

Company Registration No. 2685RS (England and Wales)

ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

COMPANY INFORMATION

Directors	Ms K MacRae Mr C MacPhee Mr S Henderson Mr D MacGregor Mrs J Talbot Mr I Macdonald (Appointed 29 April 2009) Mr A Robertson (Appointed 29 April 2009)
Secretary	Mrs A Heslop
Company number	2685RS
Registered office	Robert Owen House 87 Bath Street Glasgow G2 2EE
Auditors	Melville & Co. 18 Trinity Enterprise Centre Furness Business Park Barrow-in-Furness Cumbria LA14 2PN
Bankers	Co-operative Bank plc 1 Balloon Street Manchester M60 4EP
Solicitors	Bates, Wells & Braithwaite 2-6 Cannon Street London EC4M 6YH

ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

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ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009.

Principal activities

The principal activity of the Co-operative is that of the generation of electricity through renewable sources.

Directors

The following directors have held office since 1 January 2009:

Ms K MacRae	
Mr C MacPhee	
Mr S Henderson	
Mr D MacGregor	
Ms C Inglis	(Resigned 29 April 2009)
Mr M Jennison	(Resigned 29 April 2009)
Mrs J Talbot	
Mr I Macdonald	(Appointed 29 April 2009)
Mr A Robertson	(Appointed 29 April 2009)

In accordance with the Co-operative's rules of Association, Mr C MacPhee and Mr S Henderson retire by rotation at the annual general meeting and, being eligible, will offer themselves for re-election.

Auditors

In accordance with the Co-operative's rules of association, a resolution proposing that Melville & Co. be reappointed as auditors of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

The rules of the Co-operative require the directors to prepare financial statements for each financial year. Under those rules the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Co-operative and of the profit or loss of the Co-operative for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Co-operative and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965-2002. They are also responsible for safeguarding the assets of the Co-operative and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the Co-operative's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Co-operative's auditors are aware of that information.

By order of the board

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Mrs A Heslop

Secretary

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ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

We have audited the financial statements of Isle of Skye Renewables Co-operative Limited for the year ended 31 December 2009 set out on pages 5 to 8. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the Co-operative's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Co-operative's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Co-operative and the Co-operative's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility, as independent auditor, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Industrial and Provident Societies Acts 1965 to 2002. We also report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained or if proper books of account have not been kept by the Co-operative.

In addition we state if we have not received all the information and explanations we require for our audit, or if the Co-operative's balance sheet and profit and loss account are not in agreement with the books of account.

We read other information contained in the Directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Co-operative's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

Opinion

In our opinion the financial statements give a true and fair view of the state of the co-operative's affairs as at 31 December 2009 and of its loss for the year then ended and have been properly prepared in accordance UK Generally Accepted Accounting Practice and with the Industrial and Provident Societies Acts 1965 to 2002.

Melville & Co.

Chartered Accountants
Statutory Auditor

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18 Trinity Enterprise Centre
Furness Business Park
Barrow-in-Furness
Cumbria

ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008
	Notes	£	£
Turnover		109,345	87,397
Cost of sales		(4,332)	(7,676)
Gross profit		105,013	79,721
Administrative expenses		(30,188)	(25,213)
Other operating income		24,196	20,675
Operating profit	2	99,021	75,183
Other interest receivable and similar income	3	55	216
Profit on ordinary activities before taxation		99,076	75,399
Tax on profit on ordinary activities	4	-	-
Profit for the year		99,076	75,399
Members share interest	5	(99,076)	(74,809)
Retained profit for the year		-	590

ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Intangible assets	6	812,137		812,137	
Investments	7	1		1	
			<u>812,138</u>		<u>812,138</u>
Current assets					
Debtors	8	44,288		85,365	
Cash at bank and in hand		68,942		25,407	
			<u>113,230</u>		<u>110,772</u>
Creditors: amounts falling due within one year	9	<u>(113,231)</u>		<u>(110,773)</u>	
Net current liabilities			<u>(1)</u>		<u>(1)</u>
Total assets less current liabilities			<u>812,137</u>		<u>812,137</u>
Capital and reserves					
Called up share capital	10	812,137		812,137	
Shareholders' funds			<u>812,137</u>		<u>812,137</u>

These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board for issue on

.....
Mr D MacGregor
Director

.....
Ms K MacRae
Director

ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable from the royalty instrument for share of revenues less operational expenses net of VAT. The royalty instrument has a loan note element which ensures that net revenues will not fall below a certain level. Any excess of the loan note minimum payment over the share of revenues less operational expenses (if applicable) is dealt with as interest income.

1.4 Royalty instrument

The Royalty Instrument represents an amount paid to secure an entitlement to a share of income less related costs from electricity and environmental attributes for a period of 25 years. The royalty instrument has a loan note element which ensures that net revenues will not fall below a certain level. The purchase price is repayable in full at the end of the term so no amortisation is provided.

1.5 Investments

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

2 Operating profit	2009	2008
	£	£
Operating profit is stated after charging:		
Directors' emoluments	3,500	3,000
	<u>3,500</u>	<u>3,000</u>

The audit costs of £800 were borne by Energy4All Limited and are included within the management charge.

3 Investment income	2009	2008
	£	£
Bank interest	55	216
	<u>55</u>	<u>216</u>

4 Taxation

No tax arises for the period because the Co-operative distributes its full available profits as members share interest which is deductible for corporation tax purposes.

ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

5	Members share interest	2009	2008
		£	£
	Members share interest	99,076	74,809

6	Intangible fixed assets		Royalty instrument
			£
	Cost		
	At 1 January 2009 & at 31 December 2009		812,137
	Net book value		
	At 31 December 2009		812,137
	At 31 December 2008		812,137

The royalty instrument secures an entitlement to a share of the revenues less operating costs of the Ben Aketil Wind Farm and there is a loan note element which ensures that net revenues will not fall below a certain level. The purchase price is repayable in full at the end of the 25 year term or the commencement of decommissioning if earlier.

7	Fixed asset investments		Unlisted investments
			£
	Cost		
	At 1 January 2009 & at 31 December 2009		1
	Net book value		
	At 31 December 2009		1
	At 31 December 2008		1

Fixed asset investments comprise an investment of £1 for ordinary shares in Energy4All Limited.

ISLE OF SKYE RENEWABLES CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

8 Debtors	2009 £	2008 £
Trade debtors	10,750	49,763
Other debtors	33,538	35,602
	<u>44,288</u>	<u>85,365</u>

9 Creditors: amounts falling due within one year	2009 £	2008 £
Trade creditors	11,014	956
Taxation and social security	-	3,377
Other creditors	102,217	106,440
	<u>113,231</u>	<u>110,773</u>

10 Share capital	2009 £	2008 £
Allotted, called up and fully paid		
812,137 Members ordinary shares of £1 each	<u>812,137</u>	<u>812,137</u>

11 Control

There is no overall controlling party of the Co-operative and no individual shareholder owns more than £20,000 shares.

12 Related party transactions

The management services of the Co-operative are carried out by Energy4All Limited, a company which specialises in assisting in the setting up, development and management of renewable energy co-operatives. Isle of Skye Renewables Co-operative Limited holds one share in this company. Energy4All Limited negotiated the royalty instrument with loan note on behalf of the co-operative and arranged the share offer. The set up costs of the co-operative were borne by the wind farm developer which will also re-imburse the management fee of £18,696 charged to the co-operative by Energy4All Limited.