

Company Registration No. 2701RS (England and Wales)

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

KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED

COMPANY INFORMATION

Directors	Mr M Moss (Appointed 26 June 2013) Mr N Jones (Appointed 26 June 2013) Mr C Lawrence Mr J MacDonald (Appointed 26 June 2013) Mr G Phillips Mr J Whitfield
Secretary	Mrs A Heslop
Company number	2701RS
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

KILBRAUR WIND ENERGY 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 of electricity through renewable sources.

Directors

The following directors have held office since 1 January 2013:

Mr M Moss	(Appointed 26 June 2013)
Mr N Jones	(Appointed 26 June 2013)
Mr I Whyte	(Resigned 26 June 2013)
Mr J MacDonald	(Appointed 26 June 2013)
Mr C Lawrence	
Mr G Strachan	(Resigned 8 February 2013)
Mr G Phillips	
Mr J Whitfield	

In accordance with the Co-operative's rules of Association, Mr G Phillips and Mr J Whitfield retire by rotation and, being eligible, offer themselves for 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 company will be put at a 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 1965-2002. 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.

By order of the board

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Mrs A Heslop
Secretary

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KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED

We have audited the financial statements of Kilbraur Wind Energy Co-operative Limited for the year ended 31 December 2013 set out on pages 5 to 8. 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.

KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF KILBRAUR WIND ENERGY 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

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18 Trinity Enterprise Centre
Furness Business Park
Barrow-in-Furness

KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

		2013	2012
	Notes	£	£
Turnover		209,454	197,059
Cost of sales		(55,682)	(56,860)
Gross profit		153,772	140,199
Administrative expenses		(18,486)	(29,389)
Other operating income		14,261	24,992
Operating profit	2	149,547	135,802
Other interest receivable and similar income	3	593	735
Profit on ordinary activities before taxation		150,140	136,537
Tax on profit on ordinary activities	4	-	-
Profit for the year		150,140	136,537

KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Intangible assets	6	1,581,925		1,581,925	
Investments	7		1		1
			<u>1,581,926</u>		<u>1,581,926</u>
Current assets					
Debtors	8	89,413		72,851	
Cash at bank and in hand		89,467		90,650	
		<u>178,880</u>		<u>163,501</u>	
Creditors: amounts falling due within one year	9	<u>(178,881)</u>		<u>(163,502)</u>	
Net current liabilities			<u>(1)</u>		<u>(1)</u>
Total assets less current liabilities		<u>1,581,925</u>		<u>1,581,925</u>	
Capital and reserves					
Called up share capital	10	1,581,925		1,581,925	
Shareholders' funds		<u>1,581,925</u>		<u>1,581,925</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

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Mr C Lawrence
Director

.....
Mr J Whitfield
Director

KILBRAUR WIND ENERGY 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 share of revenues less operational expenses net of VAT. The royalty instrument has a loan note element which ensures that net revenues will not fall below a certain level. Any excess of the loan note minimum payment over the share of revenues less operational expenses (if applicable) is dealt with as interest income.

1.4 Royalty instrument

The Royalty Instrument represents an amount paid to secure an entitlement to a share of income less related costs from electricity and environmental attributes for a period of 25 years. The royalty instrument has 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 term so no amortisation is provided.

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:		
Directors' remuneration	3,019	3,101
	<u> </u>	<u> </u>

The audit costs of the Co-operative were borne by Energy4All Limited and were charged within the management fee.

3 Investment income

	2013	2012
	£	£
Bank interest	593	735
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

4 Taxation

No tax arises for the period because the Co-operative distributes its full available profits as members share interest which is deductible for corporation tax purposes.

KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

5	Members share interest	2013	2012
		£	£
	Members share interest	150,140	136,537
		<u> </u>	<u> </u>
6	Intangible fixed assets		
			Royalty Instrument
			£
	Cost		
	At 1 January 2013 & at 31 December 2013		1,581,925
			<u> </u>
	Net book value		
	At 31 December 2013		1,581,925
			<u> </u>
	At 31 December 2012		1,581,925
			<u> </u>

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 a certain level. The purchase price is repayable in full at the end of the 25 year term (2 November 2033) or the commencement of decommissioning if earlier. Following an expansion of the wind farm in 2011 the co-operative raised further capital which was applied to a supplementary royalty instrument, effective from 1 July 2011, giving an increased share of revenues of the extended wind farm over the same period as the original royalty instrument.

7	Fixed asset investments		Unlisted investments
			£
	Cost		
	At 1 January 2013 & at 31 December 2013		1
			<u> </u>
	Net book value		
	At 31 December 2013		1
			<u> </u>
	At 31 December 2012		1
			<u> </u>

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

KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

8 Debtors	2013	2012
	£	£
Trade debtors	8,553	9,585
Other debtors	80,860	63,266
	<u>89,413</u>	<u>72,851</u>

9 Creditors: amounts falling due within one year	2013	2012
	£	£
Trade creditors	8,553	9,585
Taxation and social security	3,711	1,493
Other creditors	166,617	152,424
	<u>178,881</u>	<u>163,502</u>

Other creditors includes £151,416 (2012 - £137,569) members share interest due.

10 Share capital	2013	2012
	£	£
Allotted, called up and fully paid		
1,581,925 Members shares of £1 each	<u>1,581,925</u>	<u>1,581,925</u>

It is envisaged that the shares will be redeemed following the repayment of the royalty instrument and loan note (see note 6).

11 Control

There is no overall controlling party of the Co-operative and no individual shareholder owns more than £20,000 shares.

KILBRAUR WIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2013

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. Kilbraur Wind Energy Co-operative Limited holds one share in this company. Energy4All Limited negotiated the royalty instrument with loan note on behalf of the co-operative and arranged the share offer. Energy4All Limited charged a management fee of £14,261 (2012 - £15,992) which was reimbursed by the wind farm developer. The Co-operative owes Energy4All Limited £8,553 (2012- £9,585) at the year end. Energy4All Limited holds 250 shares in Kilbraur Wind Energy Co-operative Limited.