



**Westmill Solar Co-operative AGM 2015
Official Papers**

**Saturday 20th June 2015, 10.30am to 1.00pm,
with registration open from 10.00 am**

***Following on from the AGM is the
WeSET Community Open Day 1.00pm – 5.30pm.***

Westmill Solar Farm, Watchfield, Swindon, SN6 8TH

- | | |
|---|----------------|
| • Agenda for the Westmill Solar AGM 2015 | Pages 2 to 3 |
| • Draft Minutes of the AGM 2014 | Pages 4 to 11 |
| • Audited Annual Accounts 2014 | Pages 12 to 32 |
| • Nominations to the board – process and candidates | Pages 33 to 36 |



Westmill Solar Co-operative AGM 2015, 20th June 2015

Agenda and timetable

10.00 Registration opens

10.30 Formal AGM

Welcome – Philip Wolfe

1. To approve minutes of 2014 AGM
2. To vote on the appointment of two new directors

The performance of the solar park – Tom Parkinson

Financial report – Bob Pedley

3. To receive the audited accounts for 2014 incorporating an interest payment of 10p per share and a payment to the community fund of £21,423
4. To re-appoint Critchleys as auditors to the Co-operative

Membership, external relations – Adam Twine

5. To approve the following policy for distributions to the community fund and members' interest:
 - a) A community benefit account of 1% of the Co-operative's revenue will be reserved from its retained surplus with effect from the fifth year of operation; and in any earlier year where the surplus is sufficient to do so, having met the Co-operative's contractual and budgeted commitments.
 - b) Whenever members' interest payments or capital repayments are made, members will be given the opportunity, if they wish – and at their sole discretion – to contribute a share of such payments to augment the community benefit account or to other causes which the board may offer.
 - c) The board is authorised to select the proposed beneficiaries of the community benefit payments, taking note of suggestions from members; and its annual report to members will include details of the community benefit contributions made in respect of the reporting year, and any distributions for the following year, which the board has proposed.



- d) The board is authorised to dispose of any excess financial surplus – after all commitments, including budgeted members’ interest – between the community benefit account, additional members’ interest and such other applications as it considers appropriate.
- e) The board is authorised to vary or suspend the provisions of this policy, in any year where there is inadequate surplus to fulfil it; or for example, in cases where the board considers such changes are necessary to ensure that the Co-operative is able to meet its other commitments.
- f) This policy shall be reviewed by the board at least every five years and the results of the review reported to the Annual General Meeting.

Any other business; questions and answers – Philip Wolfe

- 6. To authorise the Board to undertake such actions as may be required to convert all B-shares to A-shares and to notify members of the effective date of the conversion.

Retirement of directors and announcement of new appointments

12:00 Close of formal AGM

12.00 – 13.00 Lunch

13.00 -17.30 WeSET Community Open Day – [full programme](#)

13.00 – 14.00 A better energy future –WeSET and Energy Local

14.00 – 14.30 Jonathan Porritt - Celebrating Community Energy

14.30 – 16.30 Talks / stalls / site tours including:

Biodiversity of the site, Build your own solar charger, Energise Sussex Coast, Repowering London.

16.30 – 17.30 Music & Food

17.30 WeSET Community Open Day close



Westmill Solar Co-operative Limited Minutes Annual General Meeting 2014

*DRAFT Minutes of Westmill Solar Co-operative's third AGM held on
Saturday 7th June at Shrivenham Memorial Hall SN6 8BL.
These minutes will be draft until they are approved at the next AGM.*

Attendance

Present: Philip Wolfe (Chair), Sarah Gray (Director), Mark Luntley (Director), Bob Pedley (Director), Nicola McConville (Director), Adam Twine (Director), plus an additional 108 members.

Registered proxy votes: 14

Apologies: Tom Parkinson (Director), plus an additional 327 members

The meeting comprised over 12 members and was therefore quorate.

Total number of members voting: 455 (28% of the membership).

Welcome from Philip Wolfe (Chairman)

Philip introduced the day regards what would be happening and who was present. He gave a reminder on the overall administration of the Solar Park and Co-operative: Ethex for Administration, OST manages the solar park assets and Critcheys audit the accounts

Directors' Reports

- **The Performance of the Solar Park - Philip Wolfe**

Performance of the park has been consistently above expectations. This indicates that the system has been well designed and built. The performance ratio (the AC output power delivered to the grid, divided by the rated DC power the panels should deliver) was guaranteed at about 80%, but has averaged approximately 90%.

- **Financial Report – Mark Luntley**

Review of key messages from the financial accounts:

Auditor's report provides unqualified audit opinion.

Income and expenditure: As mentioned above 2013 was a good first full year. 2012 was a partial year including winter months.



Costs: a series of transactions were made in order to raise the funds to buy the solar assets. A bridging loan was required prior to finalisation of a bond agreement with Lancaster County Council Pension Fund. The Investec bridging loan has therefore been repaid. However the bond was slightly larger and therefore there is an increase in cash held on deposit.

Group account: The Cooperative has bought the solar park assets from another company called Blue Energy, which was established in order to enable the park to become operational in time to qualify for the highest level of FIT payment. Cost were incurred in order to make this purchase and these will be written off over the life of the project.

Shareholder capital remains at about £5.5 million

Income for the year amounted to £1.9 million, the majority of which is from FIT payments.

Costs: The major cost is depreciation of assets and capitalised costs, which will be written off over the life of the project. In addition there are bonus payments to Abacus related to the actual performance of the park, plus rent of the land and operations and maintenance and administration costs.

Cash has increased as we replaced the Investec bridging loan with long-term bond. The bond is now being repaid in accordance with the terms agreed.

Tax is not due at present as capital allowances on the equipment can be offset, but provision is being made for future tax liabilities.

Shareholder interest will be paid amounting to £116,211 which is approximately 2p per share .

Return of share capital: each year this payment will be made but due to excess loan funds the payment this year will be higher. This will not affect subsequent year capital returns.

- **Membership, external relations and share transfers – Adam Twine and Ethex**

The Cooperative is owned by its members and therefore it is important to know what members want. An electronic newsletter is produced and the website is frequently updated, including FAQ. Also available on the website are performance data (real time data is being made available) and board minutes.

As clarified at the 2013 AGM the Cooperative can only run the solar park. Therefore, we are looking for other ways to promote green energy. Last autumn the board held a meeting with invited experts involved in researching further developments: The



'Westmill Fund' is an outcome of that meeting. One breakout session in the afternoon covers this.

Westmill Solar Co-operative also led a consortium bid to the Technology Strategy Board 's Localised Energy Systems Initiative in April. Our bid was not successful but we are still working on ideas for additional elements to be included onsite.

Philip Wolfe has promoted Community Energy England –successfully launched last week. There is another breakout session on this.

Westmill Solar provided as response to DECC on its strategy for community energy National and local press coverage has been achieved and advice to other prospective cooperatives has been given.

Some research has been conducted on site including a case study on bio-diversity for DECC. Also Lancaster University has been looking at climate change emissions effects of solar farms.

Adam requested members to be as engaged as they wanted to be and stressed that there are many networking opportunities.

- **Jamie Hartzell on the Ethex share trading platform**

Ethex has created a web platform to promote and enable positive investments. Most ethical platforms screen out investments in tobacco and perhaps fossil fuels, but Ethex is a more positive investment platform: financially, socially and environmentally positive. Westmill is a 25year project and some members may need to realise their investment early. Therefore, the opportunity to divest will be provided by this site, which will match buyers with sellers. Anyone interested should contact Ethex. This information will also be emailed to shareholders when the site goes live. The Registry Trust is also here today to discuss any issues with transferring shares, etc.

- **Repayment of share capital, final hive-up of Blue Energy and outcome of EIS – Nicola McConville**

The EIS application was not anticipated when the Cooperative was being set up, but then there appeared to be an opportunity so an application was submitted but HMRC. This has now been refused because the share capital was used to to acquire shares in another company rather than purchasing the solar park directly.

Blue Energy, the company purchased by the Cooperative, is no longer required as Westmill Solar has acquired all its assets. Therefore this company will be dissolved at Companies House. Once dissolved there is no risk of any future liabilities.



Repayment of Share capital, as mentioned earlier is necessary as too much cash is available. The Board was very prudent with initial projections. This will be returned to members as mentioned below. The total interest on members' shareholding will be unchanged although the number of shares held will be reduced after the repayment.

- **Additional points: Philip Wolfe**

The current month's performance will be very poor as the park will be disconnected for maintenance from 10- 20th June (although the Windfarm may have negotiated this down to just 3 days)

In order to reduce risk, monies with the Cooperative Bank have been spread to other banks. Accounts have been opened with Barclays and Handelsbanken .

Members' comments, questions and answers:

David Uren: asked about the outcome of the survey with 400 participants and if members were interested in a Westmill Fund. Only about 20% of respondents thought that such a Fund should not be set up. Adam reiterated that we are not suggesting that member's capital will be put into the fund automatically – members will have the choice. The sort of investment was primarily around shares in renewable generation or loans for the same.

Mark Gill: asked about the Solar Park going off-grid in June - how much notice was given and how much compensation would be paid. Answer: now only 3 days off grid was expected as the Windfarm has been negotiating to reduce the time. Very short notice was given.

Janet Warren: Asked about the policy of the Cooperative with regard to tax payments and reminded members that a new movement had been established to stop avoidance of tax and asked whether the Cooperative would apply for the Fairtax Mark? Answer: Bob Pedley emphasised that no tax avoidance will be undertaken and the appropriate tax will be paid when the time comes. He also pointed out that interest will be paid gross and therefore interest has to be declared by members on their individual tax returns. When the Cooperative starts paying tax there may be a double tax charge. The Directors will look into Fairtax accreditation.

A member: Asked about Co2 accreditation and whether the amount of carbon embodied in the solar equipment had been calculated? Answer: this information has been requested but not yet received.



Geoff Ramshaw: Asked for clarification of the EIS application failure and whether investment in Blue Energy was necessary in order to obtain the higher feed-in tariff?
Answer: Yes. Also asked why the additional cash available was not used to repay the LCCPF loan earlier? Answer: the conditions for early repayment are not attractive

A member: Asked Adam if he would do it again, and, if yes, what would he do differently? Adam: it is still financially viable to make solar farms although returns will be lower. He would not do it at such speed second time around.

Philip Rattenbury: asked In relation to financial payback, what happens to share certificates. Answer: new certificates will probably be required but old certificates might not need to be returned. Share certificate numbers will change but not membership numbers.

Penny Hockley: As the WeSet coordinator she made a request for volunteer guides for schools etc. She can be contacted through WeSet bookings. Penny emphasised that there is a lot of interest in visiting the park

Liz Rothschild: why redistribution of money to other banks included Barclays Bank and not Triodos. Answer: Triodos is not credit rated.

Colin McEwen: asked about the timetable for repayment of capital. Answer: interest is approved for payment and this will be done very soon. Capital will be repaid between now and end of 2014. If Westmill Fund is established in time, then payments could be made into the Fund by those members wishing to do so.

Andy Whitaker (for Nicola Whitaker): Stated that progress in Wiltshire on renewable energy is slow, and asked if any advice sought for airfield site. Answer: Westmill was approached during initial scoping of this very large proposed scheme. As the rules are changing all the time and the scheme is very large, Westmill's prior experience may not be fully relevant.

Peter Rettenberger – asked about the 20% capital repayment and who will own the 20% after repayment. Answer: the returned shares are cancelled so everyone retains the same proportion of ownership. The requirement to reissue share certificates is based on legal advice.

Candidates for directorships gave short presentations followed by a collection of ballot papers



Formal business

Approval 2013 AGM minutes

Minutes approved subject to the following correction: Chris Eley misspelt in minutes.

Receipt of the audited accounts for the financial year ended December 2013 incorporating an interest payment of 2p per share.

Proposed: Martin Hayward (for Anne Hayward), seconded Philip Rattenbury

At the meeting – all in favour

Votes in advance - 291 in favour, 11 against, 25 abstaining

Approval of return of capital to all members of one fifth of each member's shareholding of A and B shares.

Proposed Philip Tucker, seconded David Harnett

At the meeting – all in favour

Votes in advance – 239 in favour, 19 against, 67 abstaining

Reappointment of Critchleys as auditors.

Proposed Mark Luntley, seconded Clive Goodman

At the meeting – all in favour

Votes in advance – 301 in favour, 3 against, 22 abstaining

Agreement to make payments to a community fund, of 1 percent of surplus profits, and that such payments be made earlier than year 5 if there is sufficient surplus to do so.

A discussion was had that the motion was not clear in that 'Community fund' is not yet defined and that therefore the board is ahead of itself. The idea is that it will be a community organisation, such as WeSET or similar organisations and member's suggestions are welcome.



The meeting agreed that at the 2015 AGM the Board will present a more specific proposal and the payment will be made retrospectively if the next AGM approves.

The motion was therefore put to the meeting as a motion in principle.

Proposed Margret Tait, seconded Liz Rothchild

At the meeting - In favour 58, against 16, abstaining 28

Votes in advance – In favour 233, against 32, abstaining 62

Resolution that the directors' be remunerated

Members agreed that board members should be present during the discussion.

Philip Wolfe outlined the process that had been followed: originally no payment was foreseen, but the board decided to seek members' views and a survey indicated that at least 50 percent supported payment. Members made a very high response to the survey. Comments received indicated that independent experts should to be asked to propose the level of payment, but not professional experts as this would be too corporate. A small group of 4 members were then asked to serve as an ad hoc advisory committee but none are present today. The committee proposed payments of £1000 per director per annum, not index linked but to be reviewed after 4 years. £1250 for the Chairman. The reasons for this proposed change are: the issues that directors are required to consider bear a level of responsibility and if entirely voluntary they may not give as much attention as is required. Also, payment enables more diversity in potential board members. There will be no change in director's legal responsibility. Out of pocket expenses are paid other than for attending board meetings.

Proposed Clive Goodman, seconded Chris Eley.

At the meeting - a substantial majority.

Votes in advance – In favour 251, against 29, abstaining 47

Directors remuneration be set on the terms proposed and at the level recommended by the adhoc members remuneration committee

A member suggested that the amount of the payment should be reviewed earlier as it was very low, but the Chairman stated that it was too late to suggest this as the vote had been taken. Can be however be reviewed next year.

Proposed Mark Gale, seconded Janet Warren



At the meeting - a substantial margin

Votes in advance – In favour 263, against 17, abstaining 43.

A member requested that if another committee was required could it be more formerly constituted? Chairman stated that the ad hoc committee worked well and that the Board should form any future committee from members. Members were happy with this.

Director elections

Nicola McConville and Mark Luntley were elected. Two members had also proposed that Mr Crane should be connected with the board to assist in developing new projects. It was confirmed that a provision for co-opting is available.

Commiserations and thanks were offered to other candidates.

Close of Formal Business

A member stated his disappointment that some other candidates did not succeed as energy storage is a very important issues for the Board to consider. However, it will more likely be pursued outside the Cooperative, as the existing Cooperative would not earn additional revenue, so there is no financial incentive for this. Adam Twine is looking into this area.

Clive Goodman – power generation - peak demand – in the summer too much energy and have to absorb it artificially – could we not supply peak demand – nationally this will become more important with more solar and this will be discussed this afternoon.

Philip introduced the 5 breakout sessions (as set out below).

Adam Twine mentioned that a researcher on environmental change, an Oxford PhD student would like to talk to members during the lunch break.

Adam also suggested that it might be good to consider future initiatives at a separate meeting.

Westmill Solar Co-operative Limited
Annual report for the year ending
31st December 2014

Westmill Solar Co-operative Limited
Year ending 31 December 2014
Contents

Society Information	1
Chairman's Statement	2
Director's report	6
Statement of Director's Responsibilities	7
Independent Auditors Report	8
Profit and Loss account	10
Balance Sheet	11
Cash Flow Statement	12
Notes to the Financial Statements	13

Westmill Solar Co-operative Limited
Year ending 31 December 2014
Society Information

Directors

Mark Luntley
Nicola McConville
Adam Twine
Philip Wolfe
Tom Parkinson
Sarah Gray
Bob Pedley

Chair

Philip Wolfe

Company secretary

Nicola McConville

Manager:

The Ethex Investment Club Ltd

Registered office

c/o Ethex, The Old Music Hall, 106-108 Cowley Road, Oxford OX4 1JE

Registered number

IP31265R

Auditors

Critchleys LLP, Chartered Accountants, Greyfriars Court, Paradise Square, Oxford OX1 1BE

Bankers

The Co-operative Bank, 1, Balloon Street, Manchester M60 4EP

**Westmill Solar Co-operative Limited
Chairman’s Statement – Year ending 31st December 2014**

This report represents Westmill Solar’s second full year of trading, since the solar park came into community-ownership on 31st October 2012. We declared our first interest payment and capital return in the 2013 accounts and these payments were made in 2014, meaning that we have now been through a full year’s cycle.

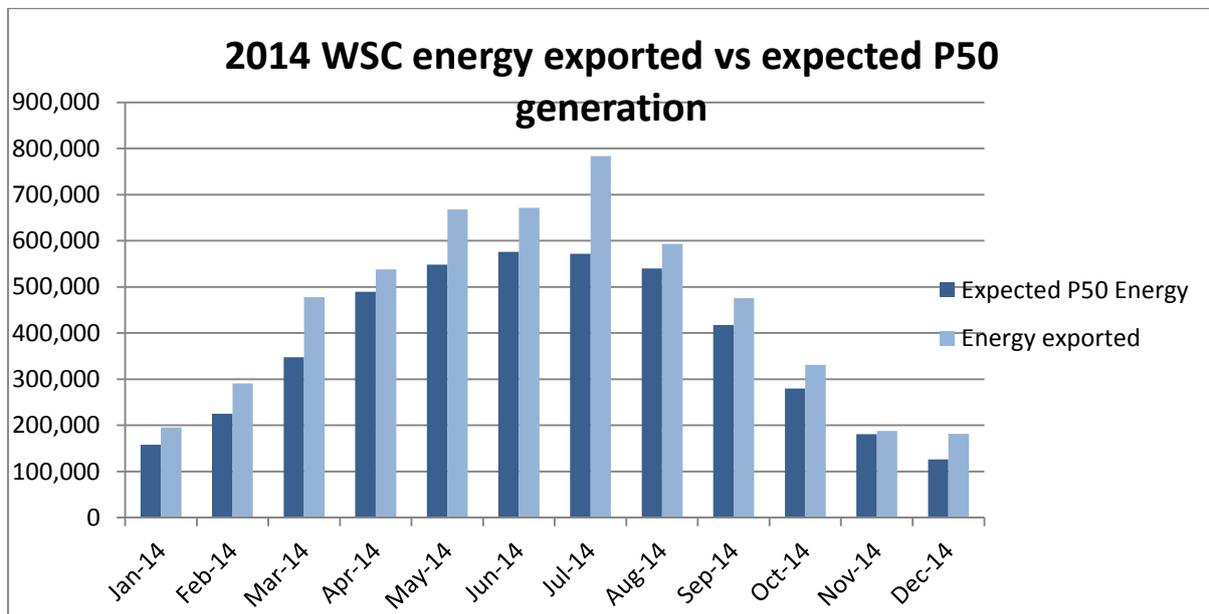
We have completed the process of ‘hiving-up’ – that is transferring into the Co-operative the solar park and other operating assets from the subsidiary company, which we acquired. That subsidiary was liquidated after the end of 2014. This has freed us up to spend most of our energies on member engagement and looking more widely at how we can use our energy and experience for the benefit of members and to support a thriving community-energy sector.

Meanwhile, the solar park quietly gets on with generating clean renewable energy. We are delighted to say that once again it has performed ahead of expectations. We offer thanks to Abakus who built the plant and now continue to maintain it, and to OST who manage its performance.

Energy Production 2014

The plant generated 5,394 Megawatt Hours of electricity in 2014, the equivalent to the annual electricity consumption of 1,634 households*. This amount of energy generated was an impressive 20% up on the expected output for the year of 4,458 MWh.

**Figures for equivalent households are calculated using OFGEM’s 2011 medium consumption figure of 3,300 kWh/year.*



Each of our c. 1,650 members can therefore take credit for about 3,300 kWh of carbon-free electricity last year. As it happens that is exactly the latest ‘typical medium consumption figure’ published by the UK energy regulator Ofgem. Members, who use no more than this, are therefore fully offsetting their electricity consumption with their share of Westmill Solar Park’s output.

Westmill Solar Co-operative Limited
Chairman’s Statement – Year ending 31st December 2014

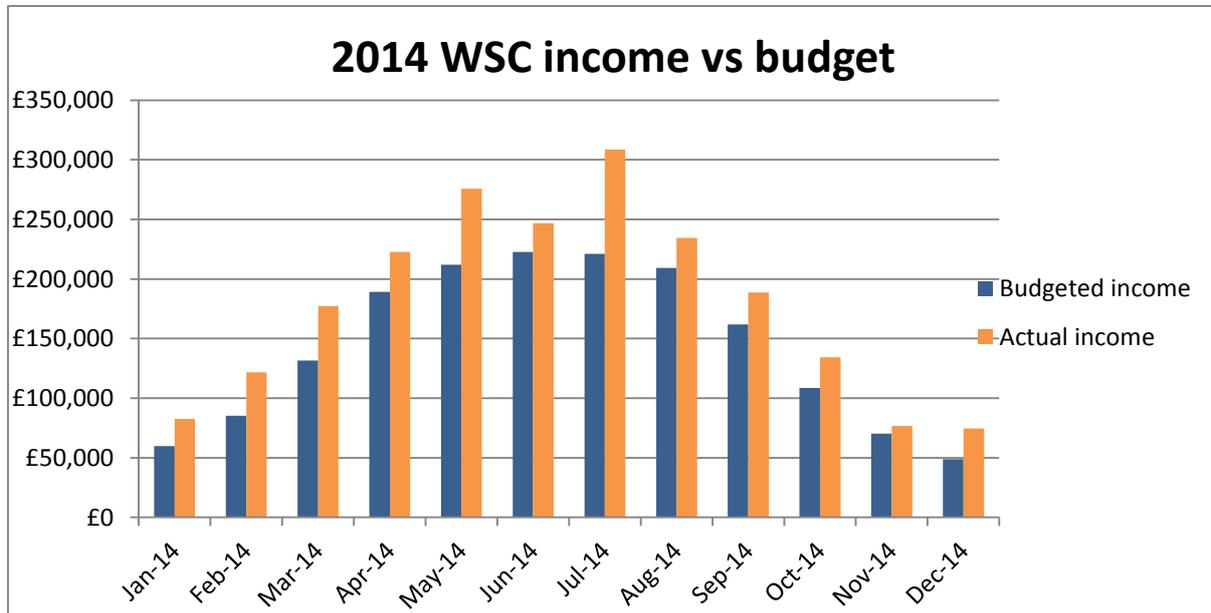
Based on the published average carbon intensity of the UK’s electricity, Westmill’s output in 2014 avoided 2,260 tonnes of CO₂. Each member therefore takes credit for nearly 1.4 tonnes of avoided emissions.

Electricity Sales and other income

Since the Solar Farm was established there has been a Power Purchase Agreement (PPA) in place with Good Energy. Under this agreement, all of the electricity produced by the Solar Park is sold to Good Energy and the co-operative received a lot of support from Good Energy in the project development phase.

The PPA was a ten year agreement but it had a break clause after three years which gave us an opportunity in 2014 to undertake a bench-marking exercise and go out to tender to other possible purchasers. Following this process we decided to continue our arrangement with Good Energy for the next three years with an improved price being paid for our electricity during that period.

Under the terms of the PPA Good Energy purchase the electricity generated and make the payments due to Westmill under the Feed-in-Tariff and other similar renewable energy premiums. In 2014, this amounted to an income of £2,142,343 of which £274,373 represented the price paid for the electricity we generated and £1,867,970 was in respect of Feed-in-Tariff and other renewable energy payments.



Westmill Solar Co-operative Limited

Chairman's Statement – Year ending 31st December 2014

Supporting the Community Renewables Sector

A big success for the community energy sector in 2014 was the launch of Community Energy England (CEE), and your Co-operative played an instrumental part with that. Westmill Solar board members convened and led discussions that helped shape what CEE should be and we also provided some administrative capacity whilst this body established itself.

Community Energy England has been established to act both as a voice for the sector and as an information hub to share knowledge and expertise. Its establishment could not have been more timely given the pace of developments to the community energy sector in the last 18 months – in areas such as shared-ownership, changes to registration of renewable energy co-operatives by the Financial Conduct Authority, the extension of Social Investment Tax Relief and removal of the Enterprise Investment Scheme.

From the national to the local; in 2014 we also helped out a neighbouring scheme in development – Charlbury Solar. They needed a small amount of capital to secure their grid connection agreement, which Westmill provided to them on an 'at risk' basis. Additionally in 2014, Westmill directors have supported the formation of Cuckmere Community Solar.

Membership and member engagement

At the close of 2014 the number of members of the Co-operative was 1,658.

In December 2014 we held our first members forum to give people a chance to meet and engage with one another outside of the formal AGM. This event was very well received by the 30 members who attended. Engagement with members over and above the formal channels is something we are always keen to explore. As ever, we welcome suggestions from members for ideas on other community energy ideas to pursue.

Management of the co-operative

We are once again very grateful to Ethex and the Registry Trust for their work across 2014 in managing the co-operative and our members' register so well. As a non-executive board, it is important to us to know that day to day management and member engagement are in good hands, and we certainly feel that to be the case. In 2014 we also asked Ethex to take on management of a secondary market for Westmill Solar Co-operative's shares in order that any member who wishes to disinvest has a channel for doing so.

As per the appointment at the AGM last year, the auditors for Westmill Solar Co-operative are Critchleys. We propose their re-appointment for 2015.

Summary of financial position

The Co-operative's operating profit in the year was £992,643. This is based on a total income for the year of £2,142,343 and costs (cost of sales and administrative expenses) of £1,149,700. Taking into account interest, the profit before distributions is £556,726. After distributions there is a retained profit of £35,977.

Westmill Solar Co-operative Limited

Chairman's Statement – Year ending 31st December 2014

Payments to community fund and returns to members

Given the surplus for the year of £500,821 the board are recommending an interest payment to members of 10p per share. Following the conditional resolution at the last AGM to make an early payment to the Community Fund, if there is a sufficient surplus to do so; we also intend to make a payment of £21,423 – equal to 1% of total income. The board proposes to pay this to the Westmill Sustainable Energy Trust (WeSET).

We are not intending to make a capital return this year, having returned 20% in the previous year. This process is relatively onerous administratively, requiring the re-issue of share certificates; and the board considers that such redemptions should be less frequent than the annual period originally suggested in the share offer document

The board

Under the Co-operative's Rules, each year one third of the Directors stand down, or the number nearest to one third, and can offer themselves for re-election. The Co-operative currently has seven Directors, and this year Adam Twine and Sarah Grey are retiring by rotation. Neither will be standing for re-election and I would like to thank them both on behalf of their co-directors and all members.



Philip Wolfe
Chair Westmill Solar Co-operative

Westmill Solar Co-operative Limited

Directors Report for the year ending 31 December 2014

Director's Report

This report is prepared in accordance with the Code of Best Practice adopted by Co-operatives UK in 2005. The Code sets out the recommended best practice on issues of governance for organisations in the co-operative sector and performance is assessed every year.

Principal activities

The principal activity of the Co-operative is the generation and sale of electricity from renewable sources. The Co-operative also aims to engage its members with the activities of the Co-operative.

Board of directors

Current serving directors:

Mark Luntley
Nicola McConville
Adam Twine
Philip Wolfe
Tom Parkinson
Sarah Gray
Bob Pedley

The Rules allow for a maximum number of seven Board members of which one third must retire each year in rotation. At the AGM in June 2015, Adam Twine and Sarah Gray retire by rotation.

Auditor recommendation

The board recommends it should appoint Critchleys LLP, Chartered Accountants. A motion to appoint Critchleys LLP as auditors of the Co-operative for the ensuing year will be proposed at the AGM.

Remuneration of directors

Following a vote by the members at the 2014 AGM the Directors of the Cooperative are remunerated on the terms proposed at that AGM by the adhoc members remuneration committee. The remuneration is £1,000 per director per annum and £1,250 for the chair.

The Directors are entitled to claim £500 per annum plus reasonable expenses incurred in the performance of their duties. The directors claimed a total of £182 in expenses.

Westmill Solar Co-operative Limited

Statement of Directors' Responsibilities for the year ending 31 December 2014

Directors' responsibilities

The rules of the Co-operative require the directors to prepare financial statements for each financial year which 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 Co-operative and Community Benefit Societies Act 2014. 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.

Board Procedures

The board meets four times a year, or more often if required, to review the running of the solar park, the Co-operative and its subsidiary and to take any necessary decisions about the governance and management of the Co-operative.

This report was approved by the Directors on 5th June 2015 and signed on its behalf by



Philip Wolfe
Chair Westmill Solar Co-operative

Report of the Independent Auditors to the members of the Westmill Solar Co-operative Limited

We have audited the financial statements of Westmill Solar Co-operative Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society'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 society'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 society and the society's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of committee of management and auditors

As explained more fully in the Directors' Responsibilities Statement, the Committee of Management is responsible for the preparation of financial statements which 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 (APB'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 society's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Committee of Management, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual 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 the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Basis of opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group and society's affairs as at 31 December 2014 and of the society's result for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and with the Co-operative and Community Benefit Societies Act 2014.

Report of the Independent Auditors to the members of the Westmill Solar Co-operative Limited (continued)

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 by the society in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the society in accordance with the requirements of the legislation;
- the revenue account and the balance sheet are not in agreement with the books of account of the society; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.



Critchleys LLP
Statutory Auditor
Chartered Accountants
Greyfriars Court
Paradise Square
Oxford OX1 1BE
5 June 2015

Westmill Solar Co-operative Limited
Income and Expenditure account
for the year ended 31 December 2014

		2014	Consolidated
		£	2013
			£
Turnover		2,142,343	1,948,501
Cost of sales		(1,029,496)	(1,059,770)
Gross profit		1,112,847	888,731
Administrative expenses		(120,204)	(84,857)
Operating profit/(loss)	1	992,643	803,874
Interest receivable and similar income		4,461	5,042
Interest payable		(440,378)	(451,176)
Profit/(loss) before distributions		556,726	357,740
Profit/(loss) on ordinary activities before taxation		556,726	357,740
Shareholders interest	10	(464,844)	(116,211)
Tax on profit/ loss on ordinary activities	2	(55,905)	(238,546)
Profit/(loss) for the year/period		35,977	2,983
Items taken direct to reserves	10	-	-
Retained profit/(loss)		35,977	2,983

Continuing Operations

The results for 2014 relate wholly to continuing operations.

WESTMILL SOLAR ANNUAL REPORT FOR THE YEAR ENDING 2014

Westmill Solar Co-operative Limited
Balance Sheet
As at 31 December 2014

		2014	2013
		£	£
Fixed assets			
Tangible assets	3	13,697,074	14,323,210
Investments	4	-	-
		<u>13,697,074</u>	<u>14,323,210</u>
Current assets			
Debtors	5	360,836	342,744
Cash at bank		1,572,493	2,215,704
		<u>1,933,329</u>	<u>2,558,448</u>
Creditors			
Amounts falling due within one year	6	(985,529)	(763,786)
		<u>947,800</u>	<u>1,794,662</u>
Net current assets		<u>14,644,874</u>	<u>16,117,872</u>
Total assets less current liabilities			
		<u>4,449,567</u>	<u>5,519,795</u>
Creditors			
Amounts falling due after one year	7	(10,195,307)	(10,598,077)
		<u>4,449,567</u>	<u>5,519,795</u>
Total assets less total liabilities			
		<u>4,251,907</u>	<u>5,378,040</u>
Provision for liabilities and charges	8	(197,660)	(141,755)
		<u>4,251,907</u>	<u>5,378,040</u>
Total net assets		<u>4,251,907</u>	<u>5,378,040</u>
Capital and reserves			
Members' share capital	9	4,648,440	5,810,550
Revaluation reserve	10	-	-
Share issue costs	10	(286,830)	(286,830)
Revenue reserve	10	<u>(109,703)</u>	<u>(145,680)</u>
		<u>4,251,907</u>	<u>5,378,040</u>

The attached financial statements are hereby signed on behalf of the Board on 5 June 2015 by:



.....

Philip Wolfe, Chair Westmill Solar Co-operative

Westmill Solar Co-operative Limited
Cash Flow Statement
for the year ended 31 December 2014

		2014	2013
		£	£
Net cash inflow from operating activities	11	1,824,743	1,501,470
Returns on Investments and servicing of finance			
Interest received		4,461	5,042
Interest payable		<u>(440,378)</u>	<u>(451,176)</u>
		(435,917)	(446,134)
Taxation		-	-
Capital expenditure, disposal and financial investment			
Purchase of tangible fixed assets		-	-
Financing			
Value of new loans obtained in the period		-	1,200,000
Repayment of loans and borrowings		(405,083)	(461,103)
Finance costs capitalised		-	(87,897)
Share issue costs		-	(19,153)
Shareholders interest		(464,844)	(116,211)
Repayment of members share capital		<u>(1,162,110)</u>	-
		(2,032,037)	515,636
(Decrease)/increase in cash		<u>(643,211)</u>	<u>1,570,972</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash		(643,211)	1,570,972
Cash outflow/(inflow) from decrease in loans		<u>405,083</u>	<u>(651,000)</u>
Change in net debt resulting from cashflows	12	<u>(238,128)</u>	<u>919,972</u>
Movement in net debt	12	(238,128)	919,972
Net debt at the start of the year	12	(8,817,131)	(9,737,103)
Net debt at the end of the year	12	<u>(9,055,259)</u>	<u>(8,817,131)</u>

Westmill Solar Co-operative Limited

Notes to the Financial Statements for the year ended 31 December 2014

Accounting Policies

Accounting basis and changes in presentation during the year

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to financial statements. The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover comprises revenue from electricity generation and related renewable credits (mainly Feed in Tariff payments). Turnover is recognised on an accruals basis, with revenue recognised when power is supplied.

Goodwill

Goodwill relating to business acquired is amortised over its useful economic life.

Impairment of fixed assets and goodwill

Fixed assets and goodwill are subject to review for impairment in accordance with FRS11, Impairment of Fixed Assets and Goodwill. Any impairment is recognised in the revenue account in the year in which it occurs.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life;

Solar generating plant - straight line over 26 years

Investments

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

Current assets investments are stated at the lower of cost and net realisable value.

Basis of Preparation

In order to present comparable figures, the 2013 profit and loss figures consolidate the financial statements of Westmill Solar Co-operative Ltd and its subsidiary Blue Energy (Westmill Farm) Ltd which was acquired on 31 October 2012. The trade was hived up during 2013.

Deferred tax

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.

Share issue costs

Costs incurred in respect of the issue of shares are taken straight to reserves in accordance with FRS 4 'Capital Instruments'. They are held in a separate reserve.

Finance costs

The costs of obtaining loan finance are accounted for as a reduction in the proceeds of the loan finance and amortised over the life of the loan in accordance with FRS 4.

Westmill Solar Co-operative Limited
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

	2014	2013
	£	£
1 OPERATING PROFIT		
Operating profit/(loss) is stated after charging:		
Depreciation - owned assets	626,136	626,136
Directors' remuneration	3,625	-
Auditor's remuneration (£1,750 underprovision in 2013)	7,750	5,000
Auditor's fees for non audit services	<u>-</u>	<u>5,180</u>

Expenses of £182 (2013: £879) were paid to directors.

2 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge on the profit on ordinary activities for the year was as follows:

	2014	2013
	£	£
Current tax:		
UK Corporation tax	-	-
Deferred tax:		
Origination and reversal of timing differences	55,905	238,546
Total tax on profit on ordinary activities	<u>55,905</u>	<u>238,546</u>

3 TANGIBLE FIXED ASSETS

	Solar Power Plant	Total
	£	£
COST:		
At 1 January 2014	15,046,154	15,046,154
Revaluation in the year	-	-
At 31 December 2014	<u>15,046,154</u>	<u>15,046,154</u>
DEPRECIATION:		
At 1 January 2014	722,944	722,944
Charge for year	626,136	626,136
At 31 December 2014	<u>1,349,080</u>	<u>1,349,080</u>
NET BOOK VALUE		
At 31 December 2014	<u>13,697,074</u>	<u>13,697,074</u>
At 31 December 2013	<u>14,323,210</u>	<u>14,323,210</u>

Westmill Solar Co-operative Limited
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

4 FIXED ASSET INVESTMENTS

COST	Investment in subsidiary	Total
Brought forward 1 January 2013	15,246,603	15,246,603
Net assets acquired on hive up	(15,424,978)	(15,424,978)
Gain credited to revenue reserve	178,375	178,375
At 31 December 2013	<u>-</u>	<u>-</u>

The Society's investments at the balance sheet date in the share capital of unlisted companies include the following:

Blue Energy (Westmill) Limited	% holding
Nature of business	Provision of solar power
Country of incorporation	United Kingdom
Class of shares:	
Ordinary of £1 each	100

The trade and assets of Blue Energy (Westmill) Limited were hived up into the Society on 17 July 2013, and the company is in the process of being wound up.

5 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade debtors	269,839	293,839
Prepayments and accrued income	50,966	39,414
Other debtors	40,031	9,491
Due from subsidiary company	-	-
Deferred tax	-	-
	<u>360,836</u>	<u>342,744</u>

Westmill Solar Co-operative Limited
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade creditors	8,967	207,736
Accruals and deferred income	544,036	121,211
Loan	432,445	434,758
Corporation tax	81	81
	<u>985,529</u>	<u>763,786</u>

7 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2014	2013
	£	£
Loan – amount falling due in 2 – 5 years	1,882,202	1,866,688
Loan – amount falling due after 5 years	<u>8,313,105</u>	<u>8,731,389</u>
	<u>10,195,307</u>	<u>10,598,077</u>

The loan is secured by a debenture against the solar generation assets.

Interest is payable at a coupon rate of 3.5% multiplied by an indexation figure based on the Retail Prices Index.

The level of capital and interest repayments on the LCCPF loan have been calculated in accordance with the original business plan, the loan agreement and related schedules. Although the directors currently propose to retain the loan for its full 23-year term, the agreement does allow WSC the right to repay all or part of the loan early. If this right had been exercised at 31st December 2014, the amount due for repayment after adjusting for indexation would have been £11,927,872.

8 PROVISIONS FOR LIABILITIES AND CHARGES**Deferred tax:**

The movement in the deferred tax liability in the year is as follows: **£**

Deferred tax liability brought forward	141,755
Deferred tax charged to the income and expenditure account	55,905

At 31 December 2014 197,660

Westmill Solar Co-operative Limited
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

8 PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Analysis of deferred tax:

Accelerated capital allowances	267,130
Unrelieved tax losses	(69,470)
At 31 December 2014	197,660

The deferred tax charge for the year arises because the capital allowances on solar panels are higher than the depreciation.

9 MEMBERS' SHARE CAPITAL

	2014	2013
	£	£
At the start of the period	5,810,550	5,810,550
Capital repayment in the year	(1,162,110)	-
At the end of the period	4,648,440	5,810,550

The share capital consists of 3,208,440 A shares of £1 each and 1,440,000 B shares of £1 each.

10 MOVEMENTS IN RESERVES

	Society Revenue reserve
As at 1 January 2014	(145,680)
Profit for the year	500,821
Shareholders interest	(464,844)
As at 31 December 2014	(109,703)

Westmill Solar Co-operative Limited
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

10 MOVEMENTS IN RESERVES (continued)

	Society share issue costs reserve
As at 1 January 2014	(286,830)
Share issue costs for the year	-
As at 31 December 2014	<u>(286,830)</u>

11 Reconciliation of operating profit to net cash inflow from operating activities:

	2014	2013
Operating profit	992,643	803,874
Depreciation	626,136	626,136
(Increase) in debtors	(18,092)	(59,057)
(Decrease)/increase in creditors	224,056	130,517
Net cash inflow from operating activities	<u>1,824,743</u>	<u>1,501,470</u>

12 Analysis of net debt

	As at 1 January 2014	Cash flow	As at 31 December 2014
Cash at bank and at hand	2,215,704	(643,211)	1,572,493
Debt due within one year	(434,758)	2,313	(432,445)
Debt due after more than one year	(10,598,077)	402,770	(10,195,307)
Net funds	<u>(8,817,131)</u>	<u>(238,128)</u>	<u>(9,055,259)</u>

Westmill Solar Co-operative Limited
Notes to the Financial Statements (continued)
for the year ended 31 December 2014

13 OPERATING LEASES

There are no operating lease commitments at the year end.

14 RELATED PARTY TRANSACTIONS

£1,700 was paid to Community Energy England. Philip Wolfe is chair of Westmill Solar Co-operative Limited and a director of Community Energy England.

£1 was paid to Low Carbon CIC. Mark Luntley is a director of the Low Carbon Hub CIC and Westmill Solar Co-operative Limited.

The accounts include a provision of £21,423 to be paid to a Community Fund. It is to be proposed at the forthcoming AGM that this payment is given to WESET. Adam Twine and Mark Luntley are both directors of Westmill Solar Co-operative Limited and trustees of WESET.

Costs of £nil (2013: £358) were incurred from Wolfeware Limited, a company in which Philip Wolfe is a director.

Adam Twine was reimbursed £83 (2013: £520) for expenses incurred, and invoiced £42,880 (2013: £40,902) for his share of the rent of the site for the year. Adam Twine's sister also receives 2% of the gross income of the Co-operative under the lease agreement.

Mark Luntley was reimbursed £99 (2013: £nil) for expenses incurred.



Nominations to the board – process and candidates

Process

Three members have put themselves forward as candidates for two available positions on the board. Members may vote for up to two candidates.

Voting will be ballot paper at the AGM. [If you are unable to attend the AGM you may vote in advance online](#) by **Wednesday 17th May** or appoint a proxy to vote at the AGM on your behalf.

Please read through the résumés of all three candidates, set out below, before making your decision.



Candidate résumés

Martin Allman



I have been excited and privileged to be a member of the Westmill Solar Co-operative as it has taken such ground-breaking steps in demonstrating how communities can get involved in the large-scale adoption of renewable energy. I would now like to take a more proactive role and be considered as a board member of Westmill Solar as it makes continuing strides to develop and encourage community energy initiatives.

Over 9 years of managing and leading businesses in the UK renewable energy sector, I have been fortunate to be actively involved with roll-out programmes with schools and social housing providers. I have seen first-hand how – with the right support and engagement – individuals and communities develop real enthusiasm and passion for developing their own clean, green energy. I have also been a board member of the British Photovoltaic Association (BPVA), and have considerable commercial experience in delivering renewable energy schemes of all sizes from residential properties up to solar farms.

As a board member I can offer practical industry experience, a can-do attitude and a strong commitment to developing the principles of community ownership. Westmill Solar has been instrumental in sowing the seeds for community ownership schemes, and must in my view continue to play an active role in supporting future initiatives. Effective communication and broader engagement with stakeholders is important to harness the unprecedented levels of interest in renewable energy from communities throughout the UK. I would very much welcome the opportunity to play a full and active role in driving this forward as a board member of Westmill Solar.



Richard Benwell



The next chapter of the Westmill story can be about leadership.

We have one of the world's most impressive community solar installations, consistently performing above expectations, making money and reducing emissions. The site is amazing for wildlife and it's been delivered with exemplary local engagement.

But I don't want Westmill to be unique. I want it to be a forerunner—demonstrating what can be achieved when environment, business and community work together—leading the way across Oxfordshire, the UK and the world.

For that to happen, our story needs to be told and heard.

I would bring a decade of experience shaping UK energy and environment policy and plenty of my own energy to making sure that the Westmill message makes a difference. I am currently [Parliamentary Programme Manager](#) for the RSPB, promoting conservation through [legal and policy change](#). Previously, I was [Senior Clerk](#) in the House of Commons, advising the [Energy and Climate Change Select Committee](#). I hold a Cambridge PhD in the design of carbon emissions markets.

Of course, for the Westmill message to be effective, we must keep up our environmental standards at the same time as showing that we can make a good return on our investment. I would take this duty to shareholders seriously.

I can see the Westmill site from home in Great Coxwell and it always makes me proud. If, like me, you've invested in this exciting project to make a difference, I hope you'll agree that the Westmill story is worth sharing and give me the chance to help tell it.



Maurice Dixon



I am standing for election because I am passionate about keeping Westmill Solar Co-operative as financially prosperous as possible and to maintain its rightful reputation for innovation and pushing the boundary of community energy for the benefit of all stakeholders.

As an engineer for 29 years in the RAF I became extremely adept at maximising the availability of systems through innovative support and maintenance approaches and minimizing downtime of equipment. I would put this expertise to use to maximize the revenue from our solar farm.

Between 2006 and 2012 I led the Ministry of Defence sustainable procurement activity for the equipment programme and the exploitation of renewable energy on operations, especially the leveraging of new technologies to maximize energy availability. I would put this experience to use to help maximize the solar farm's through-life productivity and return on investment.

At the 2013 AGM I led a discussion Forum on a vision to maximise the output of the whole Westmill site using complementary clean energy generation and storage technologies to deliver non-intermittent, higher energy security and better value clean energy to the local grid, customers and the cooperative. This approach would place Westmill back in the vanguard of community energy delivery.