

Company Registration No. 28354R (England and Wales)

BAYWIND ENERGY CO-OPERATIVE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

BAYWIND ENERGY CO-OPERATIVE LIMITED

COMPANY INFORMATION

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	28354R
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

BAYWIND ENERGY CO-OPERATIVE LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 14

BAYWIND ENERGY CO-OPERATIVE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012.

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 2012:

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 J Wood , Mr A Hassan and Mr M Siadat retire by rotation and, being eligible, offer themselves for re-election.

BAYWIND ENERGY CO-OPERATIVE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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

.....
D Eastlick
Director

28 March 2013

BAYWIND ENERGY CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BAYWIND ENERGY CO-OPERATIVE LIMITED

We have audited the financial statements of Baywind Energy Co-operative Limited for the year ended 31 December 2012 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. 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 2012 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

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

28 March 2013

**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 2012

	Notes	2012 £	2011 £
Turnover		574,832	543,862
Cost of sales		(345,127)	(341,270)
Gross profit		<u>229,705</u>	<u>202,592</u>
Administrative expenses		(71,193)	(79,890)
Other operating income		3,989	1,936
Operating profit	2	<u>162,501</u>	<u>124,638</u>
Investment income	3	154	170
Other interest receivable and similar income	3	20,517	17,388
Interest payable and similar charges		(397)	(1,602)
Profit on ordinary activities before taxation		<u>182,775</u>	<u>140,594</u>
Tax on profit on ordinary activities	4	(18,400)	(12,045)
Profit for the year	12	<u><u>164,375</u></u>	<u><u>128,549</u></u>

BAYWIND ENERGY CO-OPERATIVE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012		2011	
		£	£	£	£
Fixed assets					
Tangible assets	6		842,973		1,036,090
Investments	7		49,198		39,198
			<u>892,171</u>		<u>1,075,288</u>
Current assets					
Debtors	8	253,814		216,186	
Cash at bank and in hand		1,217,730		1,046,468	
		<u>1,471,544</u>		<u>1,262,654</u>	
Creditors: amounts falling due within one year	9	<u>(275,251)</u>		<u>(251,631)</u>	
Net current assets			<u>1,196,293</u>		<u>1,011,023</u>
Total assets less current liabilities			2,088,464		2,086,311
Provisions for liabilities and charges	10		<u>(108,768)</u>		<u>(90,368)</u>
			<u>1,979,696</u>		<u>1,995,943</u>
Capital and reserves					
Called up share capital	11		1,972,193		1,986,567
Other reserves	12		7,503		9,376
Shareholders' funds - equity interests			<u>1,979,696</u>		<u>1,995,943</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 28 March 2013

D Elsworth
Director

D Eastlick
Director

BAYWIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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. This comprises the sale of electricity and renewables obligations arising in the year except for recycled ROCs, which are calculated annually and not readily quantifiable at the year end and are recognised when their value is confirmed.

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 15-20 years
Major spares	To match the useful life of the turbines (5.25 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 Baywind Energy Community Trust

The Co-operative has allocated £2,575 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.

BAYWIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

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.

2 Operating profit	2012	2011
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	193,117	190,917
Auditors' remuneration	2,536	2,488
Directors' emoluments	2,500	5,900
	<u> </u>	<u> </u>

Mrs A Heslop is remunerated through the connected company, Energy4All Limited (see note 15) which recharges part of the cost to the Co-operative through the management charge.

3 Investment income	2012	2011
	£	£
Bank interest	19,907	15,181
Other interest	456	2,037
Members' share interest	154	170
	<u> </u>	<u> </u>
	<u>20,517</u>	<u>17,388</u>

BAYWIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

4 Taxation	2012	2011
	£	£
Current tax charge	-	-
	<u> </u>	<u> </u>
Deferred tax		
Deferred tax charge	18,400	12,045
	<u> </u>	<u> </u>

The Co-operative has no corporation tax liability for the year (2011 - Nil). There are tax losses of £167,177 (2011 - £365,598) 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.

5 Members share interest	2012	2011
	£	£
Members share interest	164,375	128,549
	<u> </u>	<u> </u>

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

BAYWIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

6 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2012 & at 31 December 2012	12,409	3,272,400	3,284,809
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 1 January 2012	6,205	2,242,514	2,248,719
Charge for the year	1,241	191,876	193,117
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2012	7,446	2,434,390	2,441,836
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31 December 2012	4,963	838,010	842,973
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2011	6,204	1,029,886	1,036,090
	<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 2012

7 Fixed asset investments

	Listed investments	Unlisted investments	Shares in group undertakings and participating interests	Total
	£	£	£	£
Cost				
At 1 January 2012	1,000	38,698	5,000	44,698
Additions	-	10,000	-	10,000
At 31 December 2012	1,000	48,698	5,000	54,698
Provisions for diminution in value				
At 1 January 2012 & at 31 December 2012	500	-	5,000	5,500
Net book value				
At 31 December 2012	500	48,698	-	49,198
At 31 December 2011	500	38,698	-	39,198

The company holds the entire share capital of The Wind Company UK Limited and Community Energy Management Company Limited. These companies are currently dormant and therefore are 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), Findhorn Wind Park Limited (£24,145) and during the year acquired £10,000 of share capital in Drumlin Wind Energy Co-operative Limited. 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.

8 Debtors	2012 £	2011 £
Trade debtors	70,060	66,300
Other debtors	183,754	149,886
	<u>253,814</u>	<u>216,186</u>

BAYWIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

9 Creditors: amounts falling due within one year	2012	2011
	£	£
Bank loans and overdrafts	-	46,057
Trade creditors	6,191	15,484
Taxation and social security	44,099	8,108
Other creditors	224,961	181,982
	<u>275,251</u>	<u>251,631</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.

10 Provisions for liabilities

	Deferred tax liability
	£
Balance at 1 January 2012	90,368
Profit and loss account	18,400
	<u>108,768</u>
Balance at 31 December 2012	<u>108,768</u>

The deferred tax liability is made up as follows:

	2012	2011
	£	£
Accelerated capital allowances	<u>108,768</u>	<u>90,368</u>

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 £13,629 (2011 - £28,476).

BAYWIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11 Share capital	2012	2011
	£	£
Allotted, called up and fully paid		
1,972,193 Ordinary Shares of £1 each	1,972,193	1,986,567
	<u> </u>	<u> </u>

Share capital was reduced by £14,374. Members are allowed to cash in their shares in the event of death or by special application to the board in exceptional circumstances. The board may, at their discretion, expel members if the Co-operative has been unable to contact the member for a period of ten years.

12 Statement of movements on reserves

	Other reserves (see below)	Profit and loss account
	£	£
Balance at 1 January 2012	9,376	-
Profit for the year	-	164,375
Members share interest	-	(164,375)
Movement during the year	(1,873)	-
	<u> </u>	<u> </u>
Balance at 31 December 2012	7,503	-
	<u> </u>	<u> </u>
Other reserves		
Negative goodwill		
Balance at 1 January 2012	9,376	
Released in year	(1,873)	
	<u> </u>	
Balance at 31 December 2012	7,503	
	<u> </u>	

13 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013:

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.

BAYWIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

14 Control

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

15 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 £54,819 (2011 - £50,750) for management charges and £7,175 (2011 - £7,175) for monitoring services. Baywind Energy Co-operative Limited owes Energy4All Limited £nil (2011 - £11,518) as at 31 December 2012 . Energy4All Limited is also involved in setting up and assisting other co-operatives which now also pay an annual management charge.

16 Post balance sheet events

The Co-operative has applied for planning permission to repower its Harlock Hill site and a neighbouring site in conjunction with Infinergy. The planning decision was expected by mid 2012 but has now been delayed until 2013. The costs of the application have been met by Infinergy. If successful the existing 5 turbines on that site would be replaced by two larger modern turbines.