

Company Registration No. 28354 R (England and Wales)

**BAYWIND ENERGY CO-OPERATIVE LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## COMPANY INFORMATION

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### Directors

Mr D Eastlick  
Mr R Scott  
Mr J Wood  
Mrs A Heslop  
Mr A Hassan  
Mrs L Marchington  
Mr C Taylor  
Mr M Siadat  
Mr D Elsworth

### Secretary

Mrs A Heslop

### Company number

28354 R

### Registered office

Unit 33, Trinity Enterprise Centre  
Furness Business Park  
Barrow-in-Furness  
Cumbria  
LA14 2PN

### 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

### Solicitors

Wrigleys  
19 Cookridge Street  
Leeds  
LS2 3AG

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# BAYWIND ENERGY CO-OPERATIVE LIMITED

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# **BAYWIND ENERGY CO-OPERATIVE LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011**

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The directors present their report and financial statements for the year ended 31 December 2011.

### **Principal activities**

The principal activity of the company continued to be that of the generation and supply of electricity from renewable energy sources.

### **Directors**

The following directors have held office since 1 January 2011:

D Eastlick  
R Scott  
J Wood  
A Heslop  
A Hassan  
L Marchington  
C Taylor  
M Siadat  
D Elsworth

In accordance with the Co-operative's rules of Association, Mr R Scott , Mr D Eastlick and Mr C Taylor retire by rotation and, being eligible, offer themselves for re-election.

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

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### Directors' responsibilities

The rules of the Co-operative require the directors to prepare financial statements for the financial year. Under these 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 these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 that 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 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 the Annual General Meeting.

By order of the board

.....  
Mrs A Heslop  
Secretary

.....

# **BAYWIND ENERGY CO-OPERATIVE LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF BAYWIND ENERGY CO-OPERATIVE LIMITED**

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We have audited the financial statements of Baywind Energy Co-operative Limited for the year ended 31 December 2011 set out on pages 5 to 14. 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 pages 1 - 2, 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 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.

#### **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 2011 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.

# **BAYWIND ENERGY CO-OPERATIVE LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF BAYWIND ENERGY CO-OPERATIVE LIMITED**

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#### **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**

.....

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

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

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		2011	2010
	Notes	£	£
<b>Turnover</b>		543,862	383,584
Cost of sales		(341,270)	(277,935)
<b>Gross profit</b>		202,592	105,649
Administrative expenses		(79,890)	(57,671)
Other operating income		1,936	2,581
<b>Operating profit</b>	<b>2</b>	124,638	50,559
Investment income	<b>3</b>	170	74
Other interest receivable and similar income	<b>3</b>	17,388	19,657
Interest payable and similar charges		(1,602)	(2,809)
<b>Profit on ordinary activities before taxation</b>		140,594	67,481
Tax on profit on ordinary activities	<b>4</b>	(12,045)	(8,506)
<b>Profit for the year</b>	<b>13</b>	128,549	58,975

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# BAYWIND ENERGY CO-OPERATIVE LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011		2010	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6	1,036,090		1,211,607	
Investments	7	39,198		15,303	
				<u>1,226,910</u>	
		1,075,288			
<b>Current assets</b>					
Debtors	8	216,186		328,079	
Cash at bank and in hand		1,046,468		816,991	
		<u>1,262,654</u>		<u>1,145,070</u>	
<b>Creditors: amounts falling due within one year</b>					
	9	<u>(251,631)</u>		<u>(243,010)</u>	
<b>Net current assets</b>					
			1,011,023		902,060
<b>Total assets less current liabilities</b>					
			2,086,311		2,128,970
<b>Creditors: amounts falling due after more than one year</b>					
	10		-		(45,831)
<b>Provisions for liabilities and charges</b>					
	11		<u>(90,368)</u>		<u>(78,323)</u>
			<u>1,995,943</u>		<u>2,004,816</u>
<b>Capital and reserves</b>					
Called up share capital	12	1,986,567		1,993,567	
Other reserves	13	9,376		11,249	
			<u>1,995,943</u>		<u>2,004,816</u>
<b>Shareholders' funds - equity interests</b>					
			<u>1,995,943</u>		<u>2,004,816</u>

These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board on .....

.....  
D Elsworth  
**Director**

.....  
D Eastlick  
**Director**

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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### 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 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land	Straight line over 10 years
Wind Turbines	Straight line over 7-20 years

#### 1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future. No provision has been made in earlier accounting periods because the Co-operative distributes its accounting profit in full as tax deductible shareholders interest. As a result any timing differences resulting from the excess of capital allowances over depreciation should be matched by taxation losses. However, when the Co-operative took over the net assets of its former subsidiary, Harlock Hill Limited, it assumed assets with a tax written down value considerably less than the fair value at which they have been recognised in these accounts. These timing differences would only crystallise if the Co-operative carried out no further qualifying expenditure over the next nine years. The Directors expect that the Co-operative will continue to incur capital expenditure and therefore it is extremely unlikely that these timing differences will crystallise into a liability. However, on grounds of prudence, the directors have decided to provide for the expected liability evenly over nine years commencing in the year ended 31 December 2005. This policy is not in accordance with FRS 19 which requires recognition in full of deferred tax liabilities but, given the remoteness of this liability crystallising in the foreseeable future, it is considered appropriate to the Co-operative's circumstances. The full potential unprovided liability is shown in note 12.

#### 1.7 Energy Conservation Trust

The Co-operative has allocated £2,500 of Harlock Hill turnover to an energy conservation trust which is operated by the local community. This is in accordance with the objects of the Co-operative.

#### 1.8 Negative Goodwill

Negative goodwill arose on the acquisition of the net assets of the company's former subsidiaries, Community Energy Management Company Limited, and Harlock Hill Limited. Negative goodwill is released to profit and loss account on a straight line basis over the period of the useful life of the main assets acquired, the wind turbines, being 15 years.

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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<b>2</b>	<b>Operating profit</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets	190,917	190,184
	Auditors' remuneration	2,488	2,475
	Directors' emoluments	5,900	5,003
		<u>          </u>	<u>          </u>

Mrs A Heslop is remunerated through the connected company, Energy4All Limited (see note 17) which recharges part of the cost to the Co-operative through the management charge.

<b>3</b>	<b>Investment income</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Bank interest	15,181	15,560
	Other interest	2,037	4,023
	Members' share interest	170	74
		<u>          </u>	<u>          </u>
		<u>17,388</u>	<u>19,657</u>

<b>4</b>	<b>Taxation</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	<b>Current tax charge</b>	-	-
		<u>          </u>	<u>          </u>
	<b>Deferred tax</b>		
	Deferred tax charge	12,045	8,506
		<u>          </u>	<u>          </u>

The Co-operative has no corporation tax liability for the year (2010 - Nil). There are tax losses of £365,598 (2010 - £536,113) available for offset against future years. These tax losses have arisen because the allowances on capital expenditure for tax purposes gives relief earlier than the depreciation charged for accounting purposes and because the Co-operative has a policy of distributing its accounting profits in full as members share interest which is tax deductible and therefore means these timing differences do not automatically reverse. These timing differences are particularly significant for the wind turbines which have long useful lives and are therefore depreciated at a much slower rate than is applied for tax purposes. Provision is made under deferred tax for the timing differences which are expected to reverse in accordance with accounting policy note 1.6.

The deferred tax charge represents the allocation of one year's charge on the basis that the full potential deferred tax liability will be charged over a period of nine years - see note 1.6.

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

<b>5</b>	<b>Members share interest</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Members share interest	128,549	58,975
		<u>          </u>	<u>          </u>

The Co-operative seeks to pay out in full its after tax profit as members share interest.

<b>6</b>	<b>Tangible fixed assets</b>	<b>Land and buildings</b>	<b>Plant and machinery etc</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>
	<b>Cost</b>			
	At 1 January 2011	12,409	3,257,000	3,269,409
	Additions	-	15,400	15,400
		<u>          </u>	<u>          </u>	<u>          </u>
	At 31 December 2011	12,409	3,272,400	3,284,809
		<u>          </u>	<u>          </u>	<u>          </u>
	<b>Depreciation</b>			
	At 1 January 2011	4,964	2,052,838	2,057,802
	Charge for the year	1,241	189,676	190,917
		<u>          </u>	<u>          </u>	<u>          </u>
	At 31 December 2011	6,205	2,242,514	2,248,719
		<u>          </u>	<u>          </u>	<u>          </u>
	<b>Net book value</b>			
	At 31 December 2011	6,204	1,029,886	1,036,090
		<u>          </u>	<u>          </u>	<u>          </u>
	At 31 December 2010	7,445	1,204,162	1,211,607
		<u>          </u>	<u>          </u>	<u>          </u>

The Co-operative has an operation and maintenance agreement with Haverigg II Ltd in respect of the turbine at that site.

Haverigg II Ltd has a fixed and floating charge over all of the Co-operative's assets present and future, dated 1 May 1999.

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 7 Fixed asset investments

	Listed investments	Unlisted investments	Shares in group undertakings and participating interests	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2011	1,000	14,803	5,000	20,803
Additions	-	24,145	-	24,145
Disposals	-	(250)	-	(250)
	<u>1,000</u>	<u>38,698</u>	<u>5,000</u>	<u>44,698</u>
At 31 December 2011	1,000	38,698	5,000	44,698
<b>Provisions for diminution in value</b>				
At 1 January 2011 & at 31 December 2011	500	-	5,000	5,500
	<u>500</u>	<u>-</u>	<u>5,000</u>	<u>5,500</u>
<b>Net book value</b>				
At 31 December 2011	500	38,698	-	39,198
	<u>500</u>	<u>38,698</u>	<u>-</u>	<u>39,198</u>
At 31 December 2010	500	14,803	-	15,303
	<u>500</u>	<u>14,803</u>	<u>-</u>	<u>15,303</u>

The company holds the entire share capital of The Wind Company UK Limited. Although this company is currently dormant, it holds some NFFO contracts on which development costs have been incurred and, it was considered, may be of future benefit if relevant planning permissions were received. The directors no longer consider there is any remaining value for this investment (original cost £5,000) and the value has been fully written off. The company also holds the entire share capital of Community Energy Management Company Limited. This company is currently dormant and therefore is shown at nil value.

The company also has minority holdings in Bro Dyfi Community Renewables Limited (£1,000), The Phone Co-operative Limited (£50), Fenland Green Power Co-operative Limited (£5,000), Great Glen Energy Co-operative Limited (£1,000), Energy Prospects Co-operative Limited (£7,500) and during the year acquired 30% of the share capital of Findhorn Wind Park Limited, a company which has invested in a wind farm, for £24,145. It also holds a £3 holding in Energy4All Limited the company that provides management and administrative services to this and other Co-operatives.

The listed investment comprises shares in Blackrock New Energy Investment Trust Plc and is written down to its approximate market value.

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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<b>8 Debtors</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade debtors	66,300	76,361
Other debtors	149,886	251,718
	<u>216,186</u>	<u>328,079</u>

Debtors include an amount of £0 (2010 - £73,914) which is due after more than one year.

<b>9 Creditors: amounts falling due within one year</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	46,057	54,360
Trade creditors	15,484	55,842
Taxation and social security	8,108	8,806
Other creditors	181,982	124,002
	<u>251,631</u>	<u>243,010</u>

The company's bank loans and overdraft are secured by a debenture incorporating a fixed charge over the turbines and all contracts and agreements.

<b>10 Creditors: amounts falling due after more than one year</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loans	<u>-</u>	<u>45,831</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	46,057	100,191
Included in current liabilities	(46,057)	(54,360)
	<u>-</u>	<u>45,831</u>

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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### 11 Provisions for liabilities

	<b>Deferred tax liability</b>
	<b>£</b>
Balance at 1 January 2011	78,323
Profit and loss account	12,045
	<hr/>
Balance at 31 December 2011	90,368
	<hr/> <hr/>

#### The deferred tax liability is made up as follows:

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	90,368	78,323
	<hr/> <hr/>	<hr/> <hr/>

In accordance with the accounting policy in note 1.6 the deferred tax charge for the year represents one ninth of the full potential liability which might arise if no further capital expenditure was incurred. The amount of deferred tax not provided is £28,476 (2010 - £37,864).

### 12 Share capital

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
1,986,567 Ordinary Shares of £1 each	1,986,567	1,993,567
	<hr/> <hr/>	<hr/> <hr/>

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### 13 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2011	11,249	-
Profit for the year	-	128,549
Members share interest	-	(128,549)
Movement during the year	(1,873)	-
	<hr/>	<hr/>
Balance at 31 December 2011	9,376	-
	<hr/> <hr/>	<hr/> <hr/>
<b>Other reserves</b>		
<b>Negative goodwill</b>		
Balance at 1 January 2011	11,249	
Released in year	(1,873)	
	<hr/>	
Balance at 31 December 2011	9,376	
	<hr/> <hr/>	

### 14 Contingent liabilities

Baywind Energy Co-operative Limited has made an undertaking to support its related company, Energy4All Limited if required (see note 17).

### 15 Financial commitments

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012:

a - Harlock Hill Site

Annual lease payments amounting to 2% of the turnover generated from the site expiring in January 2022.

b - Haverigg Site

Annual lease payments amounting to 2.5% of turnover generated from the site expiring in October 2018. Operations and maintenance fee of £12,000 per annum expiring in December 2013.

### 16 Control

There is no person with overall control of the co-operative.



# **BAYWIND ENERGY CO-OPERATIVE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011**

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### **17 Related party transactions**

The Co-operative has delegated its development activities and administration to a service company, Energy4All Limited of which Mrs A Heslop is a director, and it charged £50,750 (2010 - £32,986) for management charges, £7,175 (2010 - £7,110) for monitoring services and £nil (2010 - £10,000) for consultancy. Baywind Energy Co-operative Limited owes Energy4All Limited £11,518 (2010 - £9,163) as at 31 December 2011 . Energy4All Limited is also involved in setting up and assisting other co-operatives which now also pay an annual management charge. The directors of Baywind Energy Co-operative Limited agreed that they would support Energy4All Limited, if necessary, should it be unable to recover development costs or if it was anticipated that it would be unable to generate sufficient funds to meet its overheads on a long term basis. Energy4All Limited now has a consistent income from a variety of sources and the risk to Baywind Energy Co-operative Limited is therefore remote.

### **18 Post balance sheet events**

The Co-operative has applied for planning permission to repower its Harlock Hill site. The planning decision is expected by mid 2012. If successful the existing 5 turbines on that site would be replaced by two larger modern turbines.