

Company Registration No. 28354R (England and Wales)

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

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

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 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 2013:

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, Mrs A Heslop , Mrs L Marchington and Mr D Elsworth retire by rotation and, being eligible, offer themselves for re-election. Mr C Taylor has indicated that he will retire at the AGM and will not seek re-election.

BAYWIND ENERGY CO-OPERATIVE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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

1 April 2014

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 2013 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 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.

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

1 April 2014

**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 2013

	Notes	2013 £	2012 £
Turnover		673,400	574,832
Cost of sales		(374,492)	(345,127)
Gross profit		298,908	229,705
Administrative expenses		(82,164)	(71,193)
Other operating income		1,917	3,989
Operating profit	2	218,661	162,501
Investment income	3	177	154
Other interest receivable and similar income	3	21,604	20,517
Amounts written off investments	4	(24,144)	-
Interest payable and similar charges		-	(397)
Profit on ordinary activities before taxation		216,298	182,775
Tax on profit on ordinary activities	5	(24,478)	(18,400)
Profit for the year	13	191,820	164,375

BAYWIND ENERGY CO-OPERATIVE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013		2012	
		£	£	£	£
Fixed assets					
Tangible assets	7	649,855		842,973	
Investments	8	25,054		49,198	
		<u>674,909</u>		<u>892,171</u>	
Current assets					
Debtors	9	221,797		253,814	
Cash at bank and in hand		1,519,100		1,217,730	
		<u>1,740,897</u>		<u>1,471,544</u>	
Creditors: amounts falling due within one year	10	<u>(319,594)</u>		<u>(275,251)</u>	
Net current assets		<u>1,421,303</u>		<u>1,196,293</u>	
Total assets less current liabilities		2,096,212		2,088,464	
Provisions for liabilities and charges	11	<u>(120,889)</u>		<u>(108,768)</u>	
		<u>1,975,323</u>		<u>1,979,696</u>	
Capital and reserves					
Called up share capital	12	1,969,693		1,972,193	
Other reserves	13	5,630		7,503	
Shareholders' funds - equity interests		<u>1,975,323</u>		<u>1,979,696</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 1 April 2014

D Elsworth
Director

D Eastlick
Director

BAYWIND 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 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 remaining 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

The policy previously applied was that deferred taxation was 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 had 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 were recognised in the accounts. These timing differences would only crystallise if the Co-operative carried out no further qualifying expenditure over the next nine years. The Directors expected that the Co-operative would continue to incur capital expenditure and therefore it was unlikely that these timing differences would crystallise into a liability. However, on grounds of prudence, the directors decided to provide for the expected liability evenly over nine years commencing in the year ended 31 December 2005. This policy was 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 was considered appropriate to the Co-operative's circumstances. This year was the final year where part of this previously unprovided liability was recognised so the policy now is to recognise all timing differences in full which is in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.7 Baywind Energy Community Trust

The Co-operative has allocated £2,650 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 2013

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	2013	2012
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	193,118	193,117
Auditors' remuneration	2,660	2,536
Directors' emoluments	3,300	2,500
	<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, other interest receivable and similiar income	2013	2012
	£	£
Income from fixed asset investments	2	-
Bank interest	21,604	19,907
Other interest	-	610
Members' share interest	175	154
	<u> </u>	<u> </u>
	<u>21,781</u>	<u>20,671</u>

4 Amounts written off investments	2013	2012
	£	£
Amounts written off current asset investments	24,144	-
	<u> </u>	<u> </u>

BAYWIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

5	Taxation	2013	2012
		£	£
	Domestic current year tax		
	U.K. corporation tax	12,357	-
		<hr/>	<hr/>
	Current tax charge	12,357	-
		<hr/>	<hr/>
	Deferred tax		
	Deferred tax charge	12,121	18,400
		<hr/>	<hr/>
		24,478	18,400
		<hr/> <hr/>	<hr/> <hr/>

The Co-operative had no corporation tax liability for the previous year. There were tax losses in that year of £167,177 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.

6	Members share interest	2013	2012
		£	£
	Members share interest	191,820	164,375
		<hr/> <hr/>	<hr/> <hr/>

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 2013

7 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2013 & at 31 December 2013	12,409	3,272,400	3,284,809
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2013	7,446	2,434,390	2,441,836
Charge for the year	1,241	191,877	193,118
	<hr/>	<hr/>	<hr/>
At 31 December 2013	8,687	2,626,267	2,634,954
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2013	3,722	646,133	649,855
	<hr/>	<hr/>	<hr/>
At 31 December 2012	4,963	838,010	842,973
	<hr/>	<hr/>	<hr/>

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 2013

8 Fixed asset investments

	Listed investments	Unlisted investments	Shares in group undertakings and participating interests	Total
	£	£	£	£
Cost				
At 1 January 2013 & at 31 December 2013	1,000	48,698	5,000	54,698
Provisions for diminution in value				
At 1 January 2013	500	-	5,000	5,500
Charge for the year	-	24,144	-	24,144
At 31 December 2013	500	24,144	5,000	29,644
Net book value				
At 31 December 2013	500	24,554	-	25,054
At 31 December 2012	500	48,698	-	49,198

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 Drumlin Wind Energy Co-operative Limited £10,000. An amount of £24,144 was written off the value of the Findhorn Wind Park Limited shares during the year because the likelihood of achieving a return on the investment was considered remote. 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.

9 Debtors	2013 £	2012 £
Trade debtors	30,892	70,060
Other debtors	190,905	183,754
	<u>221,797</u>	<u>253,814</u>

BAYWIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

10 Creditors: amounts falling due within one year	2013	2012
	£	£
Trade creditors	2,999	6,191
Taxation and social security	50,893	44,099
Other creditors	265,702	224,961
	<u>319,594</u>	<u>275,251</u>

11 Provisions for liabilities

	Deferred tax liability
	£
Balance at 1 January 2013	108,768
Profit and loss account	12,121
	<u>120,889</u>
Balance at 31 December 2013	<u>120,889</u>

The deferred tax liability is made up as follows:

	2013	2012
	£	£
Accelerated capital allowances	<u>120,889</u>	<u>108,768</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 £nil (2012 - £13,629).

12 Share capital	2013	2012
	£	£
Allotted, called up and fully paid		
1,969,693 Ordinary Shares of £1 each	<u>1,969,693</u>	<u>1,972,193</u>

BAYWIND ENERGY CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

13 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2013	7,503	-
Profit for the year	-	191,820
Members share interest	-	(191,820)
Movement during the year	(1,873)	-
	<u>5,630</u>	<u>-</u>
Balance at 31 December 2013	<u>5,630</u>	<u>-</u>
Other reserves		
Negative goodwill		
Balance at 1 January 2013	7,503	
Released in year	(1,873)	
	<u>5,630</u>	
Balance at 31 December 2013	<u>5,630</u>	

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.

14 Financial commitments

At 31 December 2013 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014:

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.

15 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 2013

16 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 £56,150 (2012 - £54,819) for management charges and £7,175 (2012 - £7,175) for monitoring services. Energy4All Limited is also involved in setting up and assisting other co-operatives which now also pay an annual management charge.

17 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 initial planning application was approved by Barrow Borough Council but was refused by South Lakeland District Council and this decision is now in appeal. The costs of the application are being met by Infinergy. If successful the existing 5 turbines on that site will be replaced by two larger modern turbines.