

**Westmill Solar Co-operative Limited**  
**AGM 2017**

**Saturday 20th May, 10.00am to 3.45pm**

**Cornerstone Arts Centre, 25 Station Road, Didcot, OX11 7NE**



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## Westmill Solar Co-operative AGM 2017, 20th May 2017

### Timetable for the day

Start	End	Activity
9:30		Doors open for registration
10:00	10:15	Energy4All
10:15	10:30	Ethex
10:30	10:45	UK renewable overview
10:45	11:00	Coffee break
11:00	11:30	WeSET – what’s been achieved with your help
11:30	12:15	Keynote speaker – Maëlle Guillou, REScoop
12:15	13:00	Lunch
13:00	14:15	Westmill Solar – Community Fund update
		Westmill Wind AGM
14:15	14:30	Coffee break
14:30	15:45	Westmill Solar AGM

## Agenda for the Westmill Solar AGM 2017

*13:00-14:15 Member returns and community fund distributions*

**Presentation on how funds have been spent and future proposals**

*14:30-15:45 AGM*

**Welcome – Tom Parkinson**

1. To approve minutes of 2016 AGM
2. To vote on the appointment of directors

**The performance of the solar park – Martin Allman**

**Financial report – Bob Pedley**

3. To receive the audited accounts for the year to 31st December 2016.
4. To re-appoint Critchleys as auditors to the Co-operative
5. To approve capital repayment

**Community Fund Update – Mark Luntley**

**Any other business; questions and answers – Tom Parkinson**

*15:45          Close of formal AGM*

## Draft Minutes Annual General Meeting 2016

held on Saturday 21<sup>st</sup> May

**These minutes will be draft until they are approved at the next AGM.**

### Attendance

Present: Tom Parkinson (Chair), Martin Allman (Director), Mark Luntley (Director), Bob Pedley (Director), Philip Wolfe (Director)

Apologies: Richard Benwell (Director), Nicola McConville (Director)

Attendees: 66 members (in addition to the 5 members listed as present above)

Registered proxy votes: 21

The meeting comprised over 12 members and was therefore quorate.

Total number of members voting: 407 (315 in advance, 21 by proxy and 71 in person at the meeting). This represents 27% of the membership.

### Welcome from Mark Luntley and Tom Parkinson

Mark opened the meeting, and thanked members for attending and expressed excitement at the two Westmill AGMs for Wind and Solar being held together.

Tom Parkinson then introduced the other board members present - Philip Wolfe, Bob Pedley, Martin Allman and gave apologies from Richard Benwell and Nicola McConville.

### Motion 1: Approval of minutes of the 2015 AGM

It was noted that the initial draft had been corrected to make clear that the £1.62 million figure referred to represented the total amount of capital and interest payments for 2014.

Mark Luntley put forward the motion to approve the minutes, and it was seconded by Raoul Deniko.

At the meeting – all in favour, one abstained.

Votes in advance - 259 in favour, 1 against, 6 abstaining.

The minutes were therefore **approved**.

### Motion 2: Election of directors

Philip Wolfe took the Chair for this motion and reminded members that the Cooperative rules state that one-third of the Board retire by rotation each year. This year Nicola McConville is retiring and not putting herself forward for re-election. Nicola was thanked for the sterling work she has done, in particular for negotiating the solar park acquisition and leading on legal matters for the co-op. (Applause)

Tom Parkinson had put himself forward for re-election. This means there are two vacancies on the board and only one candidate. Philip encouraged members to put themselves forward, particularly women as currently the gender balance is rather skewed in favour of men.

At the meeting - all in favour, none against, none abstaining

Votes in advance - 259 in favour, 1 against, 51 abstaining.

Tom Parkinson was therefore re-elected to the board.

### Questions

(Q) Ruth Conchie: Can someone be appointed to the board before next AGM? (A) Yes, the board can co-opt. (Q) Ruth: Can you put yourself forward to stand now? (A) No, as we need to consult the members not present today, but if anyone is interested please speak to the board or Ethex.

## The Performance of the Solar Park - Martin Allman

In general, output was consistently above expectations. 2015 generation was the equivalent usage of about 1600 households, and was up 14% on the forecast out-put for the year. 2015 generation was slightly lower than 2014, partly due to grid disconnections in March/April and in May due to maintenance issues that put the site out of action for a number of days. The levels of generation will depend on weather conditions – for instance it was a particularly gloomy November and December, but the actual generation figures exceeded the adjusted predictions in almost every month. Plant availability was consistently higher than forecast (apart from in January, April and October with April particularly affected by SSE disconnecting the plant for maintenance). Actual availability was 98.74% - just below the 99% target.

Operational issues - Abakus' German parent company filed for insolvency recently. However Abakus Solar Manchester have ensured continuity of service and ENcome are in the process of acquiring Abakus and taking over the parent company obligations – this is an ongoing issue. We also had to replace the security camera, and storm damage led to replacing some panels. There is strong support infrastructure to ensure continuing high performance levels.

### Questions on the performance of the solar park

(Q) David Uren: The first slide shows the actual irradiation across two years was very close to predicted irradiation. Does this mean we can have high degree of certainty and confidence that our predictions going forward will be correct or is this anomalous? (A): We look at figures quarterly for anomalies, and scrutinise. It is striking that they are so similar. We believe they are correct and accurate and likely to vary more in future years.

(Q) Sue Roberts: How does the performance guarantee with Abakus work? Does it guarantee that the Co-op will achieve certain levels of revenue and/or on what basis are the additional amounts due to Abakus calculated? (A) The arrangement does not guarantee revenue levels for the Co-op but if the plant over- performs the so-called 'guaranteed' levels a proportion of the additional revenue goes to Abakus and the balance is retained by Westmill.

(Q) Janet Warren: Security camera – was that accidental or criminal damage? (A) It wasn't criminal, but we aren't sure what caused the problem. It may have been a blown fuse, but when it was taken apart it wasn't possible to work out what happened. The insurance company were happy to settle the claim through.

## Financial report - Bob Pedley

2015 was a strong year –turnover was a slightly over £2million compared to £2.14 million in 2014. It has gone down due firstly due to the withdrawal of LEC's by government, which is a regrettable part of the general governmental withdrawal of subsidies, and secondly due to being offline for 8 days in March and May which affected the park significantly – it would probably have been £ 2.1 and 2.2 million without this. In general, the plant continues to perform excellently.

Cost of sales hasn't changed and the cost of running is consistent and reliable – there are no trends to worry about.

Admin has gone up a bit for a number of reasons.

- Directors Remuneration - we previously started paying in the middle of 2014, so we only paid for half a years' worth.
- Southill Solar owes Westmill money - we wrote it off in 2014, but now it's looking like we may get it back.
- VAT write-off - 3 or 4 years ago when we acquired the from Blue Energy, things were done at great speed but some details not paid attention to, and part of the bill was VAT – at the time we believed we could recover the VAT from the tax man, but we couldn't, so it had to come out of the profit - this is a one off.

Shareholder returns - Westmill is generating more energy and money than expected. One of the aims in the prospectus is to help bring on environmental causes and community benefits. We are in line with what was originally planned/hoped for in the prospectus, but because we are generating more power, and therefore money, than originally expected, we can increase payments to members or the community fund. You have the right to waive share interest, and if so directors will add that to community benefit fund. We want opinions and advice; please join in the discussion about allocation and distribution.

### Questions on the financial report

(Q) Jonathan Puttifoote: How are profits up, but the rate of return is only in line with what was expected? (A) Plant is performing well, it's efficient. We are generating more electricity than expected and therefore money. The rate of return to members to date is slightly ahead of the projections described in the prospectus, and the overall return to the co-op in 2015 is around £144,000 better off than expected.

(Q) Sue Roberts: Why, if the park continues to over-perform like in 2014, the return on investment for 2014 was 10% but only 6% in 2015? (A) Members passed a resolution at the last AGM to ask directors to look at additional community benefit fund payments, so some profits have currently been retained while the Co-op continues its discussions on what should happen with the retained profit. Depending on what is decided, a further payment may be made later in the year. Whatever happens, the payment for 2015 won't be 10% as the plant performed less well than in 2014.

(Q) Dave Harnett: asked if there is an option to assist other co-ops that will struggle to raise capital - can Westmill use the £144,000 surplus to help them? (A) The loan to Southill appeared in the profit and loss account because it was written off during 2015. If say £100,000 were put into another co-op, it wouldn't come out of the £144,000 surplus as it would be viewed as capital investment – there would still be the issue of what to do with the £144,000.

(Q) Kevin Poplett (observer): raised a point of clarification - £144,000 is surplus, from which the payment to WeSET has already been taken out? (A) Yes, we have already fulfilled that commitment.

(Q) Antony Woolhouse: raised that keeping money leads to higher corporation tax. (A) The board agreed that it would have been nice to pay out the retained profit during 2015 but it didn't have guidance from the members at that time. £20,000 tax will have to be paid out as a result of last year's surplus and tax charges will get bigger towards end of project. Over the lifetime of the project we will pay around £1.6m in tax and this is first instalment - as an ethical business Westmill will pay its tax dues.

(Q) Janet Warren: raised that the Fair Tax Mark is an accreditation in the co-op sphere which would be a very positive statement if the board were to take on. (A) The board has looked at the Fair Trade Mark and on balance have decided that the cost of accreditation outweighed the benefit to the co-operative, members and public. It is something the board will continue to consider.

### **Motion 3: To receive the audited accounts for 2015 incorporating an interest payment of 6p per share and a payment to WeSET of £19,870.**

Proposer - Alison Smart

Secunder – Sue Roberts

At the meeting – all in favour, 1 abstain

Votes in advance – 278 in favour, 12 against, 20 abstaining

### **Motion 4: To re-appoint Critchleys as auditors to the Co-operative**

Proposer – Clive Goodman

Secunder – David Harnett

At the meeting – all in favour

Votes in advance – 271 in favour, 3 against, 34 abstaining

## Membership and External Relations

A video was played from Richard Benwell, Westmill Solar Director who has been leading on communications and policy for Westmill Solar. Richard sent his apologies that he was unable to attend due to a friend's wedding. Instead he sent a video message:

**Video from Richard Benwell:** Westmill is about more than panels and revenues, it's about the Westmill story, and so this year, more than ever, we have been making sure we tell our story. Whilst it has been a difficult year for the sector, telling the stories of what can be achieved and how has helped to make a difference. Thanks to vigorous campaigning to demonstrate that co-ops need longer to set up, the FiTs pre-accreditation for community energy projects has been partially restored. Results of surveys show there is an appetite for clean energy at a local level.

**Tom Parkinson** updated members on Westmill's participation in the Piclo trial. Piclo are trying to establish a system to match generation with customers' demand. At this point it only involves commercial customers but in

future this could lead to domestic customers (and Westmill members) being able to choose where their electricity comes from. The system not only enables suppliers and customers to link up but also allows the generators to give a discount to or obtain a premium from the energy Westmill produces. The Eden Project has been the biggest buyer under the trial so far.

## Member returns and community fund – Tom Parkinson

Tom Parkinson provided an overview of the work to date including that of the Members Working Group set up under Adam Twine to look at options for the Community Benefit Fund. Tom also explained that in line with the principles agreed at the 2015 AGM around £20,000 has been given to WeSET in respect of 2014 and a further £20,000 will be given in respect of 2015, that members will have the option to waive their individual entitlements to interest in favour of a Community Fund, that interest payments so far to members are ahead of the projections set out in the offer document, and that two other amounts have been approved by the Board for payment in 2016 - £1,000 to Smart Energy Grid CIC and £5,000 to Energy Local.

**Adam Twine** explained that he and the other 3 people in the group had decided to ask members' for their views via a survey a couple of months ago. There were 181 replies, around 12% of membership. The first question in the survey asked what should be done with any profits that exceed projections. 50% had responded it should all be given to members, 60% felt it should be split between members and the community fund and 16% thought the Co-op should give it all to community causes. There are diverse and strongly-held opinions, social initiative is paramount for some, others say it's my savings, I need it. In response to a second key question, 80% felt that any decision should be taken as a co-op although a significant minority felt that the decisions should be left to individual members.

**Tom Parkinson** – This is an important opportunity for members to engage - up to £13 million may be generated in profits over the next 20 years and it is for members to decide the overall split of this amount between members and the Community Fund. The financial projections set out in the original offer document envisaged a potential return to members in the range of 9 – 11%. We can't guarantee what returns will be but on current projections, a 9% return for members could leave as much as £4 million available to the Community Fund over the project's lifetime while an 11% return to members would reduce the amount available to the Community Fund to around £500,000.

### Questions and discussion on member returns and community fund distributions:

Alison Smart: asked if there would be additional costs to allowing members to opt in and out. (A) Waiving interest is quite straightforward, and already in operation. Allowing individual members to opt out of a payment to a Community Fund is much more difficult - which is partly why the board believes that we need to agree what we're doing collectively.

A member: indicated they don't want the decision on this to be dragged out, as they didn't invest to have money returned to them, but to help other projects, and that opportunities are being missed in the meantime. They appreciate that others may not be in that position and look to the board for progress. (A) The board are keen to make a decision on what to do with the 2015 retained profits by the end of 2016. There is a lot of work required to identify recipients for the community fund which hasn't yet been started but the preference is to make a decision sooner rather than later.

John Twidell: members wanting all interest to be paid to them are not selfish, as they may want to give to own things, such as the worldwide community; they could give to refugees, or overseas projects etc.

Anne Gow: the fund needs to make renewables accessible to children and young people so that they treat renewables as something normal, not abnormal.

Janet Warren: pointed out that when the original investment was made, members risked losing all their money. As not all investments are successful, members should not be made to feel guilty about maximising their returns from projects that succeed. (A) Acknowledged - it is ultimately up to members to decide the levels of return they expect from this particular project.

David Amrey: asked that whatever the decision is, can it be paid in arrears? (A) This year's decision will relate to the profits retained in the 2015 accounts. Figures regarding members' return are all stated on an average basis over the lifetime of the project and annual interest payments are anticipated to increase over time.

Ruth Conchie: as this project is for 21 years, an opt-out is needed for people whose circumstances change, as what is appropriate now may not be appropriate in the future.

Mike Landy: Commended working group, and wanted to mention that as head of policy at STA (Solar Trade Association), he is aware that business rates could go up very significantly from next year, which would have a significant impact on finances from April 2017 onwards, impacting returns. The situation is still unclear as it is under negotiation but it is something that really needs to be taken into account. (A) Thanks for this information, which will be followed up to try and minimise the impact. Part of the reason for revising the financial model was to ensure that this kind of change can be taken into account in the forecasts for future years.

David Leighton: asked is there a way of introducing a smoothing mechanism such as in unit/investment trusts, where if there is a low return of profit it can be made up from previous year that has been put aside? (A) The current proposals anticipate a certain minimum level of member interest being paid each year before any additional Community Fund payments are made. Retaining £144,000 of 2015 profits pending a decision by members on its allocation also provides some element of protection if 2016 results were below expectations.

Alice Lander: asked about the administrative aspect and is keen to avoid too much bureaucracy. How will the board plan to decide to whom (and how) it distributes the Community Fund? (A) The board are also keen to avoid too much bureaucracy in identifying and monitoring payments made. We need members to get involved with this and those who are keen to make the Fund a success are particularly encouraged to do so.

Bob Pedley: mentioned that things need to be done in the right order, firstly how much the split will be, and then to whom are the Community Fund payments allocated. The first decision needs to be made as soon as possible.

Saksia Huggins: Urged members to think of the community fund as something everyone gains from, and while members may 'lose' interest, they are richer for the social and environmental benefits.

Nan Pratt: Thanked Westmill for the donation to WeSET which makes a real difference, especially for future generations.

Gordon Gorrock: pointed out that CEE haven't got a fund and that and thought that the distribution of profits via the Community Fund could really help other co-operatives.

Philip Wolfe: We need to balance the aspirations for the Community Fund against member returns. In many instances, money that goes back to members may be re-invested in further schemes. Even if members receive an overall return of 9%, this is a very good return.

Adam Twine: explained that he set up as Westmill Solar to be broad and inclusive and aspirational, to engage the wider community. The idea was to be an exemplar and to demonstrate how to make a difference collectively and locally. If there is an opportunity to have a wider impact as an organisation, we should be pursuing this.

Tom Parkinson asked members present to show - on a purely indicative, non-binding basis in light of discussions so far - what level of return they are looking to receive from the range set out in the offer document.

9% - ~ 21

10% - >21

11% - 6

(Q) Clive Goodman: How do we come to a final decision? (A) Further work needs to be undertaken by the Board and the members' working group in the light of today's discussion and subsequent member feedback with the aim of creating a formal proposal which will be put to members before the end of 2016.

## Closing comments

On behalf of members, Tom Parkinson thanked the directors and the members' working group, also Abakus, Ethex and other advisors, Mark Luntley for coordinating the day, WeSET and members present. Repeated that if members would like to get involved, whether with WeSET or the Members' Working Group or the Board, please contact Tom or Sarah Flood at Ethex.



**Westmill Solar Co-operative Limited**

**Annual Report and Financial Statements**

**for the Year Ended 31 December 2016**



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## Society Information

### Chair

Tom Parkinson

### Directors

Martin Allman

Nina Alphey

Richard Benwell

Mark Luntley

Tom Parkinson

Bob Pedley

Philip Wolfe MBE

### Company Secretary

Sarah Flood

### Registered Office

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

### Registered Number

31265R

### Bankers

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

### Auditors

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



## Strategic Report for the Year Ended 31 December 2016

The Directors present their strategic report for the year ended 31 December 2016.

### Principal activity

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.

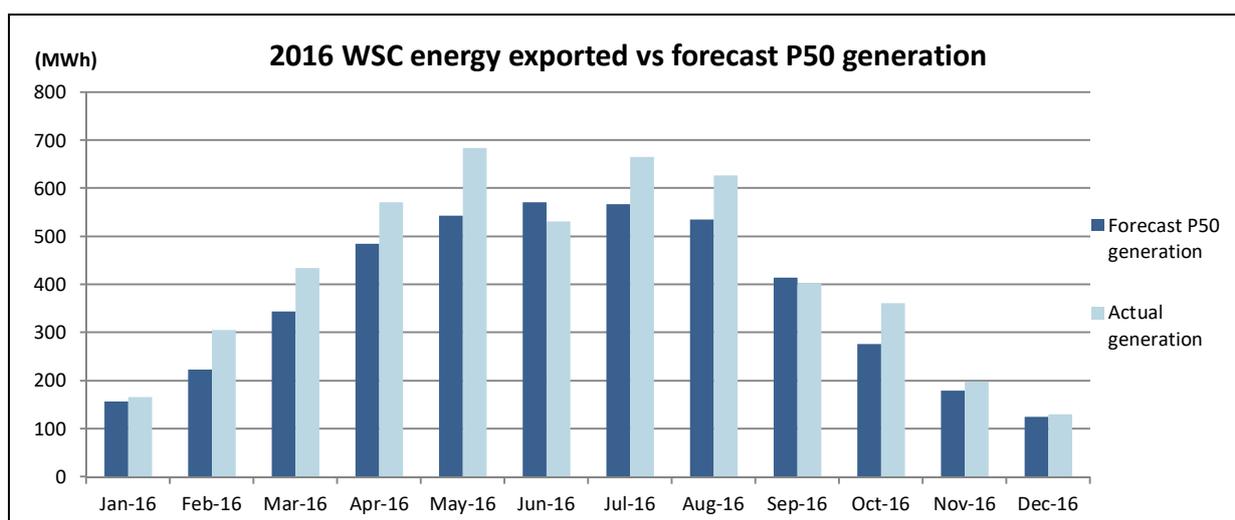
### Review of the business

This report covers Westmill Solar's fourth full year of trading. Since the Co-operative acquired the Westmill solar park in October 2012, the growth of renewable energy in the UK has been substantial - 24.4%<sup>1</sup> of the UK's electricity in 2016 was generated from renewable resources compared to 11.3%<sup>2</sup> in 2012. And despite significant reductions in government financial support in recent years, the amount of solar generating capacity in the UK increased by 26%<sup>3</sup> during 2016.

Your solar park has consistently generated more clean, green renewable energy than was forecast at the time of the initial share offer and this pattern was repeated in 2016. This has provided the basis for another good year of financial results and a substantial increase in contributions to our Community Fund. Your Board is committed to ensuring that Westmill remains a pioneer in community energy, inspiring and supporting other organisations that share our co-operative vision of the sector and broader concerns about climate change.

### Energy Production

In 2016 the solar plant generated 5,080 megawatt hours (MWh) of electricity, the equivalent consumption of 1,639 households<sup>4</sup>. This was 15% higher than the P50 forecast output of 4,422MWh (on which the projections set out in the share offer document were based) and similar to the 5,072 MWh generated in 2015. As the table below illustrates, there is significant seasonal fluctuation and generation was lower than forecast in some months (notably June and September 2016), because the levels of irradiation were significantly lower than the P50 forecast.



<sup>1</sup> [Energy Trends section 5: Electricity](#)

<sup>2</sup> [DUKES 2016 Chapter 6: Renewable sources of energy](#)

<sup>3</sup> [Energy Trends section 5: Electricity - Fuel used in electricity generation and electricity supplied \(ET 5.1\)](#)

<sup>4</sup> Figures for equivalent households are calculated using [OFGEM's 2015 typical domestic consumption value](#) for a medium user on a single rate meter of 3,100 kWh/year.



This amount of generation means that each of our 1,517 members can take credit for 3,348 kWh of carbon-free electricity. Or, put another way, members who use the 3,100 kWh typical medium consumption of a UK household have effectively off-set all of their carbon emissions from their electricity usage.

Based on the published average carbon intensity of UK's electricity<sup>5</sup>, Westmill Solar's output in 2016 avoided 2,080 tonnes of CO<sub>2</sub>. Each member can therefore take credit for just over 1.3 tonnes of avoided carbon emissions.

All of the electricity produced by the solar park is sold to Good Energy under a power purchase agreement. Good Energy also make the payments due to the Co-operative under the Feed-in-Tariff and other premiums relating to clean, distributed energy generation, including REGOs (Renewable Energy Generation Obligations). There was no income from LECs (Levy Exemption Certificates) in 2016 (compared to £19,000 of income in 2015) following the government's decision in July 2015 to remove the Climate Change Levy exemption for renewable energy.

## Summary of the financial position

The Co-operative's operating surplus in the year was £848,467. This is based on a total income for the year of £2,040,292 and costs (cost of sales, administrative expenses and community benefit payments) of £1,191,825. Taking into account interest, there was a small surplus before tax of £229. The tax charge for the year was relatively high given the amount of this surplus, mainly due to the allocation of community benefit funds out of the 2015 and 2016 operating surpluses. However this is expected to reverse in future years. The deficit for 2016 after tax was £18,810.

## Outlook and principal risks and uncertainties

In general, the plant continues to perform ahead of our initial forecasts. Ensuring that the equipment is properly monitored, maintained and connected to the grid is a crucial part of this, although ultimately the levels of generation will fluctuate depending on weather conditions. The Board seeks to mitigate unexpected damage to (or breakdown of) the plant through a combination of appropriate insurance, guarantees, operational procedures and cash reserves.

During 2016 there were a number of developments in this respect, notably the acquisition of Abakus AG group (who have managed the performance of the Westmill solar plant since it was built) by ENcome Energy Performance GmbH. A service and warranty arrangement has also been put in place for the inverters (a critical component of the plant) with SMA Solar Technology AG for the period up to 2021 to replace the initial warranty that has expired.

Going forward, our power purchase agreement with Good Energy is due for renewal in 2017 and given the fluctuations in electricity prices over the past couple of years we cannot be certain that the prices currently payable will be increased (or even maintained). A new operations and maintenance agreement for the solar plant will also need to be implemented to replace the current arrangement which expires in late 2017.

## Additional member benefits

During the year, we continued our efforts to develop ways in which the electricity that the Co-operative generates can be matched with the electricity demand of our members.

In October 2015 the Co-operative joined Piclo, a trial project run by Open Utility and Good Energy. During the trial, the Co-operative's generation was matched with the demand of one or more interested business customers of Good Energy across the UK. The Piclo pilot ended in June 2016 but its success led to the launch by Good Energy in November 2016 of Selectricity which is closely modelled on Piclo and in which Westmill Solar continues to be involved.

A number of our members also participated in Energy Local's 'SWELL' trial which ran for 12 months from November 2015. This trial involved the generation from a number of rooftop solar PV installations near to the Westmill site being pooled with local demand from other households. Participants were incentivised to shift their electricity use to times of day when there is more local generation and/or to 'off peak' periods, with the aim of reducing their electricity bills and maximising the amount of local renewable generation that they use. The success of the SWELL trial led to the establishment of the first Energy Local 'club' in Bethesda in North Wales in September 2016 and, as with Piclo, we hope that this model may, in due course, become capable of including the Westmill Solar site and many more of our members.

<sup>5</sup> [DEFRA conversion factor 2016](#)



## Other member engagement

Our membership has remained stable this year, with 1,517 members at the close of 2016.

Member engagement is an important aspect of the Co-operative's governance and we welcome ideas, comments and assistance from members. One priority in 2016 was to develop the proposals on community fund payments initiated by the members' working group after the 2015 AGM. Your Board was delighted with the high level of involvement in this process with nearly one third of members responding to the proposals which were circulated in December 2016. Work is continuing in this area and more information on this will be available at the forthcoming AGM.

## Impact in the community and the wider sector

### Community Fund

The 2016 accounts include an amount of £98,226 in respect of our Community Fund payments. This figure comprises £57,422 (15/85ths of the amount of the proposed 7p per share interest payment to members in line with the proposals circulated to members in December 2016) together with £31,348 in respect of the 2015 retained surplus, certain other payments that were made earlier in 2016 and interest that has been waived by members.

The £31,348 from the 2015 retained surplus was allocated as follows:

- £5,000 to WeSET towards the installation of solar panels on Watchfield Village Hall, adding to funds already raised by the community;
- £10,448 to WeSET and Low Carbon Hub to help them work together on developing the WeSET education and schools visit programme across Oxfordshire;
- £900 to WeSET for an upgrade to their website;
- £5,000 to Low Carbon Hub (LCH) to develop its "People's Power Station" project enabling communities to map the energy generation and LCH to encourage development of a sustainable county energy network;
- £5,000 to Community Energy England for its fuel poverty campaign; and
- £5,000 to support three renewable based charities in the developing world:
  - o [Lights for learning](#)
  - o [SolarAid](#)
  - o [Renewable World](#)

One of the other payments was in respect of our membership of The Climate Coalition, which is the UK's largest group of people dedicated to action on climate change and limiting its impact on the world's poorest. Westmill Solar was the first co-operative member of The Climate Coalition.

As previously agreed, £20,403 (equivalent to 1% of 2016 turnover) will be paid to WeSET (Westmill Sustainable Energy Trust) to support their educational and creative work in promoting sustainable energy and energy efficiency. Proposals on how to allocate the remaining balance will be subject to further consultation with members at (and after) this year's AGM.

In addition, your Board has agreed to convert the £5,700 loan provided to Southill Community Energy in 2014 to a grant on the basis that the monies would be used by Southill for work that they would otherwise not be able to undertake. Southill Community Energy will be using the grant to put in a visitor display board and pond at their site to increase biodiversity.

### Policy changes and consultations

With the Brexit referendum and the US presidential election, 2016 was a turbulent year politically although the focus on these issues - and the merging of the Department of Energy and Climate Change within the new Department of Business, Energy and Industrial Strategy (BEIS) - appears to have contributed to there being fewer significant changes to the regulatory and legislative framework for community energy than in previous years.

Ensuring that government is properly briefed about the benefits of community energy remains an important goal however. Through our membership of The Climate Coalition, some of the Directors were invited to meet Nick Hurd, Minister for State for Climate Change and Industry, in October 2016 and to subsequent follow-up meetings with civil servants at BEIS and other community energy organisations to discuss the broader needs of the sector.



This is one area where your Board believes that greater co-ordination with others in the sector will help bring more tangible results in future.

We were therefore one of over 160 signatories to the Solar Trade Association's letter sent to the Chancellor on the 1<sup>st</sup> of December 2016 encouraging investment in renewables and stopping the proposed rise in business rates for properties with solar panels. We also joined with 18,000 other signatories as part of 10:10's petition against continuing adverse policy changes to onshore and offshore wind development.

#### **The site as an educational resource**

After a one-year project monitoring the Westmill Solar site, the Environmental Scientists at Lancaster University and the Centre for Ecology and Hydrology published their findings in July 2016<sup>6</sup>.

The Board are currently reviewing options for developing partnering opportunities with research institutions for activities ranging from PhD project supervision to internships to trainings and seminars, possibly as part of our Community Fund initiatives.

### **Changes to the Board**

In July 2016, Nina Alphey joined the Board following the retirement of Nicola McConville at the 2016 AGM. In accordance with our rules, Nina is subject to re-election by members at this year's AGM.

Our rules also require that each year one third (or the number nearest one third) of the Directors must stand down by rotation and may offer themselves for re-election. The Co-operative currently has seven Directors and Bob Pedley and Philip Wolfe will be retiring at the forthcoming AGM. Bob is standing for re-election at the AGM but Philip is not.

Philip is one of the pioneers of the UK solar industry. He played a crucial role in the successful funding of the Co-operative and its acquisition of the solar park - and subsequently in establishing Community Energy England, of which Westmill Solar is a founder member. Your Board is immensely grateful for his, and Nicola's, contributions and looks forward to applications from other members to join the Board and make their own contribution to the success of the Co-operative.

### **Interest payments and capital returns to members**

Your Board is proposing to make an interest payment to members in respect of the 2016 accounts of 7p per share. This amount is in addition to the 2p per share of interest that was paid in December 2016 in relation to the £144,316 of profits retained in 2015 and which is also reflected in the 2016 accounts. The amount of future interest payments to members will depend on the financial performance of the Co-operative as well as decisions on the level of payments to the Community Fund.

The Board is also proposing a return of capital in 2017 equal to 1 share of every 8 shares held by members. Following the 20% capital return that took place in 2014, this equates to one tenth of the share capital initially subscribed by members. This is broadly in line with the projections set out in our share offer document although to reduce costs (and possible confusion for members) we are not proposing to return capital to members as frequently as anticipated in that document.

Approved by the Board on 28 April 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Tom Parkinson', is positioned above the printed name and title.

**Tom Parkinson**  
Chair Westmill Solar Co-operative

<sup>6</sup> <http://www.lancaster.ac.uk/news/articles/2016/solar-panels-study-reveals-impact-on-the-earth/>



## Directors' Report for the Year Ended 31 December 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

### Incorporation

The Co-operative was incorporated on 17 May 2011.

### Directors of the Co-operative

The directors who held office during the year were as follows:

Martin Allman  
Nina Alpey (appointed 26 July 2016)  
Richard Benwell  
Mark Luntley  
Nicola McConville (resigned 21 May 2016)  
Tom Parkinson  
Bob Pedley  
Philip Wolfe

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 May 2017, Bob Pedley and Philip Wolfe will retire by rotation. Nina Alpey is standing for re-election at this meeting as she was appointed a Director since the 2016 AGM.

### Objectives and policies

The society faces a number of risks and uncertainties and the directors believe that the key business risks are set out in the Strategic Report. In view of these risks and uncertainties, the directors are aware that the development of the company may be affected by factors outside their control.

### Price risk, credit risk, liquidity risk and cash flow risk

The society has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are only conducted in sterling. The company does not enter into any hedging transactions.

### Remuneration of directors

Following a vote by the members at the 2014 AGM the Directors of the Co-operative 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 claimed a total of £158 in expenses incurred in the performance of their duties.

### Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Co-operative's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

### Reappointment of auditors

In accordance with section 93 of the Co-operative and Community Benefit Societies Act 2014, a resolution for the re-appointment of Critchleys LLP as auditors of the Co-operative is to be proposed at the forthcoming Annual General Meeting.



## 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 and the Co-operative and to take any necessary decisions about the governance and management of the Co-operative.

This report was approved by the Directors on 28 April 2017 and signed on its behalf by

A handwritten signature in black ink that reads "Tom Parkinson". The signature is written in a cursive style with a horizontal line underneath the name.

**Tom Parkinson**  
Chair Westmill Solar Co-operative



## Independent Auditor's Report to the members of Westmill Solar Co-operative Limited

We were engaged to audit the financial statements of Westmill Solar Co-operative Limited for the year ended 31 December 2016, set out on pages 12 to 25. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 9), the Committee of Management is 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 (APB's) Ethical Standards for Auditors to the financial statements.

### 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.

### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 December 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

### Opinion on other matter

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.



## Westmill Solar Co-operative Limited Independent Auditor's Report (continued)

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the revenue and balance sheet are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

.....  
Critchleys LLP, Statutory Auditor  
Greyfriars Court  
Paradise Square  
Oxford OX1 1BE

Date 28 April 2017



## Westmill Solar Co-operative Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	2,040,292	2,046,830
Cost of sales		<u>(1,004,190)</u>	<u>(1,030,474)</u>
<b>Gross surplus</b>		1,036,102	1,016,356
Administrative expenses		(89,409)	(111,905)
Community benefit payments		<u>(98,226)</u>	<u>(21,870)</u>
<b>Operating surplus</b>	4	848,467	882,581
Other interest receivable and similar income	5	3,097	3,262
Interest payable and similar charges	6	<u>(851,335)</u>	<u>(715,638)</u>
		<u>(848,238)</u>	<u>(712,376)</u>
<b>Surplus before tax</b>		229	170,205
Taxation	9	<u>(19,039)</u>	<u>(25,889)</u>
<b>(Deficit)/surplus for the financial year</b>		<u>(18,810)</u>	<u>144,316</u>

The above results were derived from continuing operations. No activities were discontinued in 2016 or 2015.

The society has no recognised gains or losses for the year other than the results above



## Westmill Solar Co-operative Limited

### (Registration number: 31265R) Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	10	<u>12,444,802</u>	<u>13,070,938</u>
<b>Current assets</b>			
Debtors	11	409,949	366,195
Cash at bank and in hand	12	<u>2,014,741</u>	<u>1,853,048</u>
		2,424,690	2,219,243
<b>Creditors:</b> Amounts falling due within one year	13	<u>(990,603)</u>	<u>(950,259)</u>
<b>Net current assets</b>		<u>1,434,087</u>	<u>1,268,984</u>
<b>Total assets less current liabilities</b>		13,878,889	14,339,922
<b>Creditors:</b> Amounts falling due after more than one year	13	(9,283,325)	(9,723,981)
<b>Provisions for liabilities</b>	14	<u>(200,026)</u>	<u>(201,593)</u>
<b>Net assets</b>		<u>4,395,538</u>	<u>4,414,348</u>
<b>Capital and reserves</b>			
Members' share capital	15	4,648,440	4,648,440
Other reserves	16	(268,705)	(268,705)
Profit and loss account		<u>15,803</u>	<u>34,613</u>
Total equity		<u>4,395,538</u>	<u>4,414,348</u>

Signed on behalf of the Board of Directors on 28 April 2017

-----  
 T Parkinson - Chair

-----  
 R Pedley - Director

-----  
 S Flood – Company secretary



## Westmill Solar Co-operative Limited Statement of Changes in Equity for the Year Ended 31 December 2016

	<b>Share capital</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2016	4,648,440	(268,705)	34,613	4,414,348
Total comprehensive income	-	-	(18,810)	(18,810)
Adjustment to share issue costs	-	-	-	-
At 31 December 2016	<u>4,648,440</u>	<u>(268,705)</u>	<u>15,803</u>	<u>4,395,538</u>

## Statement of Changes in Equity for the Year Ended 31 December 2015

	<b>Share capital</b>	<b>Other reserves</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2015	4,648,440	(286,830)	(109,703)	4,251,907
Total comprehensive income	-	-	144,316	144,316
Capital repayment in year	-	<u>18,125</u>	-	<u>18,125</u>
At 31 December 2015	<u>4,648,440</u>	<u>(268,705)</u>	<u>34,613</u>	<u>4,414,348</u>



## Westmill Solar Co-operative Limited Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Surplus for the year		848,467	882,581
<u>Adjustments to cash flows from non-cash items</u>			
Depreciation and amortisation	10	626,136	626,136
<u>Financial instrument net gains (losses) through profit and loss</u>			
Income tax expense	9	-	-
		1,474,603	1,508,717
<u>Working capital adjustments</u>			
(Increase) in debtors	11	(43,754)	(5,359)
Increase in trade creditors	13	29,232	60,841
Cash generated from operations		1,460,081	1,564,199
Income taxes paid	9	(22,037)	-
Net cash flow from operating activities		1,438,044	1,564,199
<b>Cash flows from investing activities</b>			
Interest received	5	3,097	3,262
Net cash flows from investing activities		3,097	3,262
<b>Cash flows from financing activities</b>			
Interest paid	6	(808,807)	(901,576)
Repayment of members' share capital		-	-
Share issue costs adjustment		-	18,125
Repayment of other borrowings	17	(470,641)	(403,455)
Net cash flows from financing activities		(1,279,448)	(1,286,906)
Net increase in cash and cash equivalents		161,693	280,555
Cash and cash equivalents at 1 January		1,853,048	1,572,493
Cash and cash equivalents at 31 December	12	2,014,741	1,853,048



## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 1 General information

The Co-operative was incorporated on 17 May 2011.

The address of its registered office and principal place of business is:

C/O Ethex  
The Old Music Hall  
106-108 Cowley Road  
Oxford  
OX4 1JE

These financial statements were authorised for issue by the Board on 28 April 2017

#### 2 Accounting policies

##### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements have been presented in Sterling, which is also the functional currency of the society.

##### Departure from requirements of FRS 102

There have been no departures from the requirements of FRS 102.

##### Summary of disclosure exemptions

There are no disclosure exemptions applicable to the society.

##### Going concern

In the opinion of the directors, the society is a going concern.

##### Judgements

No judgements have been made which require disclosure under FRS 102.

##### Revenue recognition

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. Turnover is the amount derived from ordinary activities and is stated net of Value Added Tax.



## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### **Finance income and costs policy**

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.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the society operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the society. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

At each balance sheet date, the society reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that any items of property, plant and equipment have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the society estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, as follows:

Solar generating plant – straight line over 24 years

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.



## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### **Trade debtors**

Trade debtors are amounts due from customers for electricity generated in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the society will not be able to collect all amounts due according to the original terms of the receivables.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the society does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the society has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Provisions**

Provisions are recognised when the society has an obligation at the reporting date as a result of a past event, it is probable that the society will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Share issue costs**

Costs incurred in respect of the issue of shares are taken straight to a separate reserve.

#### **Shareholders' interest**

Interest distributions to the society's shareholders are recognised as a liability in the financial statements in the reporting period in which the interest is declared.



## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 3 Turnover

The analysis of the society's revenue for the year from continuing operations is as follows:

	2016 £	2015 £
Feed in Tariffs	1,774,356	1,759,676
Electricity – off peak	65,400	70,326
Electricity – peak	199,347	195,521
Levy Exemption Certificates	-	19,836
Renewable Energy Guarantees of Origin	<u>1,189</u>	<u>1,471</u>
	<u>2,040,292</u>	<u>2,046,830</u>

#### 4 Operating surplus

Arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation expense	626,136	626,136
Operating lease expense – property	<u>81,586</u>	<u>81,765</u>

#### 5 Other interest receivable and similar income

	2016 £	2015 £
Interest income on bank deposits	<u>3,097</u>	<u>3,262</u>
	<u>3,097</u>	<u>3,262</u>

#### 6 Interest payable and similar charges

	2016 £	2015 £
Interest expense on other finance liabilities (Note 18)	436,932	436,732
Shareholders' interest payable	<u>414,403</u>	<u>278,906</u>
	<u>851,335</u>	<u>715,638</u>



## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 7 Staff costs

The aggregate payroll costs were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	<u>7,250</u>	<u>5,250</u>
	<u>7,250</u>	<u>5,250</u>

The average number of employees and directors of the society during the year, analysed by category was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Directors	<u>7</u>	<u>7</u>

#### 8 Auditors' remuneration

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>6,000</u>	<u>5,250</u>
<b>Other fees to auditors</b>		
Taxation compliance services	760	860
All other non-audit services	<u>700</u>	<u>4,578</u>
	<u>1,460</u>	<u>5,438</u>



## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 9 Taxation

Tax charged/(credited) in the income statement

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax	20,606	22,037
UK corporation tax adjustment to prior periods	<u>-</u>	<u>(81)</u>
Total current income tax	<u>20,606</u>	<u>21,956</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>(1,567)</u>	<u>3,933</u>
Tax expense in the income statement	<u>19,039</u>	<u>25,889</u>

The tax on profit before tax for the year is greater than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 – 20%).

The differences are reconciled below:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Profit before tax	<u>229</u>	<u>170,205</u>
Corporation tax at standard rate	46	34,041
Deferred tax expense (credit) from unrecognised tax loss or credit	2,015	(5,768)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>18,545</u>	<u>(6,236)</u>
Total tax charge	<u>20,606</u>	<u>22,037</u>

#### Deferred tax

Deferred tax assets and liabilities

		<b>Liability</b>
		<b>£</b>
<b>2016</b>		
Accelerated capital allowances		258,853
Unused tax losses		<u>(58,827)</u>
		<u>200,026</u>
<b>2015</b>		
Accelerated capital allowances		262,435
Unused tax losses		<u>(60,842)</u>
		<u>201,593</u>

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

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £62,208 (2015 - £13,171). This is due to the movement in accelerated capital allowances.



## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 10 Fixed assets

	Solar power plant £	Total £
<u>Cost at 1 January 2016 and 31 December 2016</u>	<u>15,046,154</u>	<u>15,046,154</u>
<u>Depreciation</u>		
At 1 January 2016	1,975,216	1,975,216
Charge for the year	<u>626,136</u>	<u>626,136</u>
At 31 December 2016	<u>2,601,352</u>	<u>2,601,352</u>
Net book value at 31 December 2016	<u>12,444,802</u>	<u>12,444,802</u>
Net book value at 31 December 2015	<u>13,070,938</u>	<u>13,070,938</u>

#### 11 Debtors

	2016 £	2015 £
Trade debtors	367,164	283,622
Other debtors	-	40,473
Prepayments	<u>42,785</u>	<u>42,100</u>
	<u>409,949</u>	<u>366,195</u>

#### 12 Cash and cash equivalents

	2016 £	2015 £
Cash at bank	1,219,555	1,464,430
Short-term deposits	<u>795,186</u>	<u>388,618</u>
Cash and cash equivalents in statement of cash flows	<u>2,014,741</u>	<u>1,853,048</u>



## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 13 Creditors

	Note	2016 £	2015 £
<b>Due within one year</b>			
Loans and borrowings	17	470,331	500,316
Trade creditors		3,533	11,092
Community fund payable		92,726	19,870
Accrued expenses		72,918	118,038
Income tax liability	9	20,606	22,037
Other tax and social security		5,205	-
Shareholders' interest payable		<u>325,284</u>	<u>278,906</u>
		<u>990,603</u>	<u>950,259</u>
<b>Due after one year</b>			
Loans and borrowings	17	<u>9,283,325</u>	<u>9,723,981</u>
		<u>10,273,928</u>	<u>10,674,240</u>

#### 14 Deferred tax and other provisions

	Deferred tax £
At 1 January 2016	201,593
Movement in provisions	<u>(1,567)</u>
Balance 31 December 2016	<u>200,026</u>

#### 15 Share capital

##### Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary A shares of £1 each	<u>4,648,440</u>	<u>4,648,440</u>	<u>4,648,440</u>	<u>4,648,440</u>



## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 16 Reserves

##### Share capital

This reserve reflects the nominal value of share capital issued by the society.

##### Other reserve

This reserve reflects share issue costs on the hive-up of assets transferred from Blue Energy Westmill Farm Limited in 2013.

#### 17 Loans and borrowings

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Non-current loans and borrowings</b>		
Secured borrowings	<u>9,283,325</u>	<u>9,723,981</u>
	<u>9,283,325</u>	<u>9,723,981</u>
<b>Current loans and borrowings</b>		
Secured borrowings	<u>470,331</u>	<u>500,316</u>
	<u>470,331</u>	<u>500,316</u>

#### Secured borrowings

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 31<sup>st</sup> December 2016, the amount due for repayment after adjusting for indexation would have been £11,012,714.

Included in the loans and borrowings are the following amounts due after more than five years:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
After more than five years by instalments	7,442,261	7,878,854
After more than five years not by instalments	<u>-</u>	<u>-</u>
	<u>7,442,261</u>	<u>7,878,854</u>



## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016

#### 18 Commitments

##### Capital commitments

There are no capital commitments contracted for but not provided in the financial statements (2015: £nil)

##### Commitments under operating leases

Total amounts payable in respect of rent payable on leasehold land:

	2016	2015
	£	£
Payable within one year	80,000	80,000
Payable in two to five years	320,000	320,000
Payable after five years	1,233,600	1,313,600
	<u>1,633,600</u>	<u>1,713,600</u>

##### Other financial commitments

There are no other financial commitments not provided in the financial statements (2015: £nil).

#### 19 Related party transactions

£6,500 was paid to Community Energy England (2015: £1,500) to fund its fuel poverty campaign. Philip Wolfe is a Director of Westmill Solar Co-operative Limited and a director of Community Energy England.

Energy Local received a payment of £5,000. Tom Parkinson is a director of Westmill Solar Co-operative Limited and of Energy Local.

Westmill Sustainable Energy Trust and Low Carbon Hub CIC received a joint payment of £10,448 for developing an education and schools visit programme across Oxfordshire. Mark Luntley is a director of Westmill Solar Co-operative Limited, and was a director of Low Carbon Hub CIC until March 2016. Low Carbon Hub CIC also received a payment of £5,000 to develop its "People Power Station."

Costs of £- (2015: £115) were incurred from Wolfeware Limited, a company in which Philip Wolfe is a director.

Directors were reimbursed a total of £158 (2015: £186) and received a total of £5,850 (2015: £3,816) in shareholders' interest.

#### 20 Non adjusting events after the financial period

No events have occurred after the end of the financial period that need to be disclosed in the accounts.



## Westmill Solar Co-operative Limited

### Detailed Profit and Loss Account for the Year Ended 31 December 2016

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Turnover</b>		
Feed in tariffs	1,774,356	1,759,676
Electricity – off peak	65,400	70,326
Electricity - peak	199,347	195,521
Levy Exemption Certificates	-	19,836
Renewable Energy Guarantees of Origin	<u>1,189</u>	<u>1,471</u>
	<u>2,040,292</u>	<u>2,046,830</u>
<b>Cost of sales</b>		
Abakus O&M contract	69,285	68,559
Abakus premium payments	123,593	153,565
Asset management	27,952	27,898
Business rates	16,777	19,553
Cleaning of panels	-	5,500
Insurance	15,279	15,114
Invertor warranties	12,263	-
Rent on site	81,586	81,765
Security	18,285	22,708
Site electricity	4,795	3,737
Site telecoms	2,675	2,486
Smart metering	459	689
TUOS DUOS grid transmission	1,935	141
Vegetation	1,208	792
Depreciation of plant	626,136	626,136
Sundry operating costs	<u>1,962</u>	<u>1,831</u>
	<u>1,004,190</u>	<u>1,030,474</u>



## Westmill Solar Co-operative Limited

### Detailed Profit and Loss Account for the Year Ended 31 December 2016

	2016 £	2015 £
<b>Administrative expenses</b>		
AGM costs	1,836	3,365
Audit fees	6,000	7,500
Bank charges	175	125
Co-op management	27,338	25,150
Directors' expenses	230	301
Directors' liability and indemnity insurance	1,069	557
Miscellaneous professional fees	1,710	5,361
Payroll costs	7,250	5,250
Professional body fees	2,090	1,995
Registrars	6,244	4,413
Secondary market	4,062	4,179
Website and email	1,309	663
Telephone line	79	80
Plant acquisition costs	29,675	29,675
Sundry overheads	251	5,439
Bad debt	-	-
VAT not recoverable	<u>91</u>	<u>19,852</u>
	89,409	113,905
Community fund	<u>98,226</u>	<u>19,870</u>
	<u>187,635</u>	<u>133,775</u>
<b>Other interest receivable and similar income</b>		
Bank interest received	<u>3,097</u>	<u>3,262</u>
	<u>3,097</u>	<u>3,262</u>
<b>Interest payable and similar charges</b>		
Loan interest paid	436,932	436,732
Shareholders' interest payable	<u>414,403</u>	<u>278,906</u>
	<u>851,335</u>	<u>715,638</u>



## **Nominations to the board – process and candidates**

Three members have put themselves forward as candidates for the board for three available positions on the board. Under the rules of the Co-operative, Nina Alphey is required to stand for re-election as she was appointed as a director after the 2016 AGM. In addition, one third of Co-operatives directors are required to retire by rotation each year. This year Bob Pedley and Philip Wolfe retire by rotation – Bob is standing for re-election but Philip is not. Als Parker has also put her name forward to join the board. Resumes of each of the candidates standing for election are set out on the following pages.

Voting will be by show of hands at the AGM. [If you are unable to attend the AGM you may vote in advance online](#) or appoint a proxy to vote at the AGM on your behalf.

## Candidate résumés

### Nina Alphey



I have been a member of Westmill Solar Co-operative since inception. I approached the directors after the 2016 AGM and was co-opted to fill the board vacancy.

I am a mathematical ecologist at the University of Oxford and visiting researcher at Imperial College London. The Solar site is available as a research resource (e.g. Lancaster University biodiversity study, see annual report). I am leading the board's initiative exploring possible partnerships with academic institutions, through modest co-funding for student research or other sponsorship relevant to our goals regarding community renewable energy and climate change mitigation.

I am a Fellow of the Institute of Chartered Accountants in England and Wales and was head of the audit and accounts technical department for a large UK firm of Chartered Accountants before leaving accountancy in 2005 to undertake a PhD in theoretical biology. These skills have informed board discussions about developing policies on cash and treasury, and expanding community fund activities.

Involvement in WSC is part of a broader lifestyle approach, which included reducing the carbon emissions of my home, changing my transport habits and, as an active member of a low carbon living group, organising community events to help residents reduce their carbon footprints.

## Als Parker



Originally trained as a Geologist, I have worked in the Renewables sector since graduating in 2001. I am keen to represent the members of Westmill Solar and am excited by the opportunity to get involved in this established scheme. I bring to the project both my experience of the renewables market and a strong passion for community renewables.

I have worked in a variety of roles in the past 15 years both in the green electricity supply market at Good Energy and as a wind and solar farm developer at E.ON UK, the Low Carbon Group and the Low Carbon Hub.

Most recently, I have been focussed on Southill Solar, a community owned solar farm in Charlbury of which I am a Director. Over the past 18 months, I have been part of the core team responsible for taking the project through planning and development, for raising the finance, for the project build and since it's commissioning in November 2016, for its operation. As a like-minded cooperative, I believe that there is significant value in sharing knowledge between the organisations.

My ultimate aim is to see local people benefitting from local renewable power in a locally owned decentralised electricity system.

## Bob Pedley



I was elected to be a Director in the 2013 Annual General Meeting; about 2 years ago I took the role of Board lead on Finance.

My background – I am (or used to be) a qualified accountant; in 2015 I retired after a career in corporate finance, principally in the computer and engineering industries. At various times, I've served as voluntary treasurer of a number of clubs and charities, and I still hold the Treasurer role for a couple of organisations. I am an enthusiastic proponent of ethical and renewable ways of doing things.

I value the opportunity to further my ideals through my connections with Westmill Solar and other co-ops, and I am very pleased to be an active participant in such a dynamic cooperative.

During my term as a Westmill director, I have worked with Ethex on all aspects of the Finance function – banking, budgets, modelling, statutory accounts, and taxation. I have also liaised on a number of potentially sensitive matters with Lancashire Pension Fund, who have given £12 million bond finance to Westmill and are a very important partner to the co-op.

I'd very much appreciate the opportunity to serve another term as a Director of Westmill Solar.