



Registration number: 31265R

**Westmill Solar Co-operative Limited
AGM 2019**

Saturday 18th May, 10.00am to 4pm

Hawksworth Hall, Steam Museum, Swindon, SN2 2EY



Table of Contents

Timetable for the day.....	3
Agenda for the Westmill Solar AGM 2019.....	4
Draft Minutes Annual General Meeting 2018.....	5
Annual Report and Financial Statements for the Year Ended 31 December 2018.....	11
Nominations to the board.....	39
Westmill Solar Bond Proposal.....	42

Westmill Solar Co-operative AGM 2019, 18th May 2019

Timetable for the day

Start	End	Activity
8.45		Bus Pick up from Oxford Railway Station
10.00		Doors open for registration
10:30	10:35	Welcome & Safety – Tom Parkinson
10:35	11:35	Nicky Conway - Sustainable Development Manager, National Grid - Robert Llewellyn - actor and presenter of Fully Charged (TBC)
11:35	11:50	Barbara Hammond (Chief Executive of Low Carbon Hub) – Low Carbon Hub update
11:50	12:05	Mike Blanch – WeSET update
12:05	12:10	Natasha Hoare (Community Energy research student from Lancaster University)
12:10	13:15	Lunch Opportunity to visit exhibition and electric mini display by Swindon Powertrain
13:15	14:30	Westmill Wind AGM Westmill Solar/Co-op Affiliate Agreement Breakout Session
14:30	14:45	Coffee Break
14:45	16:00	Westmill Solar AGM
16:15		Bus Return to Oxford Railway Station

Please note times and speakers are subject to change

Agenda for the Westmill Solar AGM 2019

14:45- 16:00 AGM

Welcome – Tom Parkinson

1. To approve minutes of 2018 AGM
2. To re-elect Tom Parkinson as a director
3. To elect Mairi Brookes as a director

The performance of the solar park – Martin Allman

Financial report – Bob Pedley

4. To receive the audited accounts for the year to 31st December 2018 incorporating an interest payment of 12p per share and Community Funding of £86,148.
5. To re-appoint Critchleys as auditors to the Co-operative

Westmill Solar Bond Proposal – Tom Parkinson

6. To approve the development and implementation by the Directors of a bond and share offer substantially in accordance with the principles outlined in the notice of the 2019 Annual General Meeting (and permitting in particular the prioritisation of applications from new rather than existing members, the offer of preferential terms to local and other applicants and the issue of shares out of distributable profits of the Society for the purposes of Rule 24.1 of the Society's Rules) but in all respects on such terms as the Directors may, at their discretion, consider appropriate.

Any other business; questions and answers – Tom Parkinson

Draft Minutes of Annual General Meeting held at 13.00 on Saturday 19th May 2018

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

Attendance

Present: Martin Allman (Director), Nina Alphey (Director), Richard Benwell (Director), Sarah Flood (company Secretary), Mark Luntley (Director), Tom Parkinson (Chair), Bob Pedley (Director),

Apologies: Als Parker (Director)

Attendees: 63 members (in addition to the 7 Directors listed as present above)

Registered proxy votes: 152

The meeting comprised over 12 members and was therefore quorate.

Total number of members voting: 420 (198 in advance, 152 by proxy and 70 in person at the meeting).

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, Bob Pedley, Martin Allman and Nina Alphey, Sarah Flood and gave apologies for Als Parker

Tom also introduced the live stream of the event, of which 10 members were currently watching.

Motion 1: Approval of minutes of the 2017 AGM

There were no comments on the draft minutes. Geoff Ramshaw put forward the motion to approve the minutes, and it was seconded by Clive Goodwin

At the meeting – 44 (plus 152 by proxy) in favour, none against, 3 abstaining

Votes in advance – 154 in favour, 2 against, 42 abstaining

The minutes were therefore approved.

Motion 2: Re-election of Mark Luntley to board of directors

Before putting forward the motion to re-elect Mark Luntley, Tom encouraged members who would be interested in possibly joining the board in future to contact Ethex or any of the board members who would then arrange for them to attend one of the board meetings to better understand responsibilities of the board.

Nan Pratt put forward the motion to reappoint Mark Luntley to the board, and it was seconded by Mike Landy.

At the meeting –60 (plus 152 by proxy) in favour, none against, none abstaining

Votes in advance – 154 in favour, 1 against, 40 abstaining

Mark Luntley was therefore re-elected to the board.

Motion 3: Re-election of Martin Allman to board of directors

Penelope Hockley put forward the motion to appoint Martin Allman to the board, and it was seconded by Alan Barlow.

At the meeting – 60 (plus 152 by proxy) in favour, none against, none abstaining

Votes in advance – 154 in favour, 1 against, 40 abstaining

Martin Allman was therefore re-elected to the board.

The Performance of the Solar Park – Martin Allman

As with previous years the performance and generation of the park remains strong. In 2017 the solar plant generated 4,809 megawatt hours (MWh) of electricity which was 9% higher than the central (P50) forecast of 4,404MWh. This was however 5% less than last year, as a result of the lower irradiation figures.

Apart from February and December, each month in 2017 produced more power than predicted. Martin explained that generation levels will always fluctuate depending on weather and any performance issues with the solar park. Throughout the year the park generated the equivalent consumption of 1,551 UK households and avoided some 1,398 tonnes of CO2 emissions – almost 1 tonne per member.

Martin then went on to provide an overview of some of the changes in contracts that took place throughout the year. In particular our operations and maintenance (O&M) contract came up for renewal in 2017.. Following thorough deliberation, the board decided to switch, and sign a new 3-year contract with British Solar Renewables (BSR). Aside from the more competitive price, Westmill has also been since receiving a higher, more responsive level of service. This is mainly down to the O&M market having further developed since the site was launched.

Martin then outlined the main focus for 2018 which was to review our asset management arrangements and to work on planned and reactive maintenance with BSR to keep the site performing well.

Questions on the performance of the solar park

There were no questions asked in regards to the performance of the Solar Park

Financial report – Bob Pedley

Bob Pedley announced that, from generating consistent levels of power throughout the year, Westmill is in a very steady shape, with costs being kept comfortably under control. This was the first year in which the site's income had dropped to below £2M which was primarily due to the lower levels of irradiation previously mentioned by Martin. We hope that the current weather stays to bring us back up above the £2M mark.

This year there was also a reduced amount paid out to members in 2017 in comparison to 2016. However, this is due to the fact that the co-operative was more conservative with its interest payments in 2015 and some of the retained surplus was subsequently paid out to members, so the 2016 figures includes this additional 2p per share. There is also a £600,000 reduction in Westmill's cash reserves compared to 2016, which is in part due to the capital return to members agreed upon last year and also from an early lump sum repayment of £500,000 to Local Pensions Partnership Investments (LPPI). By reducing the amount of the loan, we expect to have lower interest payments in future years..

Questions on the financial report

(Q) David Uren: A very good set of results. The solar farm is not as young as it was. Being mindful of events with the Windfarm, does the board the board include any projections for failing parts?

(A) Bob Pedley: The issue with failing parts is less significant as with the wind turbines. The O+M contractor is constantly checking the site. If they identify any problems with a panel or inverter, they are modular, which makes it very easy to simply replace with a new component at low cost. There is an expectation that over the course of time the panels will not perform as optimally as when first installed but this decreasing efficiency is built into the financial model.

(Q) Richard Lord: We have more than £1M cash in the business. Why are we retaining profit each year with that £1M just sitting there?

(A) Bob Pedley: On the balance sheet, we don't have a cumulative profit because of the way the purchase of the park was structured, therefore we need to retain profit each year to pay down that initial loss. We also have conditions of the loan with LPPI that require us to hold a minimum amount of cash in the business.

(Q) Chris Healey: Is there any possibility of increasing the size of solar farm given lack of Feed in Tariffs (FiTs) going forward?

(A) Bob Pedley: The FiTs we receive are based on the design of the park as it is and we could lose these if we changed too much. Any increase to the park size would also require further planning permission etc. There is the longer-term possibility of replacing the current panels with more efficient panels but this is not something that makes financial sense at the moment.

(Q) Mike Landy: Did the change in business rates during the year affect the Co-op?

(A) Bob Pedley: The changes didn't affect us substantially last year but may do so in the future, we will be looking to engage consultants to challenge our current rating to ensure any increases are minimised.

(Q) submitted in advance by Jane Twigg: The 2012 share offer document showed excellent returns and especially as the returns appear to be lower than this, we should have a separate vote on the level of payments to the community funding.

(A) Tom Parkinson: Member returns to date are actually ahead of what was set out in the share offer document and the 85/15 split was specifically agreed by members in December 2016 in the context of the park's consistently strong performance and the wording of Motion 5 reflects this.

Motion 5: To receive the audited accounts for 2017 incorporating an interest payment of 7p per share and Community Funding of £50,244.

David Uren put forward the motion to approve, and it was seconded by Eoin Lees.

At the meeting – Approximately 60 (plus 152 by proxy) in favour, none against, none abstaining

Votes in advance – 177 in favour, 1 against, 42 abstaining

The motion was carried.

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

Clive Goodman put forward the motion to approve, and it was seconded by Mark Luntley.

At the meeting – 56 (plus 152 by proxy) in favour, 1 against, 1 abstention

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

The motion was carried.

Community Funding Update

Tom Parkinson introduced Richard Benwell to present on the Community funding update. Richard began by explaining the tendency for more people to be described as shy and in doing so how he had recognised a new category – “the shy Westmiller”. For example, he had recently bumped into a previous prominent campaigner against the Westmill Wind site, taking photos of the turbines. When asked what had changed his mind, he explained that his granddaughter had been on one of WeSET's tours of the site with her school and had come back with so much enthusiasm that she had changed his perspective. This just shows the importance of the community fund and how Westmill's contributions are starting to see some real impacts not just locally with WeSET but also wider with the Low Carbon Hub, Community Energy England and also internationally.

The Community Funding aspect of the AGM was to be split in two halves: the first being what funding had been spent on to date followed by questions and secondly to put the discussion to those members present as to what they would like to see funding go towards in the future.

Richard introduced Mike Blanch, who spoke on what WeSET had used the community funds for since 2015. One of the substantial funding inputs was the support from Westmill Solar in helping Trust for Oxfordshire's Environment (TOE2) undertake energy efficiency audits for community buildings which could not afford them.

Future spending was aiming be used funding school energy resource packs, international aid project funding - Renewable World, and towards an improved shelter at the Westmill site.

Richard introduced Barbara Hammond from Low Carbon Hub (LCH), who spoke on how funds were being use to help the regional network around Oxfordshire. Money put towards mounting a balustrade at Osney Lock Hydro, might seem like a small thing, but in doing so it has allowed school children to get closer to the hydro scheme and in turn understand more about the scheme and its contributions to biodiversity along the Thames. Funds had also gone towards developing the People's Power Station – which now features Westmill Solar's generation data. When FiT ends we will lose a big picture view from government figures of what renewable are doing and so the People's Power Station will help greatly in providing us with information to continue to lobby and speak for the sector.

Richard then opened the floor to any questions from the floor.

(Q) When will these Energy Audits spread into Swindon/Wiltshire. There are a lot of community centres that would benefit from this service.

(A) Barbara Hammond: LCH can develop projects anywhere, however our community fund can only be spent in Oxfordshire.

Mike Blanch: WeSET does not have the same restraints as where to spend its funds. If members wanted, Westmill solar could propose buildings where they want their funds to be used for audits. From that we could consider how to put together a fund in Wiltshire similar to TOE2.

(Q) Clive Goodman: Can we extend the influence of Westmill Solar more into North East Wiltshire?

(A) Mike Blanch: If we are talking about communities, Swindon is one of the largest local communities. We do help fund the Swindon Earth Summit as part of our engagement with Swindon in terms of education. There is certainly no limit to Swindon Borough council to get involved. To progress this WeSET would need to get in contact with a leading councillor and leading officer to help WeSET understand who the actors in the community are. Westmill could agree to meet as a board with Swindon Council. Noted to get in contact with them.

Richard then opened the second half of the session, asking for suggestions as to what members would like to see community funding focus on in the future.

Renewable Transport

Members put forward the idea of looking to see if the community fund could help renewable transport particularly the manufacturing and production of electric bikes and on street charging points in cities. Would be a good area to do more research on, looking at making this more equitable for people who don't have access to charge points at home.

Chris Healey: attended a Green Car event in Oxford where there was a company looking at installing charging points to street lampposts alongside a transparent billing system.

Lobbying on local development issues

Mike Landy: When the zero carbon homes policy was scrapped in 2015 the Planning and Energy Act also added confusion to the situation by allowing local authorities to apply higher standards to green measures than the national planning framework. There is therefore huge potential for WeSET to interact with local authorities to help implement existing policies.

Richard Benwell: The government have given themselves a graceful back door to bring back zero carbon homes through a pledge called Environmental Net Benefit requiring all housing developments to demonstrate that they are net positive for the environment. Consultation for that is coming soon so if you get a chance make sure to write a letter to this consultation. As for whether Westmill can do negotiations with local authorities, it might be that there are other groups already set up with whom Westmill could work with.

Fuel Poverty

Adam Twine: Was mentioned in earlier talks during the day. Often those who benefit from switching don't have the headspace or confidence to do so. Could funds be used to look at the potential at finding partners to work with organisations who are working on this?

Barbara Hammond: Ebico, is an energy supply company with headquarters in Oxfordshire, who have a grant fund for people working on fuel poverty projects. LCH is working with Ebico to identify the best way in which LCH can help with this issue.

Robin Powell: There is also a small charity called the National Energy Action that are also doing a lot work to help combat fuel poverty. Currently working in partnership with Scottish and Southern Energy (SSE) on 'Take Control' project which aims to reduce the wider impacts of fuel poverty and fuel debt for households across England through advice provision and fuel debt training.

Richard Benwell: Some of these issues are bigger than Westmill can handle but there are certainly areas where we can get in at the start and ensure that we make positive influence to then help tip the scales in favour of social and ethical development. Of course, we don't just want this to be a conversation that ends today. Please continue to share your ideas. 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 Ethex or the board.

Closing comments – Tom Parkinson

Thank you all for being here today and please make sure to fill out your yellow feedback forms with your comments on the day so we can see how in future we may be able to improve. 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 Energy4all for helping organise this event and to Ethex and all the panellists who have come along today. And on behalf of the members I would also like to thank the board for their expertise, dedication and contribution.

Meeting formally closed at 14:30



Registration number: 31265R

Westmill Solar Co-operative Limited
Annual Report and Financial Statements
for the Year Ended 31 December 2018

Westmill Solar Co-operative Limited

Contents

Society Information	3
Strategic Report	4 to 8
Directors' Report	9 to 10
Statement of Directors' Responsibilities	10
Independent Auditor's Report	11 to 12
Statement of Comprehensive Income	13
Balance Sheet	14
Statement of Changes in Equity	15
Statement of Cash Flows	16
Notes to the Financial Statements	17 to 26
Detailed Profit and Loss Account	27 to 28

Westmill Solar Co-operative Limited

Society Information

Directors

Tom Parkinson (Chair)
Martin Allman
Nina Alphey
Richard Benwell
Mark Luntley
Alexandra Parker
Bob Pedley

Company Secretary

Sarah Flood

Registered Office

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

Incorporation and Registered Number

The Society was incorporated on 17 May 2011. Registered Number 31265R

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 2018

The Directors present their strategic report for the year ended 31 December 2018.

Principal activity

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

Review of the business

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

The acquisition of the Westmill solar park in 2012 was inspired by concerns about man-made global warming. Six years on and weather events in 2018 - from the Californian wildfires to record summer temperatures in England - have highlighted the ongoing impact of climate change and how much further progress is required. UK CO2 emissions have fallen significantly in recent years, mainly because a third of our electricity is now generated from renewable sources instead of coal. But there has been much less progress in the UK heating and transport sectors and global CO2 emissions actually rose by 2% compared to 2017. Limiting global warming to the 1.5°C goal targeted by the Paris Agreement is estimated to require global CO2 emissions to reduce by 50% by 2030 and to reach net zero by 2050 - and many would argue we need to do more than this. Although the need for effective solutions is increasingly urgent, strenuous and co-ordinated efforts will be required for years, indeed decades, to come.

Against this background and, ironically, partly because of the long, hot summer, 2018 saw a strong operational and financial performance for your Society. And while this remains your Board's first priority, we also want to ensure that this success supports and inspires wholesale decarbonisation as part of a more co-operative, sustainable future.

Energy Production

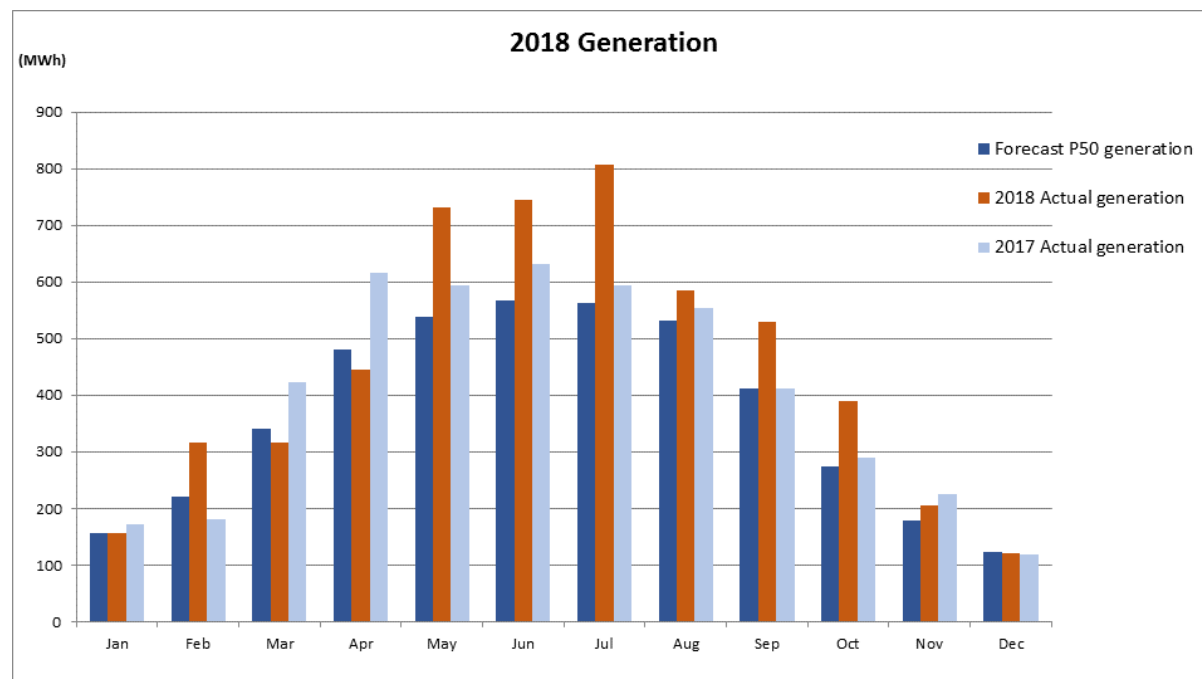
In 2018 the solar plant generated 5,350 megawatt hours (MWh) of electricity. This was approximately 22% higher than the central (P50) forecast of 4,386MWh (on which the projections set out in the 2012 share offer document were based) and 11% higher than last year's total of 4,809MWh. The increase in output compared with 2017 is largely the result of increased irradiation (basically more sunshine) over the year, and our generation was very close to the record annual generation (in 2014) of 5,393MWh.

This amount of generation is equivalent to the annual average consumption of approximately 1,725 UK households. On this basis, each member has effectively off-set all of their carbon emissions from their electricity usage - and 14% of a neighbour's. And, even though the carbon intensity of the UK's electricity continues to reduce, Westmill Solar's 2018 output still avoided 1,503 tonnes of CO2 emissions - almost 1 tonne per member.

Westmill Solar Co-operative Limited

Strategic Report (continued) for the Year Ended 31 December 2018

Energy Production (continued)



Summary of the financial position

The Society's operating surplus in the year was £1,205,171 (2017: £808,268). This is based on a total income for the year of £2,247,016 (2017: £1,966,174) and costs (cost of sales, administrative expenses and community funding payments) of £1,041,845 (2017: £1,157,906). After taking into account member interest, the surplus before tax is £279,611 (2017: £30,212) and the surplus after tax is £244,269 (£2017: £27,901).

Outlook and principal risks and uncertainties

The Society's financial results for 2018 reflect both a substantial increase in income and a substantial reduction in operating and financing costs compared to 2017. Although our income is, to a large extent, weather-dependent, the cost reductions mainly reflect the new operations and management (O&M) arrangements implemented during 2017 and lower interest payments to Local Pensions Partnership Investments Limited (LPPI) following the early repayment of £500,000 of their loan in December 2017. While maintenance costs are likely to increase over time as the plant ages, your Board currently expects many of these cost and financing savings to continue into 2019 and future years.

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. To date, we have experienced few material breakdowns or outages. In 2018 the site was offline for just 2 hours.

Westmill Solar Co-operative Limited

Strategic Report (continued) for the Year Ended 31 December 2018

Outlook and principal risks and uncertainties *(continued)*

Our income depends not just on maximising our generation but also on maximising the amount we receive for our generation. Over 85% of our income in 2018 came from Feed-in-Tariff payments which are index-linked and which we should continue to receive until 2036. Most of the rest of our income comes from selling the electricity we generate under a Power Purchase Agreement (PPA) with Co-operative Energy. This agreement was scheduled to expire in July 2019. Since the year end, we have agreed to extend the PPA with Co-operative Energy until January 2022 and, mainly because of the increase in wholesale electricity prices since the last renewal in 2017, the new price that will apply during the latter part of 2019 is around 16% higher than the price we received during 2018.

Apart from the solar park, the Society's main asset is its membership. Your Board believes that we need to expand our membership to ensure that the Society can continue to thrive over the expected life-time of the solar park. We have therefore been developing proposals that achieve this aim whilst also strengthening the Society's financial position. Further information on these proposals will be circulated to members with the papers for our forthcoming AGM.

Member engagement

Our membership numbers remained relatively stable year on year and as at 31st December 2018, the total number of individual members was 1,514.

Member engagement is an important aspect of the Society's governance and we welcome ideas, comments and assistance from members. We are particularly keen to broaden our membership, especially among younger people in the local area and to encourage greater involvement and participation from all our members in relation to our Community Funding payments.

Impact in the community and the wider sector

Community Funding

The Society's income statement for 2018 includes a total of £86,148 (£50,755 in 2017) in Community Funding payments. As agreed by members in December 2016, this figure represents 15/85ths of the proposed 12p per share interest payment.

Also as previously agreed by members, £22,470 (equivalent to 1% of 2018 turnover) of the £86,148 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.

WeSET has a key role (with the Low Carbon Hub and others) in the allocation of the rest of our Community Funding. Payments that were made during 2018 included:

- £11,447 to WeSET towards the 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 2018

Impact in the community and the wider sector *(continued)*

Community Funding *(continued)*

After these payments, and taking into account the amount brought forward from 2017, the undistributed balance of the £86,148 for 2018 and waived shareholder interest of £377, we ended the year with £117,146 in our Community Funding account. £41,000 of this sum has been committed since the end of the year as follows:

- £10,000 to Low Carbon Hub to subsidise further energy audits for community buildings in Oxfordshire
- £9,000 to Low Carbon Hub to help fund a schools efficiency programme
- £10,000 towards the development of the 'warm room' at the Westmill site
- £7,000 to WeSET towards an education toolkit, building on the Schools Resource Pack
- £5,000 to Renewable World to further support their work in the developing world

Proposals on how to allocate the remaining balance of Community Funding of £68,676 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. In the meantime, your Board has also been discussing with LPPI a number of amendments to our loan agreement to allow additional flexibility in our Community Funding in future.

Policy changes and consultations

Helping to ensure that government provides a supportive framework for the sector is an important element of our work – and 2018 was a difficult year in this respect. Government focus on Brexit inevitably resulted in less attention being devoted to other business, including the development and implementation of the Clean Growth Strategy that was announced in October 2017. The impending closure of the Feed-in-Tariff arrangements and prospective changes to the way electricity network charges are calculated also severely dampened prospects for small-scale renewables. However, there were some more positive developments and we were one of the organisations supporting the successful 'Don't Steal our Solar' campaign which ensured domestic householders and other small generators will still receive some export payments for the surplus electricity they generate.

As a founder member of Community Energy England, we will continue to lobby for a fairer playing field for the community energy sector. The continuing financial success of Westmill Solar is a key element of this and, through our example and our community funding, we hope to support similar projects to Westmill Solar in the future.

The Society's membership of the Climate Coalition reflects our desire to co-ordinate our efforts across the wider environmental movement. In this respect, we were delighted that Richard Benwell's expertise in wildlife conservation and communications was recognised with him becoming a policy adviser at the Department for Environment, Food and Rural Affairs, even if the demands of this new role (and a growing family) have led him to relinquish his role as a Director after the forthcoming AGM.

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.

Westmill Solar Co-operative Limited

Strategic Report (continued) for the Year Ended 31 December 2018

Board

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

The Society's 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. There are currently seven Directors and Tom Parkinson and Richard Benwell will both be retiring at the forthcoming AGM. Although Tom is standing for re-election, Richard is not. Your Board would like to thank Richard and Als Parker (who is stepping down from the Board at the AGM following her family's relocation to Devon) for all that they have done for the Society. While we will miss their contributions greatly, we have been encouraged by the enthusiasm of other members to join the Board and take the Society forward.

Interest payments to members and capital returns

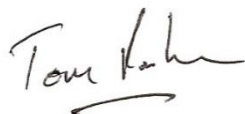
Your Board proposes to make an interest payment to members in respect of the 2018 accounts of 12p per share. This is 5p per share higher than the amount approved by members in 2018 in relation to the 2017 accounts and reflects the strong performance for the year. Although your Board generally expects the amount of interest paid per share to increase over time, the Society's financial results depend to a large extent on the weather so members should expect interest payments to fluctuate from year to year. By retaining some of the profits from 2018, your Board aims to reduce the extent of these fluctuations in the coming years.

There are no capital returns proposed in respect of 2018. Following the capital return in October 2017, around 30% of members' original capital has now been returned. This is slightly greater than the amount anticipated in the 2012 share offer document and, as previously outlined, your Board intends to make further capital returns over the expected lifetime of the solar park as and when appropriate.

Summary

2018 was a strong financial year for the Society despite continuing political and environmental turbulence. Your Board remains pleased with the ongoing performance of the solar park and confident for the Society's own economic prospects but concerned that there is still insufficient attention being devoted to the well-being of the sector – and the world at large – on which we all, ultimately, depend.

Approved by the Board on 01 May 2019 and signed on its behalf by:



Tom Parkinson

Chair Westmill Solar Co-operative

Westmill Solar Co-operative Limited

Directors' Report for the Year Ended 31 December 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

Incorporation

The Society 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 Alphey

Richard Benwell

Mark Luntley

Alexandra Parker

Tom Parkinson

Bob Pedley

The Rules allow for a maximum number of seven Board members of which the number closest to one third must retire each year in rotation. At the AGM in May 2018, Martin Allman and Mark Luntley retired by rotation and were re-elected to the Board.

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 ad hoc members remuneration committee. The remuneration is £1,000 per Director per annum and £1,250 for the Chair. The Board is seeking to establish another ad hoc committee of members to review whether any changes should be made to the current arrangements.

During the year the Directors claimed a total of £894 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 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 2018

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:

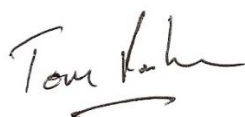
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

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 01 May 2019 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 2018 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 December 2018 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 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.

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

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. This description forms part of our auditor's report.

Use of our report

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.



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

1 May 2019

Westmill Solar Co-operative Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	3	2,247,016	1,966,174
Cost of sales		<u>(879,660)</u>	<u>(986,575)</u>
Gross surplus		1,367,356	979,599
Administrative expenses		(76,037)	(120,576)
Community funding payments		<u>(86,148)</u>	<u>(50,755)</u>
Operating surplus	4	1,205,171	808,268
Other interest receivable and similar income	5	2,467	2,203
Interest payable	6	(439,940)	(495,542)
Members' interest	6	<u>(488,087)</u>	<u>(284,717)</u>
Surplus before tax		279,611	30,212
Taxation	9	<u>(35,342)</u>	<u>(2,311)</u>
Surplus for the financial year		<u>244,269</u>	<u>27,901</u>

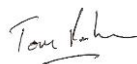
The above results were derived from continuing operations. No activities were discontinued in 2018 or 2017.

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 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	10	<u>11,192,530</u>	<u>11,818,666</u>
Current assets			
Debtors	11	106,252	207,043
Cash at bank and in hand	12	<u>2,184,406</u>	<u>1,410,422</u>
		2,290,658	1,617,465
Creditors: Amounts falling due within one year	13	<u>(1,283,364)</u>	<u>(984,628)</u>
Net current assets		<u>1,007,294</u>	<u>632,837</u>
Total assets less current liabilities		12,199,824	12,451,503
Creditors: Amounts falling due after more than one year	13	(7,962,812)	(8,421,056)
Provisions for liabilities	14	<u>(150,349)</u>	<u>(188,053)</u>
Net assets		<u>4,086,663</u>	<u>3,842,394</u>
Capital and reserves			
Members' share capital	15	4,067,395	4,067,395
Other reserves	16	(268,705)	(268,705)
Profit and loss account		<u>287,973</u>	<u>43,704</u>
Total equity		<u>4,086,663</u>	<u>3,842,394</u>

Signed on behalf of the Board of Directors on 1st May 2019



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 2018

	Share capital	Other reserves	Profit and loss account	Total
	£	£	£	£
At 1 January 2018	4,067,395	(268,705)	43,704	3,842,394
Total comprehensive income	-	-	244,269	244,269
Capital repayment in year	-	-	-	-
At 31 December 2018	<u>4,067,395</u>	<u>(268,705)</u>	<u>287,973</u>	<u>4,086,663</u>

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

	Share capital	Other reserves	Retained Earnings	Total
	£	£	£	£
At 1 January 2017	4,648,440	(268,705)	15,803	4,395,538
Total comprehensive income	-	-	27,901	27,901
Capital repayment in year	<u>(581,045)</u>	-	-	<u>(581,045)</u>
At 31 December 2017	<u>4,067,395</u>	<u>(268,705)</u>	<u>43,704</u>	<u>3,842,394</u>

Westmill Solar Co-operative Limited

Statement of Cash Flows for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Operating surplus for the year		1,205,171	808,268
<u>Adjustments to cash flows from non-cash items</u>			
Depreciation and amortisation	10	<u>626,136</u>	<u>626,136</u>
		1,831,307	1,434,404
<u>Working capital adjustments</u>			
Decrease/(increase) in debtors	11	100,791	202,906
Decrease in creditors	13	<u>88,986</u>	<u>47,650</u>
Cash generated from operations		2,021,084	1,684,960
Income taxes paid	9	<u>(14,284)</u>	<u>(20,606)</u>
Net cash flow from operating activities		<u>2,006,800</u>	<u>1,664,354</u>
Cash flows from investing activities			
Interest received	5	<u>2,467</u>	<u>2,203</u>
Net cash flows from investing activities		<u>2,467</u>	<u>2,203</u>
Cash flows from financing activities			
Interest paid		(777,713)	(820,829)
Repayment of members' share capital		-	(581,045)
Repayment of other borrowings	17	<u>(457,570)</u>	<u>(869,002)</u>
Net cash flows from financing activities		<u>(1,235,283)</u>	<u>(2,270,876)</u>
Net (decrease)/increase in cash and cash equivalents		773,984	(604,319)
Cash and cash equivalents at 1 January		<u>1,410,422</u>	<u>2,014,741</u>
Cash and cash equivalents at 31 December	12	<u>2,184,406</u>	<u>1,410,422</u>

Westmill Solar Co-operative Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The society 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 2018

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 2018

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 2018

3 Turnover

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

	2018	2017
	£	£
Feed in Tariffs	1,990,388	1,723,323
Electricity	255,037	239,044
Other income	-	1,372
Renewable Energy Guarantees of Origin	<u>1,591</u>	<u>2,435</u>
	<u>2,247,016</u>	<u>1,966,174</u>

4 Operating surplus

Arrived at after charging/(crediting)

	2018	2017
	£	£
Depreciation expense	626,136	626,136
Operating lease expense – property	<u>89,952</u>	<u>79,992</u>

5 Other interest receivable and similar income

	2018	2017
	£	£
Interest income on bank deposits	<u>2,467</u>	<u>2,203</u>
	<u>2,467</u>	<u>2,203</u>

6 Interest payable and similar charges

	2018	2017
	£	£
Interest expense on other finance liabilities (Note 18)	439,940	495,542
Shareholders' interest payable	<u>488,087</u>	<u>284,717</u>
	<u>928,027</u>	<u>780,259</u>

Westmill Solar Co-operative Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

7 Staff costs

The aggregate payroll costs were as follows:

	2018	2017
	£	£
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:

	2018	2017
	No.	No.
Directors	<u>7</u>	<u>7</u>

8 Auditors' remuneration

	2018	2017
	£	£
Audit of the financial statements	<u>6,475</u>	<u>6,825</u>
Other fees to auditors		
Taxation compliance services	-	-
All other non-audit services	<u>865</u>	<u>500</u>
	<u>865</u>	<u>500</u>

Westmill Solar Co-operative Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

9 Taxation

Tax charged/(credited) in the income statement

	2018	2017
	£	£
Current taxation		
UK corporation tax	73,046	14,284
UK corporation tax adjustment to prior periods	<u>-</u>	<u>-</u>
Total current income tax	<u>73,046</u>	<u>14,284</u>
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(37,704)</u>	<u>(11,973)</u>
Tax expense in the income statement	<u>35,342</u>	<u>2,311</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% (2017 – 19%).

The differences are reconciled below:

	2018	2017
	£	£
Profit before tax	<u>279,611</u>	<u>30,221</u>
Corporation tax at standard rate	53,124	5,817
Deferred tax expense (credit) from unrecognised tax loss or credit	(37,704)	(11,973)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>19,922</u>	<u>8,467</u>
Total tax charge	<u>35,342</u>	<u>2,311</u>

Deferred tax

Deferred tax assets and liabilities

		Liability
		£
2018		
Accelerated capital allowances		203,306
Unused tax losses		<u>(52,957)</u>
		<u>150,349</u>
2017		
Accelerated capital allowances		247,397
Unused tax losses		<u>(59,344)</u>
		<u>188,053</u>

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 2018

10 Fixed assets

	Solar power plant	Total
	£	£
<u>Cost</u> at 1 January 2018 and 31 December 2018	<u>15,046,154</u>	<u>15,046,154</u>
<u>Depreciation</u>		
At 1 January 2018	3,227,488	3,227,488
Charge for the year	<u>626,136</u>	<u>626,136</u>
At 31 December 2018	<u>3,853,624</u>	<u>3,853,624</u>
Net book value at 31 December 2018	<u>11,192,530</u>	<u>11,192,530</u>
Net book value at 31 December 2017	<u>11,818,666</u>	<u>11,818,666</u>

11 Debtors

	2018	2017
	£	£
Trade debtors	12,137	97,654
Other debtors	51,466	67,213
Prepayments	<u>42,649</u>	<u>42,176</u>
	<u>106,252</u>	<u>207,043</u>

12 Cash and cash equivalents

	2018	2017
	£	£
Cash at bank	484,550	413,032
Short-term deposits	<u>1,699,856</u>	<u>997,390</u>
Cash and cash equivalents in statement of cash flows	<u>2,184,406</u>	<u>1,410,422</u>

Westmill Solar Co-operative Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

13 Creditors

	Note	2018 £	2017 £
Due within one year			
Loans and borrowings	17	464,269	463,595
Trade creditors		94,323	110,560
Community funding payable		117,146	76,717
Accrued expenses		36,837	34,755
Income tax liability	9	73,046	14,284
VAT liability		3,274	-
Shareholders' interest payable- See note below		<u>494,469</u>	<u>284,717</u>
		<u>1,283,364</u>	<u>984,628</u>
Due after one year			
Loans and borrowings	17	<u>7,962,812</u>	<u>8,421,056</u>
		<u>9,246,176</u>	<u>9,405,684</u>

Shareholders' interest payable includes unclaimed amounts from prior years totaling £6,382 (2017: £2,179)

14 Deferred tax and other provisions

	Deferred tax £
At 1 January 2018	188,053
Movement in provision	<u>(37,704)</u>
Balance 31 December 2018	<u>150,349</u>

15 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary A shares of £1 each	<u>4,067,395</u>	<u>4,067,395</u>	<u>4,067,395</u>	<u>4,067,395</u>

Westmill Solar Co-operative Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

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

	2018	2017
	£	£
Non-current loans and borrowings		
Secured borrowings	<u>7,962,812</u>	<u>8,421,056</u>
	<u>7,962,812</u>	<u>8,421,056</u>
	2018	2017
	£	£
Current loans and borrowings		
Secured borrowings	<u>464,269</u>	<u>463,595</u>
	<u>464,269</u>	<u>463,595</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 31st 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 31st December 2018, the amount due for repayment after adjusting for indexation would have been £10,165,854.

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

	2018	2017
	£	£
After more than five years by instalments	6,081,517	6,545,860
After more than five years not by instalments	<u>—</u>	<u>—</u>
	<u>6,081,517</u>	<u>6,545,860</u>

Westmill Solar Co-operative Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

18 Commitments

Capital commitments

There are no capital commitments contracted for but not provided in the financial statements (2017: £nil).

Commitments under operating leases

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

	2018	2017
	£	£
Payable within one year	80,000	80,000
Payable in two to five years	320,000	320,000
Payable after five years	<u>1,073,600</u>	<u>1,153,600</u>
	<u>1,473,600</u>	<u>1,553,600</u>

Other financial commitments

There are no other financial commitments not provided in the financial statements (2017: £nil).

19 Related party transactions

Since 2014, Westmill Solar holds £1 share in Low Carbon Hub C.I.C. Additionally, £5,000 was paid to Low Carbon Hub CIC (2017: £0) to subsidise energy audits for community buildings in Oxfordshire and £2,500 was paid to Low Carbon Hub CIC to support the installation of a handrail at Osney Lock Hydro to enable schools (and others) to visit the site safely. Nina Alphey is a Westmill Solar Co-operative director and she has also been a board member of Low Carbon Hub CIC since April 2018.

The society entered into a power purchase agreement with Co-operative Energy in July 2017 and an affiliate marketing agreement with Co-operative Energy Limited was signed in November 2018. No actual transactions have occurred yet under the affiliate marketing arrangement. Our chair, Tom Parkinson has been a consultant for Co-operative Energy Limited since 2010.

Directors were reimbursed a total of £894 (2017: £355) and received a total of £2,450 (2017: £3,513) in shareholders' interest.

Westmill Solar Co-operative Limited

Detailed Profit and Loss Account for the Year Ended 31 December 2018

	2018 £	2017 £
Turnover		
Feed in tariffs	1,990,388	1,723,323
Electricity	255,037	239,044
Other income	-	1,372
Renewable Energy Guarantees of Origin	<u>1,591</u>	<u>2,435</u>
	<u>2,247,016</u>	<u>1,966,174</u>
Cost of sales		
O&M contract	35,102	61,253
Abakus premium payments	-	90,081
Asset management	24,538	24,604
Business rates	28,968	26,979
Cleaning of panels	-	-
Insurance	12,361	12,421
Invertor warranties	27,435	26,625
Rent on site	89,952	79,992
Security	14,583	9,781
Site electricity	7,728	6,950
Site telecoms	3,255	2,922
Smart metering	2,324	565
TUOS DUOS grid transmission	1,202	1,439
Vegetation	1,075	420
Depreciation of plant	626,136	626,136
Sundry operating costs	<u>5,001</u>	<u>16,407</u>
	<u>879,660</u>	<u>986,575</u>

Westmill Solar Co-operative Limited

Detailed Profit and Loss Account for the Year Ended 31 December 2018

	2018 £	2017 £
Administrative expenses		
AGM costs	1,424	1,637
Audit fees	6,475	6,825
Bank charges	150	250
Co-op management	28,835	27,799
Directors' expenses	894	355
Directors' liability and indemnity insurance	2,987	3,900
Miscellaneous professional fees	865	4,460
Payroll costs	7,250	7,250
Professional body fees	1,655	2,205
Registrars	4,000	7,411
Secondary market	4,000	4,453
Website and email	80	1,488
Telephone line	80	82
Plant acquisition costs	21,779	47,526
Sundry overheads	1,713	1,860
VAT adjustment (previously written off)	<u>(6,150)</u>	<u>3,075</u>
	76,037	120,576
 Community funding	 <u>86,148</u>	 <u>50,755</u>
	 <u>162,196</u>	 <u>171,321</u>
Other interest receivable and similar income		
Bank interest received	<u>2,467</u>	<u>2,203</u>
	<u>2,467</u>	<u>2,203</u>
Interest payable and similar charges		
Loan interest paid	439,940	495,542
Shareholders' interest payable	<u>488,087</u>	<u>284,717</u>
	<u>928,027</u>	<u>780,259</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 Tom Parkinson and Richard Benwell will retire by rotation – with Tom Parkinson standing for re-election. Alexandra Parker will also be standing down this year meaning we have two candidates to cover 3 available positions.

This will leave us with one ongoing vacancy which your Board would hope to fill over the coming year. Ideally, we would like this new director to be someone living in the close vicinity to the Westmill site with expertise in communications, campaigning and/or biodiversity.

Resumes of 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

Tom Parkinson



I was elected to the Board of Westmill Solar in 2013 and have been Chair since 2016.

I qualified as a solicitor and worked as an in-house lawyer for over 20 years at various media and technology companies. After completing an MBA from IESE in Barcelona and a renewable energy module at the Open University in 2010, I started working for various businesses in the renewable energy sector, in particular Co-operative Energy (for whom I have worked as a consultant since 2010) and Energy Local (which I co-founded in November 2013). I introduced both these companies to the SWELL trial that took place in the villages around the Westmill site in 2015/6 and which successfully piloted a model for local communities to save money by 'pooling' their electricity demand with local renewable generation.

Although my main priority, if re-elected, would be to help ensure the continued effective management of Westmill Solar, developing closer supply links between Westmill and its local population is a key personal goal for me - as is enhancing Westmill Solar's reputation as a successful pioneer in the community renewables sector.

I am 55 years old and married with two children in their 20's – and am keen that we don't leave the world in too much of a mess for them.

Mairi Brookes



I work and live in Oxford. I am the Sustainable City Manager at Oxford City Council and came back to the city in 2013, having been a student there previously. My role was to deliver the Council's lead role in an EU-funded partnership project that led to over £20m of investment into local energy projects in Oxfordshire: it was this funding that helped Oxfordshire's Low Carbon Hub to grow and to support other community energy groups in and around the county. Since then our team has grown in number and remit: it aims to accelerate the reduction of air pollution and carbon emissions in Oxford and achieves this through projects such as low carbon business support and electric vehicle charging system delivery. Prior to returning to Oxford I worked at the (then) Department of Energy and Climate Change as a Senior Policy Advisor and also have experience working in a tech start-up that developed carbon management software.

I am interested in responsible leadership across the public, private and third sectors and recently completed an MA Leadership at Henley Business School. Any remaining spare time is spent on my allotment or cycling around the area – including some lovely routes that pass the Westmill site.



Westmill Solar Bond Proposal

Westmill Solar Bond Proposal

Future vision

The membership of Westmill Solar has changed very little from the original pioneering group who subscribed for shares in 2012.

Since then, there have been significant changes in the energy landscape. Westmill Solar has contributed to these through our Community Funding contributions to initiatives such as Southill Solar and Energy Local. We are currently reviewing our Community Funding and building a network of partnerships so we can participate more fully in new and exciting sustainability developments such as battery storage and smart grids.

But there is potential to do more. And to ensure that Westmill Solar can continue to thrive and inspire all the way to 2036 (the initial timeframe of our project) and beyond we need to harness the energy and enthusiasm of the next generation within our membership and, ultimately, on our Board.

The Bond proposal

Your Board proposes to bring new members into the cooperative by means of a bond issue of up to £1 million. The three guiding principles behind the bond are:

- to involve and inspire more people in Westmill Solar's work;
- to strengthen Westmill Solar's finances and governance; and
- to strengthen our links with the local community around the Westmill site

The bond is essentially a loan from multiple lenders. Buyers of the bond would receive a fixed rate of interest (say 5 – 6 % per annum) and at the end of the bond term (say 5 years) receive all of their original investment back. By having a relatively short term and a low minimum investment (say £50), the bond is intended to be attractive to as many people as possible who want to invest in our work. This reflects our commitment to diversity and fairness.

The money raised by the bond would be used to pay back some of the money we owe LPPI. This should reduce Westmill Solar's interest costs over the remaining term of the LPPI loan (on which we currently pay interest at around 6.5%), leading to a better return for existing shareholders.

The bond offer will be open to both new and existing members. However, we especially want to attract new local members, so we would propose to offer an enhanced interest rate (and preferential allocations) to people who live closest to Westmill. This follows our principle of giving back to the local community.

A bond does not in itself give the bondholder membership of the cooperative. In order to bring the new bondholders fully into membership, we propose to issue each new bondholder with a single share to enable her or him to participate fully in the democratic activities of the cooperative – to speak and vote at meetings and AGMs, or stand for election as a Director.

Once we have established the structure and the legal documentation for this first bond issue, we would hope to roll out the model again in the future at minimal cost. This would mean that



we could time a new issue to coincide with when the cooperative makes its next repayment of share capital to existing members. In addition to the guiding principles, this would have the added benefit of giving members the option to keep capital in the cooperative, effectively converting their shares into bonds, instead of receiving a cash return of their capital.

To date, your Board has only undertaken preliminary work to investigate the available options and potential scope of the bond issue. The resolution to be proposed at the AGM would confirm the Directors' authority to develop and (if thought fit) implement these proposals, reflecting feedback from members. We look forward to explaining and discussing the proposals in more detail at the AGM and to receiving your support for the resolution.

We hope you agree that this bond issue will help to secure Westmill Solar's long-term wellbeing, both financially and by giving more people a chance to be part of the clean, local energy future we all want.