



Registration number: 31265R

**Westmill Solar Co-operative Limited  
AGM 2018**

**Saturday 19th May, 10.00am to 2.30pm**

**Hawksworth Hall, Steam Museum, Swindon, SN2 2EY**



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## Westmill Solar Co-operative AGM 2018, 19th May 2018

### Timetable for the day

Start	End	Activity
10:00		Doors open for registration
10:30	10:35	Welcome & Safety – Eoin Lees
10:35	10:45	<b>Ethex</b> – Sarah Flood, Can the UK crowd help accelerate progress towards access to affordable clean energy
10:45	10:55	<b>Energy4All</b> – Recent developments, John Malone
10:55	11:10	<b>WeSET</b> – This year’s headlines, Mike Blanch
11:10	11:30	<b>Emma Bridge</b> (CEO of Community Energy England) - Political Challenges ahead
11:30	11:35	<b>Adam Twine</b> - Why Battery storage at Westmill is beneficial for community energy?
11:35	12:15	<b>Leo Murray</b> (Director of Strategy at 10:10) - how we can involve more ordinary people in the low carbon transition
12:15	13:00	Lunch
13:00	14:30	Westmill Solar AGM
14:30	14:45	Coffee Break
14:45	16:00	Westmill Wind AGM

## Agenda for the Westmill Solar AGM 2018

*13.00- 13.45 AGM*

**Welcome – Tom Parkinson**

1. To approve minutes of 2017 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 2017 incorporating an interest payment of 7p per share and Community Funding of £50,244.
4. To re-appoint Critchleys as auditors to the Co-operative

*13.45- 14.30 Community Funding Update - Richard Benwell and Mike Blanch*

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

*14.30 Close of formal AGM*

## Draft Minutes of Annual General Meeting

held at 2.45pm on Saturday 20th May 2017

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

### Attendance

Present: Martin Allman (Director), Nina Alphey (Director), Richard Benwell (Director), Mark Luntley (Director), Tom Parkinson (Chair), Bob Pedley (Director), Philip Wolfe (Director).

Apologies: Sarah Flood (Company Secretary)

Attendees: 52 members (in addition to the 7 members listed as present above)

Registered proxy votes: 155

The meeting comprised over 12 members and was therefore quorate.

Total number of members voting: 466 (252 in advance, 155 by proxy and 59 in person at the meeting). This represents 31% of the membership.

### Welcome -Tom Parkinson

Tom opened the meeting, and thanked members for attending, particularly those who had been there since the beginning of the day.

Tom then introduced the other board members present – Richard Benwell, Mark Luntley, Philip Wolfe, Bob Pedley, Martin Allman and Nina Alphey, and gave Sarah Flood's apologies.

Tom also introduced the live stream of the event and noted that feedback forms are to be sent out to members in the next couple of weeks.

### Motion 1: Approval of minutes of the 2016 AGM

There were no comments on the draft minutes. Ian Wright put forward the motion to approve the minutes, and it was seconded by Janet Warren

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

Votes in advance – 186 in favour, 3 against, 63 abstaining

The minutes were therefore approved.

### Motion 2: Election of Nina Alphey to board of directors

Tom explained that Nina Alphey was appointed by the board after last year's plea for more members to get involved. She was appointed in July 2016 and because this took place after the 2016 AGM, her appointment must be approved by members this year.

Janet Warren put forward the motion to appoint Nina Alphey to the board, and it was seconded by Eoin Lees.

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

Votes in advance – 158 in favour, 5 against, 89 abstaining

Nina Alphey was therefore elected to the board.

### Motion 3: Election of Als Parker to board of directors

Phillip Wolfe put forward the motion to appoint Als Parker to the board, and it was seconded by Anthony Simpson.

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

Votes in advance – 149 in favour, 6 against, 97 abstaining

Als Parker was therefore elected to the board.

### Motion 4: Election of Bob Pedley to board of directors

Nina Alpey put forward the motion to appoint Bob Pedley to the board, and it was seconded by Martin Allman.

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

Votes in advance – 167 in favour, 6 against, 79 abstaining

Bob Pedley was therefore elected to the board.

Philip Wolfe is standing down as a board member. Tom thanked him for his significant contributions and explained that in tribute a piece of artwork had been commissioned. This was presented to Philip by the artist, Simone Dawood, a member of Westmill Wind.

### **The Performance of the Solar Park – Martin Allman**

As before, the performance and generation of the park remains above expectations. In 2016 generation was the equivalent average usage of 1,639 UK households, and was up 15% on the initial forecast output for the year. Irradiation was marginally higher than in 2015 and the plant performance exceeded both the guaranteed performance ratio and the forecast of OST (responsible for asset management) for every month in 2016. In 11 months of the year the plant exceeded the 99% availability target.

Inverters are responsible for converting the electricity into the form in which it is supplied to the grid. During 2016, the initial 5-year warranty expired, and therefore it was investigated whether it would be best to renew the warranty or to look for an alternative way of ensuring cost-effective operation and repair. Decision has been taken to renew warranty with SMA – includes spare parts, repair and support to contractors from the manufacturer as well as a performance guarantee with compensation from SMA in the event of poor performance.

Repair and maintenance during the year included replacement of panels affected by storm and some work required to protect the plant following a rodent infestation.

Future issues: O&M contract coming to an end this year. Incumbent is ENcome, who acquired Abakus (who built the park) last year. We may retain ENcome but will consider other options and consider how to be more proactive at ensuring consistent performance, rather than reactive maintenance once performance is being affected.

### **Questions on the performance of the solar park**

(Q) Anthony Simpson: How many panels were lost during the course of the year and why? (A) Half a dozen panels were damaged at the start of the year and replaced – there is a stock of panels on-site available so that replacements can be done quickly without affecting park performance. Preventative measures can be taken such as the O&M contractor ensuring the panels are appropriately secured – sometimes the clamps can come loose in strong weather. The contractor needs to deal with these issues promptly and maintain the stock of replacement panels.

(Q) Nigel Jones: The panels are now 6 years old, has there been much reduction in output? (A) The solar panels have a warranty of 25 years, and the performance warranty goes with that. In terms of degradation, there isn't a significant drop-off in performance. The industry norm is for about 1% degradation per annum over the lifetime of the panels, and that calculation is factored into the overall financial plan for the site. We are not seeing this level of degradation yet but it could be expected to materialise later on. Things like panel cleaning make sure everything is working in the right way.

(Q) John Twidell: Surely self-cleaning glass should be cleaned by British rain? (A) The weather does clean the panels but areas of the site close to trees and fouling from birds can cause localised problems. Again, it is part of the O&M contract for the contractor to properly manage the cleaning of the panels – rather than cleaning the whole park, cleaning can be in targeted areas. So yes, there is self-cleaning, but there is always more that can be done to improve performance.

(Q) Mike Blanch: Rodent infestation of rabbits, how are we looking after wildlife that wants to be encouraged, like hares? (A) Fencing has been introduced to control the areas that they can access. We need to be sensitive to the environment and manage the rodent population in a controlled way – as much as we can keep them out of certain areas so that burrowing doesn't cause problems for the kit or for health and safety.

(Q) Geoff Ramshaw: Price of panels per kw is reducing since these were installed. Will a point be reached when it makes sense to replace with modern more efficient equivalent ones? (A) This is some way off given costs of replacements. It isn't a case of exchanging like for like as the entire infrastructure would need to be replaced. The incremental improvements do not currently outweigh the costs of replacement and disposal of old panels and design of the site. If there was a significant benefit to be made it is something to consider, but at the moment it

isn't on the immediate radar. Philip Wolfe: Another issue to consider is that the FIT is linked to the current design of the plant so if we changed the design of the site by replacing all the panels we would lose our current FIT rate.

### **Financial report – Bob Pedley**

The solar farm is performing well, there may be slight fluctuations, but in financial terms there is a consistent pattern. This year, like last we had a little over £2 million in income and operational expenses were much the same as 2015. Administration costs are consistent from one year to the next. Financially very similar to the previous year.

After we have paid everything we are absolutely committed to pay in operational costs, the board looks at the surplus before members' interest and tax. This was £513,000, very similar to last year. The conclusion of the consultation with members of how to distribute the surplus held at the end of the last financial year was that we would try to distribute a ratio of 85% members' interest and 15% community fund. We also aim to transfer £20,000 to reserves annually throughout the lifetime of the project. After adjusting for the payments agreed last December, there is a notional retained surplus for 2016 of £106,000 which will be carried forward and dealt with as part of the 2017 accounts.

### **Questions on the financial report**

(Q) Kevin Poppett: As you are suggesting with this surplus of £106,000 there will be a similar adjustment next year, what does that translate to in additional payments to members and to the community fund? (A) It is too early to say. The ideal is to have an annual surplus of £20,000. We have a negative reserve of around £300,000 and by having a policy of transferring £20,000 each year over the next 12-15 years we will reduce that to zero. There is no benefit to the co-operative in holding onto surpluses – we don't have a programme of investment or anything like that.

(Q) Ruth Conchie: Westmill Wind has an interest heavy bank loan. Would you consider loaning your profit to another coop? (A) In short yes, but we have constraints that we have to work to. We have an £11 million bond to Lancashire Council pension fund, and there are conditions which means funds need to be retained. There is between £300,000 and £400,000 that we have that we can't distribute without breaking our own rules, but it could potentially be loaned. This is something we would need to make sure Lancashire were happy with first.

(Q) Richard Laward: Looking at the adjusted figures, the surplus distribution for 2016 shows more than 15% of surplus being allocated to community payments. (A) The figures reflect the payments agreed following last December's consultation and some 'catch-up' from the allocation of community payments across the 2015 and 2016 accounts. The 85/15 allocation of surplus profit is the target that we are working towards going forward.

(Q) Denise Oakland: How did you decide on the total distribution? (A) Tom Parkinson – We used the 85/15 split as a yardstick and sought to pay out as much as we can from the actual surplus in 2016 without showing a deficit in that year. Although it would be possible to pay out more, the Board felt it would be better to keep a pre-tax surplus in 2016 and review this again next year.

### **Motion 5: To receive the audited accounts for 2016**

Martin Hayward put forward the motion to approve, and it was seconded by Alan Barlow.

At the meeting – all in favour, none against, 1 abstaining

Votes in advance – 214 in favour, 5 against, 33 abstaining

The motion was carried.

### **Motion 6: To re-appoint Critchleys as auditors for the Co-operative**

Alice Brandon put forward the motion to approve, and it was seconded by Nick Hards.

At the meeting – 58 (plus 155 by proxy) in favour, 1 against, none abstaining

Votes in advance – 196 in favour, 4 against, 52 abstaining

The motion was carried.

### **Motion 7: To approve capital repayment of one share for every 8 shares held**

### **Questions on the capital repayment**

(Q) Geoff Ramshaw: What is the benefit of capital repayment. Interest is far in excess of anything else achievable, why would holders want to redeem and is it essential? (A) Capital repayments were set out in the original prospectus, and it's a case of doing it when it's convenient. All members will receive some of their capital back as cash but will continue to own the same proportion of the solar farm and your share of the benefits will not go down – effectively you will get a higher percentage of interest on your remaining capital.

(Q) Ruth Conchie: What is the cost of returning capital to shareholders from an administrative perspective? (A) The Registry Trust administer it for us. It costs approximately £3k to process the return of capital, which in the context of the overall administrative costs is not significant.

Tom Parkinson: In the prospectus, a 5% capital return was anticipated in each of years 2 to 10, but the aim is to do it not as quite as regularly, say every 3–4 years, but in larger lump sums to minimise the admin costs.

Geoff Ramshaw put forward the motion to approve, and it was seconded by Richard Lord.

At the meeting – 56 in favour (plus 155 by proxy), 2 against, 1 abstain

Votes in advance – 179 in favour, 25 against, 48 abstentions

The motion was therefore carried.

### **Community Fund Update – Mark Luntley**

Westmill is a co-operative and is therefore bound by co-op principles. We are not just a collective investment. We aim to return a 9–11% IRR to members over the lifetime of the project but there is no guarantee that this level of return can be achieved. Following the 2016 AGM we sat down with other co-operatives and looked at how they distribute their community fund payments, as well as talking with other organisations we work with (notably WeSET and Low Carbon Hub) and consulting with members on our proposals last December.

Our current plan is to keep the balance between members and community payments at 85–15, create agreements setting out what is to be achieved (as long-term funding makes it easier for beneficiaries to plan), have transparent reporting (including at the AGM), look to support other community renewables (e.g. Southill Solar), and continue to be guided by members' views. Where we gave and to whom we gave it to is in the accounts.

Nina Alpey: If members have ideas on how the community fund can be spent or if members have any groups they would like to support please get in contact with the board.

Tom Parkinson: A couple of issues that were discussed in the breakout session earlier in the day were using Westmill as an even better resource for education and demonstration for schools and the wider public as well as looking at ways we can help fuel poverty.

Mike Blanch: As Chair of WeSET I'd like to thank you for the money that has been committed and we are very keen to work with you to develop ideas of how we can use that money.

### **Any other business**

(Q) John Twidell: Westmill income is heavily dependent on FIT. What happens when this finishes?

(A) Tom Parkinson: The FIT comprises 80–85% of our income. In theory we have 25 years of FIT guaranteed and our forecasts assume that this will be the case. If the FITs were removed or substantially reduced then we would have to revisit our sums pretty quickly and pretty drastically.

Bob Pedley: The FIT is due to end around 2033. By that time, the costs of the site will be fully depreciated to a net book value of £0 and we will have repaid all of the loan to Lancashire. Electricity, administration, maintenance costs will have changed, but I believe the project will still be viable.

Philip Wolfe: The financial models were only made up to the end of FIT but the project was not projected past that point. We aren't dependent upon the project being viable after the FIT in order for the project to achieve its objectives.

Mike Blanch: I would be very interested to know what data looks like putting the output of wind and solar farms together.

Tom Parkinson: This is something we can look at doing and see what it looks like.

Adam Twine: Would like to emphasise the fact that if Philip Wolfe had not joined the co-operative in its very early days, there would be no co-operative. It's thanks to Philip that we had a share offer document; he was up writing

it in the small hours of the morning. We benefited from his pioneering in the solar industry both as an engineer and in the commercial sector, lobbying for the FITs as head of the Solar Association. The solar industry owes Philip a debt, and Westmill certainly does, and for myself I want to say thank you. We wouldn't be here if not for you.

### **Closing comments – Tom Parkinson**

Thank you all for being here for the whole day and we will be emailing out in a couple of weeks' time asking for feedback. We look forward to carrying on the conversation with you, particularly about the community fund. Thank you on behalf of the board to the team at Ethex for all their work, and in particular to Aude. And on behalf of the members I would also like to thank the board for their expertise, dedication and contribution.

Meeting formally closed at 16:00



Registration number: 31265R

**Westmill Solar Co-operative Limited**  
**Annual Report and Financial Statements**  
**for the Year Ended 31 December 2017**

# Westmill Solar Co-operative Limited

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# Westmill Solar Co-operative Limited

## Society Information

### Chair

Tom Parkinson

### Directors

Martin Allman

Nina Alphey

Richard Benwell

Mark Luntley

Als Parker (appointed 20 May 2017)

Tom Parkinson

Bob Pedley

Philip Wolfe (retired 20 May 2017)

### Company Secretary

Sarah Flood

### Registered Office

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

### Registered Number

31265R

### Incorporation

The Co-operative was incorporated on 17 May 2011

### Bankers

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

### Auditors

Critchleys Audit LLP, Chartered Accountants, Beaver House, 23 – 38 Hythe Bridge Street, Oxford, OX1 2EP

# Westmill Solar Co-operative Limited

## Strategic Report for the Year Ended 31 December 2017

The Directors present their strategic report for the year ended 31 December 2017.

### Principal activity

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

### Review of the business

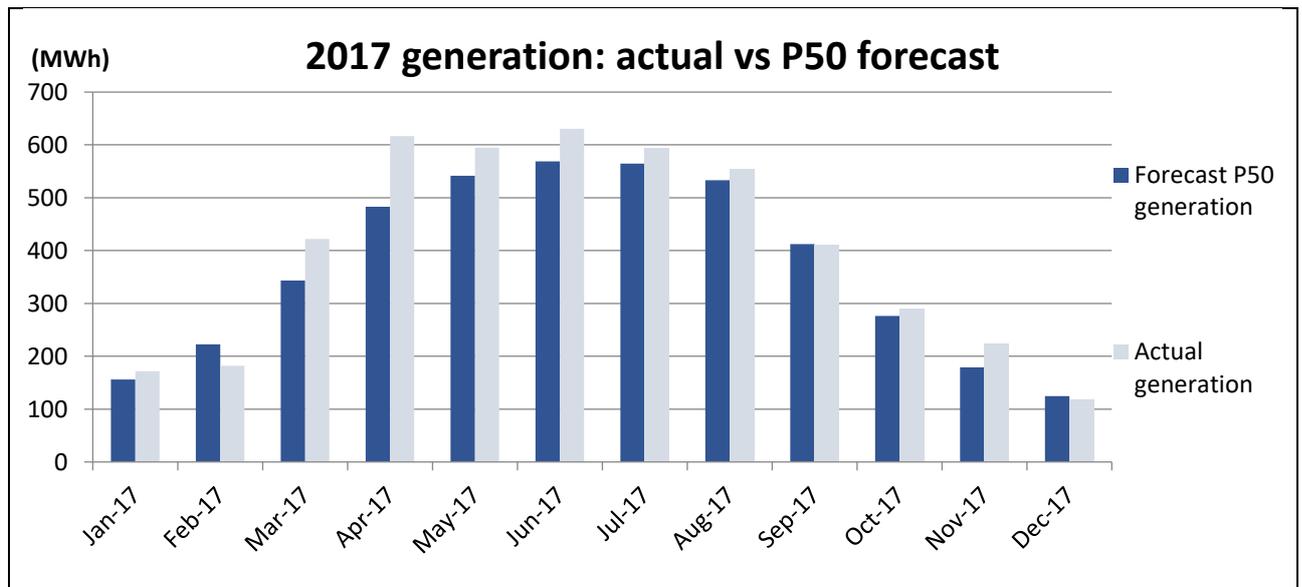
This report covers Westmill Solar's fifth full year of trading.

2017 saw some significant milestones in the sector. Friday 21 April was the first day since 1882 when no coal was used in the UK to generate electricity. UK CO2 emissions from fossil fuels over the year fell 2.6% compared to 2016 - to levels last seen in 1890. Meanwhile, the proportion of UK electricity generated by renewables continues to increase, rising from 24.5% in 2016 to 29.4% in 2017. However most of 2017's increase in renewable generation came from higher wind generation and there was a significant slowdown in the installation of new solar capacity (0.9GW in 2017 compared to 2.4GW in 2016) following the final closure of the Renewables Obligation (a government policy to support renewable energy) to new generating capacity on 31 March 2017.

Against this background, your solar park continues to produce more clean, green renewable energy than was forecast at the time of the 2012 share offer. This has provided the basis for another sound year of financial results. But a good financial performance is only part of our mission. Your Board remains committed to ensuring that Westmill remains a pioneer in community energy, inspiring new initiatives and supporting a co-operative vision of the sector and action to address climate change.

### Energy Production

In 2017 the solar plant generated 4,809 megawatt hours (MWh) of electricity. This was 9% higher than the central (P50) forecast of 4,404MWh (on which the projections set out in the share offer document were based) but 5% lower than the 5,080 MWh generated in 2016. The fall in output compared with 2016 is mainly the result of lower irradiation (basically less sunshine!) but in general the plant continues to perform well.



This amount of generation is equivalent to the annual average consumption of 1,551 UK households. On this basis, each member has effectively off-set all of their carbon emissions from their electricity usage. And, even though the carbon intensity of the UK's electricity is reducing, Westmill Solar's 2017 output still avoided 1,398 tonnes of CO2 emissions – or nearly 1 tonne per member.

## **Westmill Solar Co-operative Limited**

### **Strategic Report (continued) for the Year Ended 31 December 2017**

Up to 14 August 2017 the electricity produced by the park was sold to Good Energy. As mentioned in our letter last October, the power purchase agreement (PPA) with Good Energy came up for renewal in July 2017 and, after a tender process, your Board decided to enter into a new 2-year agreement with Co-operative Energy. All the electricity we have produced since August has therefore been sold to Co-operative Energy. We are grateful for Good Energy's support over the past 5 years and look forward to an even closer collaboration with Co-operative Energy going forward.

Good Energy and Co-operative Energy also made payments due to Westmill Solar under the Feed-in-Tariff and other premiums in relation to clean, distributed energy generation, including REGOs (Renewable Energy Guarantees of Origin).

#### **Summary of the financial position**

The Society's operating surplus in the year was £808,278 (2016: £ 848,467). This is based on a total income for the year of £1,966,174 (2016: £2,040,292) and costs (cost of sales, administrative expenses and community funding payments) of £1,157,896 (2016: £1,191,825). After taking into account member interest, the surplus before tax is £30,222 (2016: £229) and the surplus after tax is £27,911 (£2016: deficit of £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.

Some of the key contracts supporting the business were reviewed and amended during 2017 and your Board believes that the new arrangements will help underpin your Society's future operational and financial performance.

In November 2017, we entered into a new operations and management (O&M) arrangement with British Solar Renewables (BSR) on a 3-year contract, following the expiry of the previous agreement with Abakus Solar. As well as offering significantly lower prices, the appointment of BSR, whose head office is in Shepton Mallet, is expected to provide a more local and responsive service for the Society.

As already mentioned, we also changed our PPA arrangements during the year. Co-operative Energy offered the highest price in the tender process but because of a substantial fall in wholesale electricity prices since the previous pricing negotiations in 2014, our annual income under the new PPA is expected to be around £22,000 (or 8%) lower than in previous years. The overall impact of this is not unduly significant as the PPA represents a relatively small part of our total income, most of which comes from index-linked Feed-in-Tariff payments.

During the course of the year, Lancashire County Pension Fund restructured its loan portfolio. Its loan to the Society was transferred to Local Pensions Partnership Investments Limited (LPPI), with no change in terms and conditions. In December 2017 we were able to make an early repayment of £500,000 of the loan. While this reduced the amount available for members' interest in respect of 2017, we expect this early repayment to substantially reduce the interest payments that the Society will make over the remaining term of the loan, so the payment makes good financial sense for the years ahead.

# Westmill Solar Co-operative Limited

## Strategic Report (continued) for the Year Ended 31 December 2017

### Additional member benefits

Another motivation for moving the PPA from Good Energy to Co-operative Energy is to build on the work we have undertaken in the ground-breaking Piclo and Energy Local 'SWELL' trials. These projects strengthen the link between the electricity produced by Westmill Solar and the electricity needs of our members and are helping to shift the UK electricity system toward a truly local renewable approach. We are working with Co-operative Energy on a number of initiatives in this area and look forward to announcing these to members in due course.

### Other member engagement

Our membership numbers remained relatively stable year on year and as at 31st December 2017, the total number of individual members was 1,518.

Member engagement is an important aspect of the Society's governance and we welcome ideas, comments and assistance from members. We welcomed Als Parker as a new director during the year and look forward to applications from other members to join the Board in future years. We are particularly keen to get greater involvement and participation from members in relation to our Community Funding payments.

During the year we undertook a survey with members to determine their current electricity suppliers, whether you were looking to change supplier and, if so, whether you would be willing to pay more for renewable or locally generated electricity. 233 members participated and the results showed a significant commitment to renewable and local energy generation which helped shape your Board's approach in the PPA tender process.

### Impact in the community and the wider sector

#### *Community Funding*

The 2017 accounts include a total of £50,754 in Community Funding. This figure comprises £50,244 (15/85ths of the amount of the proposed 7p per share interest payment to members) plus £510 of members' interest which has been waived. This amount is in line with the proposals agreed by members in December 2016 but substantially lower than 2016's figure of £98,226, which included £31,348 allocated from the financial surplus for 2015.

As previously agreed by members, £19,622 (equivalent to 1% of 2017 turnover) of the £50,754 has been paid or committed to WeSET (Westmill Sustainable Energy Trust) to support their educational and creative work in promoting sustainable energy and energy efficiency. At the end of the year we had a balance of Community Funding payable of £76,717.

WeSET also have a key role (with the Low Carbon Hub and others) in the allocation of the rest of our Community Funding. Since the year end, approval has also been given to support a number of specific projects including:

- £11,447 to WeSET to complete development of their Schools Resource Pack
- £2,500 to WeSET to develop a proposal for a 'warm room' at the Westmill site
- £2,500 to Osney Lock Hydro towards the installation of a handrail to enable schools (and others) to visit the site safely
- £5,000 to Low Carbon Hub to subsidise energy audits for community buildings in Oxfordshire
- £5,000 to Renewable World to support their work in tackling poverty in the developing world through renewable energy

## **Westmill Solar Co-operative Limited**

### **Strategic Report (continued) for the Year Ended 31 December 2017**

#### *Community Funding (continued)*

Proposals on how to allocate the current balance of the Community Funding of £50,270 and to consider how the scope of our funding might be developed in future years will be subject to further consultation with members at (and after) this year's AGM.

#### *Policy changes and consultations*

Helping to ensure that government provides a supportive framework for the sector is a crucial element of our work. Some of your Directors joined others from Community Energy England and Energy4All at a meeting with civil servants at the Department for Business, Energy & Industrial Strategy (BEIS) in January 2017 as part of the government's consultation on energy strategy. Richard Benwell and Tom Parkinson subsequently met Clare Perry, Minister of State for Climate Change and Industry at BEIS as part of the Climate Coalition's Week of Action and extended an invitation to the Minister to visit the Westmill site, which we hope may happen later this year. The government released their new Clean Growth Strategy in October 2017. Although this highlighted the importance of solar in the UK's cleaner future, it included few specific measures to develop the sector, particularly for community projects. This is something that your Society – in its own capacity as well as through the efforts of Community Energy England and others – will continue to champion.

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

Your Board remains keen to encourage use of the solar park as an educational resource for students at all levels - as well as research institutions, social enterprises and commercial partners. We hope that Nina Alphey's recent appointment as Community Director for the Low Carbon Hub CIC will provide additional links and support for our work in this area.

#### **Board**

On behalf of all members I would like to thank my Board colleagues for the time, effort and expertise that all of them have contributed to the Society during the year.

Our rules 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 Society currently has seven Directors and Mark Luntley and Martin Allman will both be retiring and standing for re-election at the forthcoming AGM.

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

As agreed by members at the 2017 AGM, a capital repayment was made to all Westmill Solar members in October 2017 on the basis of 1 share for every 8 shares then held by members.

Your Board proposes to make an interest payment to members in respect of the 2017 accounts of 7p per share. This is the same amount per share as members approved at the 2017 AGM in relation to 2016. However the total amount of members' interest payable will be lower than for 2016, mainly because the 2016 figure included £92,968 of interest that related to the 2015 financial surplus and also because there are fewer shares in issue following the capital repayment in October 2017.

## **Westmill Solar Co-operative Limited**

### **Strategic Report (continued) for the Year Ended 31 December 2017**

#### **Summary**

Despite lower income compared to 2016, your Board is pleased with the ongoing performance of the solar park. We also believe that the steps that have been taken to reduce costs will improve our future financial performance. This should provide firm foundations for future Community Funding, support our efforts to improve the local electricity market and broaden public (and government) enthusiasm for community-owned renewable generation.

Approved by the Board on 1 May 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Tom Parkinson', with a horizontal line underneath the name.

**Tom Parkinson**

Chair Westmill Solar Co-operative

# **Westmill Solar Co-operative Limited**

## **Directors' Report for the Year Ended 31 December 2017**

The Directors present their report and the financial statements for the year ended 31 December 2017.

### **Directors of the Co-operative**

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, Mark Luntley and Martin Allman will retire by rotation but are both offering themselves for re-election.

### **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 Society 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 Society does not enter into any hedging transactions.

### **Remuneration of directors**

Following a vote by the members at the 2014 AGM the Directors of the Society 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.

During the year the Directors claimed a total of £364 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 Society'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 Audit LLP as auditors of the Society is to be proposed at the forthcoming Annual General Meeting.

## Westmill Solar Co-operative Limited

### Directors' Report (continued) for the Year Ended 31 December 2017

#### Directors' responsibilities

The rules of the Society 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 Society and of the profit or loss of the Society for that period. In preparing those financial statements, the directors are required to:

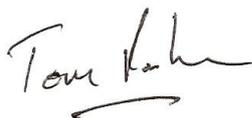
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society 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 Society 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 Society and to take any necessary decisions about the governance and management of the Society.

This report was approved by the Directors on 1 May 2018 and signed on its behalf by



#### Tom Parkinson

Chair Westmill Solar Co-operative

# **Independent Auditor's Report to the members of**

## **Westmill Solar Co-operative Limited**

### **Opinion**

We have audited the financial statements of Westmill Solar Co-operative Limited (the "society") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (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.

In our opinion, the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 December 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the committee of management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee of management have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The committee of management are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our

## Westmill Solar Co-operative Limited

### Independent Auditor's Report (continued)

#### Other information (continued)

knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation;
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

#### Responsibilities of the committee of management

As explained more fully in the director's responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [[www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)]. This description forms part of our auditor's report.



Critchleys Audit LLP, Statutory Auditor  
Beaver House  
23 – 38 Hythe Bridge Street  
Oxford, OX1 1BE

2/5/18  
Date

## Westmill Solar Co-operative Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	1,966,174	2,040,292
Cost of sales		<u>(986,575)</u>	<u>(1,004,190)</u>
<b>Gross surplus</b>		979,599	1,036,102
Administrative expenses		(120,566)	(89,409)
Community benefit payments		<u>(50,755)</u>	<u>(98,226)</u>
<b>Operating surplus</b>	4	808,278	848,467
Other interest receivable and similar income	5	2,203	3,097
Interest payable and similar charges	6	<u>(780,259)</u>	<u>(851,335)</u>
		<u>(778,056)</u>	<u>(848,238)</u>
<b>Surplus before tax</b>		30,222	229
Taxation	9	<u>(2,311)</u>	<u>(19,039)</u>
<b>(Deficit)/surplus for the financial year</b>		<u>27,911</u>	<u>(18,810)</u>

The above results were derived from continuing operations. No activities were discontinued in 2017 or 2016.

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 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	10	<u>11,818,666</u>	<u>12,444,802</u>
<b>Current assets</b>			
Debtors	11	207,043	409,949
Cash at bank and in hand	12	<u>1,410,422</u>	<u>2,014,741</u>
		1,617,465	2,424,690
<b>Creditors:</b> Amounts falling due within one year	13	<u>(984,628)</u>	<u>(990,603)</u>
<b>Net current assets</b>		<u>632,837</u>	<u>1,434,087</u>
<b>Total assets less current liabilities</b>		12,451,503	13,878,889
<b>Creditors:</b> Amounts falling due after more than one year	13	(8,421,056)	(9,283,325)
<b>Provisions for liabilities</b>	14	<u>(188,053)</u>	<u>(200,026)</u>
<b>Net assets</b>		<u>3,842,394</u>	<u>4,395,538</u>
<b>Capital and reserves</b>			
Members' share capital	15	4,067,385	4,648,440
Other reserves	16	(268,705)	(268,705)
Profit and loss account		<u>43,714</u>	<u>15,803</u>
Total equity		<u>3,842,394</u>	<u>4,395,538</u>

Signed on behalf of the Board of Directors on 1<sup>st</sup> May 2018



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T Parkinson - Chair



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R Pedley - Director



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S Flood – Company secretary

## Westmill Solar Co-operative Limited

### Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital	Other reserves	Profit and loss account	Total
	£	£	£	£
At 1 January 2017	4,648,440	(268,705)	15,803	4,395,538
Total comprehensive income	-	-	27,911	27,911
Capital repayment in year	<u>(581,055)</u>	<u>-</u>	<u>-</u>	<u>(581,055)</u>
At 31 December 2017	<u>4,067,385</u>	<u>(268,705)</u>	<u>43,714</u>	<u>3,842,394</u>

### Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital	Other reserves	Retained Earnings	Total
	£	£	£	£
At 1 January 2016	4,648,440	(268,705)	34,613	4,414,348
Total comprehensive income	-	-	(18,810)	(18,810)
Capital repayment in year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2016	<u>4,648,440</u>	<u>(268,705)</u>	<u>15,803</u>	<u>4,395,538</u>

## Westmill Solar Co-operative Limited

### Statement of Cash Flows for the Year Ended 31 December 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Surplus for the year		808,278	848,467
<u>Adjustments to cash flows from non-cash items</u>			
Depreciation and amortisation	10	<u>626,136</u>	<u>626,136</u>
		1,434,414	1,474,603
<u>Working capital adjustments</u>			
Decrease/(increase) in debtors	11	202,906	(43,754)
Increase in creditors	13	<u>47,650</u>	<u>29,232</u>
Cash generated from operations		1,684,970	1,460,081
Income taxes paid	9	<u>(20,606)</u>	<u>(22,037)</u>
Net cash flow from operating activities		<u>1,664,364</u>	<u>1,438,044</u>
<b>Cash flows from investing activities</b>			
Interest received	5	<u>2,203</u>	<u>3,097</u>
Net cash flows from investing activities		<u>2,203</u>	<u>3,097</u>
<b>Cash flows from financing activities</b>			
Interest paid		(820,829)	(808,807)
Repayment of members' share capital		(581,055)	-
Share issue costs adjustment		-	-
Repayment of other borrowings	17	<u>(869,002)</u>	<u>(470,641)</u>
Net cash flows from financing activities		<u>(2,270,886)</u>	<u>(1,279,448)</u>
Net (decrease)/increase in cash and cash equivalents		(604,319)	161,693
Cash and cash equivalents at 1 January		<u>2,014,741</u>	<u>1,853,048</u>
Cash and cash equivalents at 31 December	12	<u>1,410,422</u>	<u>2,014,741</u>

# Westmill Solar Co-operative Limited

## Notes to the Financial Statements for the Year Ended 31 December 2017

### 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

### 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.

#### 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 2017

### 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 2017

### 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 2017

#### 3 Turnover

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Feed in Tariffs	1,723,323	1,774,356
Electricity – off peak	48,749	65,400
Electricity – peak	190,295	199,347
Other income	1,372	-
Renewable Energy Guarantees of Origin	<u>2,435</u>	<u>1,189</u>
	<u>1,966,174</u>	<u>2,040,292</u>

#### 4 Operating surplus

Arrived at after charging/(crediting)

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Depreciation expense	626,136	626,136
Operating lease expense – property	<u>79,992</u>	<u>81,586</u>

#### 5 Other interest receivable and similar income

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Interest income on bank deposits	<u>2,203</u>	<u>3,097</u>
	<u>2,203</u>	<u>3,097</u>

#### 6 Interest payable and similar charges

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Interest expense on other finance liabilities (Note 18)	495,542	436,932
Shareholders' interest payable	<u>284,717</u>	<u>414,403</u>
	<u>780,259</u>	<u>851,335</u>

## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

#### 7 Staff costs

The aggregate payroll costs were as follows:

	2017 £	2016 £
Directors' remuneration	<u>7,250</u>	<u>7,250</u>
	<u>7,250</u>	<u>7,250</u>

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

	2017 No.	2016 No.
Directors	<u>7</u>	<u>7</u>

#### 8 Auditors' remuneration

	2017 £	2016 £
Audit of the financial statements	<u>6,825</u>	<u>6,000</u>
<b>Other fees to auditors</b>		
Taxation compliance services	-	760
All other non-audit services	<u>500</u>	<u>700</u>
	<u>500</u>	<u>1,460</u>

## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

#### 9 Taxation

Tax charged/(credited) in the income statement

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax	14,284	20,606
UK corporation tax adjustment to prior periods	<u>—</u>	<u>—</u>
Total current income tax	<u>14,284</u>	<u>20,606</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(11,973)	(1,567)
Tax expense in the income statement	<u>2,311</u>	<u>19,039</u>

The tax on profit before tax for the year is greater than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19% (2016 – 20%).

The differences are reconciled below:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit before tax	<u>30,221</u>	<u>229</u>
Corporation tax at standard rate	5,817	46
Deferred tax expense (credit) from unrecognised tax loss or credit	(11,973)	2,015
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>8,467</u>	<u>18,545</u>
Total tax charge	<u>2,311</u>	<u>20,606</u>

#### Deferred tax

Deferred tax assets and liabilities

#### 2017

Accelerated capital allowances  
Unused tax losses

#### Liability £

200,026  
(11,973)  
188,053

#### 2016

Accelerated capital allowances  
Unused tax losses

#### Liability £

258,853  
(58,827)  
200,026

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

## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

#### 10 Fixed assets

	Solar power plant £	Total £
<u>Cost</u> at 1 January 2017 and 31 December 2017	<u>15,046,154</u>	<u>15,046,154</u>
<u>Depreciation</u>		
At 1 January 2017	2,601,352	2,601,352
Charge for the year	<u>626,136</u>	<u>626,136</u>
At 31 December 2017	<u>3,227,488</u>	<u>3,227,488</u>
Net book value at 31 December 2017	<u>11,818,666</u>	<u>11,818,666</u>
Net book value at 31 December 2016	<u>12,444,802</u>	<u>12,444,802</u>

#### 11 Debtors

	2017 £	2016 £
Trade debtors	97,654	367,164
Other debtors	67,213	-
Prepayments	<u>42,176</u>	<u>42,785</u>
	<u>207,043</u>	<u>409,949</u>

#### 12 Cash and cash equivalents

	2017 £	2016 £
Cash at bank	413,032	1,219,555
Short-term deposits	<u>997,390</u>	<u>795,186</u>
Cash and cash equivalents in statement of cash flows	<u>1,410,422</u>	<u>2,014,741</u>

## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

#### 13 Creditors

	Note	2017 £	2016 £
<b>Due within one year</b>			
Loans and borrowings	17	463,595	470,331
Trade creditors		110,560	3,533
Community funding payable		76,717	92,726
Accrued expenses		34,755	78,123
Income tax liability	9	14,284	20,606
Shareholders' interest payable		<u>284,717</u>	<u>325,284</u>
		<u>984,628</u>	<u>990,603</u>
<b>Due after one year</b>			
Loans and borrowings	17	<u>8,421,056</u>	<u>9,283,325</u>
		<u>9,405,684</u>	<u>10,273,928</u>

#### 14 Deferred tax and other provisions

	Deferred tax £
At 1 January 2017	200,026
Movement in provision	<u>(11,973)</u>
Balance 31 December 2017	<u>188,053</u>

#### 15 Share capital

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

	2017		2016	
	No.	£	No.	£
Ordinary A shares of £1 each	<u>4,067,385</u>	<u>4,067,385</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 2017

#### 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, along with profits made in previous years.

#### 17 Loans and borrowings

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Non-current loans and borrowings</b>		
Secured borrowings	<u>8,421,056</u>	<u>9,283,325</u>
	<u>8,421,056</u>	<u>9,283,325</u>
<b>Current loans and borrowings</b>		
Secured borrowings	<u>463,595</u>	<u>470,331</u>
	<u>463,595</u>	<u>470,331</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 LPPI 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 current term (to 31<sup>st</sup> December 2034), 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 2017, the amount due for repayment after adjusting for indexation would have been £10,370,738.

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
After more than five years by instalments	6,545,860	7,442,261
After more than five years not by instalments	—	—
	<u>6,545,860</u>	<u>7,442,261</u>

## Westmill Solar Co-operative Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

#### 18 Commitments

##### Capital commitments

There are no capital commitments contracted for but not provided in the financial statements (2016: £nil).

##### Commitments under operating leases

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

	2017	2016
	£	£
Payable within one year	80,000	80,000
Payable in two to five years	320,000	320,000
Payable after five years	<u>1,153,600</u>	<u>1,233,600</u>
	<u>1,553,600</u>	<u>1,633,600</u>

##### Other financial commitments

There are no other financial commitments not provided in the financial statements (2016: £nil).

#### 19 Related party transactions

£1,500 was paid to Community Energy England (2016: £6,500) to fund its fuel poverty campaign. Philip Wolfe was a Director of Westmill Solar Co-operative Limited until 20 May 2017 and a director of Community Energy England.

Energy Local received a payment of £nil (2016: £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 £nil (2016: £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 £nil (2016: £5,000) to develop its "People Power Station."

Directors were reimbursed a total of £364 (2016: £158) and received a total of £3,513 (2016: £5,850) in shareholders' interest.

## Westmill Solar Co-operative Limited

### Detailed Profit and Loss Account for the Year Ended 31 December 2017

	2017 £	2016 £
<b>Turnover</b>		
Feed in tariffs	1,723,323	1,774,356
Electricity – off peak	48,749	65,400
Electricity - peak	190,295	199,347
Other income	1,372	-
Renewable Energy Guarantees of Origin	<u>2,435</u>	<u>1,189</u>
	<u>1,966,174</u>	<u>2,040,292</u>
<b>Cost of sales</b>		
Abakus O&M contract	61,253	69,285
Abakus premium payments	90,081	123,593
Asset management	24,604	27,952
Business rates	26,979	16,777
Cleaning of panels	-	-
Insurance	12,421	15,279
Invertor warranties	26,625	12,263
Rent on site	79,992	81,586
Security	9,781	18,285
Site electricity	6,950	4,795
Site telecoms	2,922	2,675
Smart metering	565	459
TUOS DUOS grid transmission	1,439	1,935
Vegetation	420	1,208
Depreciation of plant	626,136	626,136
Sundry operating costs	<u>16,407</u>	<u>1,962</u>
	<u>986,575</u>	<u>1,004,190</u>

## Westmill Solar Co-operative Limited

### Detailed Profit and Loss Account for the Year Ended 31 December 2017

	2017 £	2016 £
<b>Administrative expenses</b>		
AGM costs	1,637	1,836
Audit fees	6,825	6,000
Bank charges	250	175
Co-op management	27,799	27,338
Directors' expenses	355	230
Directors' liability and indemnity insurance	3,900	1,069
Miscellaneous professional fees	4,460	1,710
Payroll costs	7,250	7,250
Professional body fees	2,205	2,090
Registrars	7,411	6,244
Secondary market	4,453	4,062
Website and email	1,488	1,309
Telephone line	82	79
Plant acquisition costs	47,526	29,675
Sundry overheads	1,850	251
VAT not recoverable	<u>3,075</u>	<u>91</u>
	120,566	89,409
Community funding	<u>50,755</u>	<u>98,226</u>
	<u>171,321</u>	<u>178,635</u>
<b>Other interest receivable and similar income</b>		
Bank interest received	<u>2,203</u>	<u>3,097</u>
	<u>2,203</u>	<u>3,097</u>
<b>Interest payable and similar charges</b>		
Loan interest paid	495,542	436,932
Shareholders' interest payable	<u>284,717</u>	<u>414,403</u>
	<u>780,259</u>	<u>851,335</u>

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

## Process

Two members have put themselves forward as candidates for the board for two available positions on the board. One third of Co-operatives directors are required to retire by rotation each year. This year Mark Luntley and Martin Allman will retire by rotation – with both standing for re-election. 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

### Mark Luntley



I am standing for re-election because I'm passionate about Westmill Solar Cooperative and its community based financial model. I helped develop the share offer documents and source the bond finance - both of which were critical for the cooperative's successful launch. I have supported my board colleagues encouraging genuine member involvement and have helped put together several AGM meetings.

I am a director of the separate Westmill Windfarm Board, of Sustainable Charlbury Charity, and until this month also Chaired the Oxfordshire Credit Union. I help bring people and organisations together, so we achieve more than if we worked in isolation.

I am a non-executive director of Energy4All which has developed 23 community owned renewable projects around the UK and now also sit on the REScoop board representing energy cooperatives at EU level. We are developing a range of community projects from a fund to provide capital for future cooperative energy projects to a cooperative electric car share platform.

My professional background was in local government. I was Finance Director at Oxford City Council from 2002 to 2007 before joining the Local Government Association and subsequently Local Partnerships as a Finance Director.

I believe in the power of individuals and communities working together and in businesses that challenge the established way of doing business. My personal style is a democratic and open one and I bring energy, enthusiasm, warmth and professionalism to the board.

If re-elected my focus will be to ensure the solar project continues to be a well-managed, democratic, innovative, local solar-cooperative.

Martin Allman



I have been privileged to sit as a board member of the Westmill Solar Co-operative over the last three years and would be delighted to be re-elected for another term.

Over the last three years I have been particularly focused on supporting the safe and efficient operational management of the solar farm. This has included close collaboration with our operations and maintenance (O&M) contractors, as well as with our asset manager (RINA, formerly OST) and Ethex.

Over the last year I have taken the lead in overseeing the replacement of ENcome (formerly Abakus) as our O&M provider. This role has now been filled by British Solar Renewables (BSR) who offer a high level of service and greater value for money.

Should I be re-elected, going forward I will be looking to further review the role of our asset manager to ensure that the level of service and support that we need is appropriate and relevant to the changing needs of the site. It is fundamentally important that we as the board are able to ensure that the solar farm continues to perform well and give members the return on investment.

Aside from general operational issues, I am also keen to work with the board and members in continuing the focus on innovation which is the hallmark of Westmill. This includes the developments that are being considered with battery storage, an area where I have a particular personal interest.