

Company Registration No. 28354R (England and Wales)

**BAYWIND ENERGY CO-OPERATIVE LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr D Eastlick Mr R Scott Mr J Wood Mr A Hassan Mr M Siadat Mr D Elsworth Mr M G Austin (Appointed 10 May 2014)
<b>Secretary</b>	Mrs A Heslop
<b>Company number</b>	28354R
<b>Registered office</b>	33 Trinity Enterprise Centre Ironworks Road BARROW-IN-FURNESS LA14 2PN
<b>Auditors</b>	Melville & Co 17/18 Trinity Enterprise Centre Furness Business Park BARROW-IN-FURNESS Cumbria LA14 2PN
<b>Bankers</b>	Co-operative Bank plc 1 Balloon Street MANCHESTER M60 4EP
<b>Solicitors</b>	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 2014***

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The directors present their report and financial statements for the year ended 31 December 2014.

### **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 2014:

Mr D Eastlick	
Mr R Scott	
Mr J Wood	
Mrs A Heslop	(Resigned 12 November 2014)
Mr A Hassan	
Mrs L Marchington	(Resigned 6 March 2015)
Mr C Taylor	(Resigned 10 May 2014)
Mr M Siadat	
Mr D Elsworth	
Mr M G Austin	(Appointed 10 May 2014)

In accordance with the Co-operative's rules of Association, Mr D Eastlick, Mr R Scott and Mr M Siadat retire by rotation and, being eligible, offer themselves for re-election. Mr D Elsworth has indicated that he will retire at the AGM and will not seek 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 the Annual General Meeting.

### **Statement of 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 Co-operative and Community Benefit Societies Act 2014. 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.

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## DIRECTORS' REPORT (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2014*

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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 2014 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 87 of the Co-operative and Community Benefit Societies Act 2014. 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 - 2, the directors are responsible for the preparation of the financial in accordance with applicable law 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. 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 2014 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 Co-operative and Community Benefit Societies Act 2014.

# **BAYWIND ENERGY CO-OPERATIVE LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **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 Co-operative and Community Benefit Societies Act 2014 requires 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from preparing a strategic report.

**Melville & Co**

.....

**Chartered Accountants  
Statutory Auditor**

17/18 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 2014

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	Notes	2014 £	2013 £
Turnover		581,678	673,400
Cost of sales		(334,345)	(374,492)
<b>Gross profit</b>		<u>247,333</u>	<u>298,908</u>
Administrative expenses		(75,133)	(82,164)
Other operating income		1,916	1,917
<b>Operating profit</b>	<b>2</b>	<u>174,116</u>	<u>218,661</u>
Investment income	<b>3</b>	858	177
Other interest receivable and similar income	<b>3</b>	21,344	21,604
Amounts written off investments	<b>4</b>	-	(24,144)
<b>Profit on ordinary activities before taxation</b>		<u>196,318</u>	<u>216,298</u>
Tax on profit on ordinary activities	<b>5</b>	812	(24,478)
<b>Profit for the year</b>	<b>13</b>	<u><u>197,130</u></u>	<u><u>191,820</u></u>



# BAYWIND ENERGY CO-OPERATIVE LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014		2013	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		456,738		649,855
Investments	8		25,054		25,054
			<u>481,792</u>		<u>674,909</u>
<b>Current assets</b>					
Debtors	9	190,782		221,797	
Cash at bank and in hand		1,684,585		1,519,100	
		<u>1,875,367</u>		<u>1,740,897</u>	
<b>Creditors: amounts falling due within one year</b>	10	(300,258)		(319,594)	
<b>Net current assets</b>			<u>1,575,109</u>		<u>1,421,303</u>
<b>Total assets less current liabilities</b>			<u>2,056,901</u>		<u>2,096,212</u>
<b>Provisions for liabilities</b>	11		(83,451)		(120,889)
			<u>1,973,450</u>		<u>1,975,323</u>
<b>Capital and reserves</b>					
Called up share capital	12	1,969,693		1,969,693	
Other reserves	13	3,757		5,630	
<b>Shareholders' funds</b>			<u>1,973,450</u>		<u>1,975,323</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 .....

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

.....  
Mr R Scott  
**Director**

**Company Registration No. 28354R**

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2014**

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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 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 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.

#### **1.4 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:

Land and buildings Freehold	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)

#### **1.5 Leasing**

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

#### **1.6 Investments**

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

#### **1.7 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### **1.8 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.

#### **1.9 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 (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

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<b>2</b>	<b>Operating profit</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets	193,117	193,118
	Auditors' remuneration	2,566	2,660
	Directors' emoluments	4,150	3,300
		<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.

<b>3</b>	<b>Investment income, other interest receivable and similiar income</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Income from fixed asset investments	458	2
	Bank interest	17,487	21,604
	Other interest	3,857	-
	Members' share interest	400	175
		<u>          </u>	<u>          </u>
		<u>22,202</u>	<u>21,781</u>

<b>4</b>	<b>Amounts written off investments</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Amounts written off current asset investments	-	24,144
		<u>          </u>	<u>          </u>

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

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5	Taxation	2014 £	2013 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	36,626	12,357
	<b>Total current tax</b>	<u>36,626</u>	<u>12,357</u>
	<b>Deferred tax</b>		
	Deferred tax charge	(37,438)	12,121
		<u>(812)</u>	<u>24,478</u>

The Co-operative had no corporation tax liability prior to the previous year. There were tax losses available for offset against future years taxable profit 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. However, the last of the historic taxes losses were utilised in the previous year leaving none brought forward into the current year.

Provision is made under deferred tax for the timing differences which are expected to reverse in accordance with accounting policy note 1.7.

6	Dividends	2014 £	2013 £
	Members share interest	<u>197,130</u>	<u>191,820</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 (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 7 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost</b>			
At 1 January 2014 & at 31 December 2014	12,409	3,272,400	3,284,809
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 January 2014	8,687	2,626,267	2,634,954
Charge for the year	1,241	191,876	193,117
	<hr/>	<hr/>	<hr/>
At 31 December 2014	9,928	2,818,143	2,828,071
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2014	2,481	454,257	456,738
	<hr/>	<hr/>	<hr/>
At 31 December 2013	3,722	646,133	649,855
	<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 related to the site at Haverigg, dated 1 May 1999.

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

### 8 Fixed asset investments

	Listed investments	Unlisted investments	Shares in group undertakings and participating interests	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2014 & at 31 December 2014	1,000	48,698	5,000	54,698
<b>Provisions for diminution in value</b>				
At 1 January 2014 & at 31 December 2014	500	24,144	5,000	29,644
<b>Net book value</b>				
At 31 December 2014	500	24,554	-	25,054
At 31 December 2013	500	24,554	-	25,054

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 (cost of £24,145 but valued at £1 because the likelihood of achieving a return on the investment is considered remote) and Drumlin Wind Energy Co-operative Limited (£10,000). 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	2014 £	2013 £
Trade debtors	27,211	30,892
Other debtors	163,571	190,905
	<u>190,782</u>	<u>221,797</u>

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

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10 Creditors: amounts falling due within one year	2014 £	2013 £
Trade creditors	6,800	2,999
Taxation and social security	61,637	50,893
Other creditors	231,821	265,702
	<u>300,258</u>	<u>319,594</u>

11 Provisions for liabilities	Deferred tax liability £
Balance at 1 January 2014	120,889
Profit and loss account	(37,438)
Balance at 31 December 2014	<u>83,451</u>

The deferred tax liability is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>83,451</u>	<u>120,889</u>

12 Share capital	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
1,969,693 Ordinary Shares of £1 each	<u>1,969,693</u>	<u>1,969,693</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.

# BAYWIND ENERGY CO-OPERATIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

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### 13 Statement of movements on reserves

	Other Profit and loss reserves (see below) £	account £
Balance at 1 January 2014	5,630	-
Profit for the year	-	197,130
Members share interest	-	(197,130)
Movement during the year	(1,873)	-
	<hr/>	<hr/>
Balance at 31 December 2014	3,757	-
	<hr/> <hr/>	<hr/> <hr/>
<b>Other reserves</b>		
<b>Negative goodwill</b>		
Balance at 1 January 2014	5,630	
Released in year	(1,873)	
	<hr/>	
Balance at 31 December 2014	3,757	
	<hr/> <hr/>	

### 14 Financial commitments

At 31 December 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2015:

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 (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2014***

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### **16 Post balance sheet events**

Planning permission has been granted to erect new wind turbines on the Co-operative's Harlock Hill site and a neighbouring site owned by Infinergy who have funded the planning application. The existing 5 turbines on that site will be replaced by two larger modern turbines with work expected to commence in late 2015. This development will be done by High Winds Community Energy Society Limited who will pay Baywind Energy Co-operative Limited an agreed amount for the value of the site. In the short term, an initial agreement has been reached for Baywind Energy Co-operative Limited to lend up to £1.6m to High Winds Community Energy Society Limited, subject to certain conditions, to enable this development to occur. It is intended that the loan be repaid once the new turbines have been commissioned and High Winds Community Energy Society Limited has obtained finance.

### **17 Related party relationships and transactions**

The Co-operative has delegated its development activities and administration to a service company, Energy4All Limited of which Mrs A Heslop was a director, and it charged £58,217 (2013 - £67,540) for management charges and £7,175 (2013 - £7,175) for monitoring services. Energy4All Limited is also involved in dealing with the proposed re-powering of the Harlock Hill site (see note 16).