operative Bank accounts.

#### **5 Profit for the period**

It is planned to distribute these profits during 2010.

# KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED

## SUMMARY BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008	
		£	£
<b>Fixed Assets</b>			
Intangible assets	1	1,043,900	
Investments	2		1
			<u>1,043,901</u>
<b>Current assets</b>			
Debtors	3	82,728	
Cash at bank		2,271	
		<u>84,999</u>	
<b>Creditors: amounts falling due within one year</b>	4	<u>(75,338)</u>	
<b>Net current assets</b>			<u>9,661</u>
<b>Total assets less current liabilities</b>			<u><u>1,053,562</u></u>
<b>Capital and reserves</b>			
Called up share capital	5	1,043,900	
Profit and loss account			9,662
<b>Shareholders' funds</b>			<u><u>1,053,562</u></u>

### Notes

#### 1 Intangible assets

The royalty instrument secures an entitlement to a share of the revenues less operating costs of the Kilbraur 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.

#### 2 Fixed asset investment

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

	2008
<b>3 Debtors</b>	
Trade debtors	10,782
Prepayments and accrued income	7,932
VAT	<u>64,014</u>
	82,728
<b>4 Creditors</b>	
Trade creditors	64,514
Accruals	8,255
Corporation Tax	<u>2,569</u>
	75,338

#### 5 Called up share capital

During the period the Co-operative issued 1,043,900 Ordinary Members Shares of £1 each in order to fund the acquisition of a Royalty Instrument with Loan Note element entitling it to a share of revenues from the Kilbraur Wind Farm.