

Energy Prospects Co-operative Ltd

AGM
22nd June 2013

Chairman's Report
Agenda
Board Elections Biographical Notes
Financial Statement

Chairman's Statement – Year ending 31st January 2013

This report gives an overview on the activity and progress of your Board over the last twelve months; what we have achieved across several projects; progress made and a brief outline of how we intend to move forward during the next year. The accounts and details of our financial position are issued separately to this report.

Whilst we wait for our first planning application being consented we have strived to contain expenditure within the funds raised when EP was launched. This we have carefully managed by controlling expenditure to available cash whilst programming progress. Further information is given in the Section below on Current Project Reports.

We shall not seek to call for additional funding whilst we expect to receive positive planning success being obtained during the remainder of 2013. Should this situation change we shall advise you accordingly.

Your Board has continued to work in the UK marketplace for small wind projects, generally attracting Feed-in-Tariff (FiT) projects. This, as stated last year, is a significant departure from the projects considered when the prospectus was initially issued. We have found continuing projects becoming available with this approach in the current market.

The membership of the Board of Directors has not changed over the last year although Mike Smyth has taken on an additional role as Chairman of Energy 4 All Ltd. Until there is an uplift in successful activity for your company we see little advantage in increasing Board membership but will keep this situation under regular review. With technical support from E4A staff and their specialist advisors we believe we currently have the expertise needed to meet our targets for the coming year.

Your Board have continued to meet on a monthly basis to fully review all activities, our financial constraints and project progress.

Project Reports.

Development projects that will not progress further.

Firstly let me comment on those projects which for one reason or another we are currently not progressing further :-

Mosscastle in Lanarkshire. We spent £16,000 trying to move this project forward. It was dropped due to us seeing no realistic solution to overcoming an aviation radar issue in any defined timeframe.

Tynreithyn in mid Wales. We spent £27,000 on developing this project. Eventually a solution to obtaining a satisfactory grid connection on economic terms made the project non-viable.

View Law in Northumberland. To date we have spent £43,000 on this project in a nominated search area but have not found a suitable grid connection solution. Currently the project is on hold whilst we await a possible smaller project if grid availability changes.

Esgair y Graig in mid Wales. This project was being jointly developed with the Besterman family before Mr. Besterman died suddenly. Subsequently having assessed project risk with planning and grid availability we decided not to proceed. Currently the family are speaking with RWE to see if there is scope with the project

being incorporating it into their Bryn Titli wind farm extension and E4A are in discussion with the possibility of some co-operative involvement. EP expenditure equated to £ 58,000

Current live projects.

Drumlin in Northern Ireland

This project was brought to us with planning consent for five 250kW wind turbines on five separate sites. Following due diligence and the setting up of a local Co-operative by E4A, EP were able to assist in bringing the project forward to the construction phase and have earned fees for three sites due to be contracted this summer. A fourth site is currently being tendered. This small portfolio of sites has enabled EP to earn its first income amounting to £45k.

Bernard Matthews

We reported last year, potential development of projects for Bernard Matthews sites in East Anglia and Lincolnshire that were won in competition with other companies. Since then a Co-operative has been set up by E4A and EP have submitted planning applications for four sites with a further two to be submitted shortly – each for a single 500kW wind turbine.

Delays with agreeing legal issues and local authority planning departments have prevented any projects being consented to date but the first decisions are expected shortly. We may have something to report at the time of the AGM.

Haworth Estates

EP was selected, in competition, for a portfolio of seven sites owned by Haworth Estates (which was part of UK Coal) to develop wind projects in Nottinghamshire/Derbyshire and south Yorkshire areas. Subsequently we are developing five sites for single 500kW wind turbines under the FiT system. The first planning applications are due for submission shortly and we expect to give you further information of this progress at the AGM.

We may expect a 50% success rate for the Bernard Matthews and Haworth Estates projects which will enable EP to earn fees to be used for the development of future projects. This in turn will form the basis of any call to be made for future funding and the timing of that at some point early in 2014. This will also define the level of new pipeline projects for 2014 and beyond.

Financial Report

We have spent considerable funds progressing several projects throughout the year. Costs totalling £364,935 relating to project costs, primarily Clyde Valley have been written off to the Profit & Loss. Losses for the year totalled £327,168. As a result of the loss no share interest will be paid this year in line with expectations in the Share Offer document. Work in progress is now reduced from £386,814 to £275,043, the majority of which relates to the Bernard Matthews and Haworth Estate projects. At the end of the year cash funds amounted to £126,337.

Normal administration charges from Energy4All were waived during the year which has allowed the Co-op to progress its current projects further.

Potential future projects

At this stage it is not possible to give firm details for the future projects we wish to take through to development and it would be wrong to quote projects where there is such a level of uncertainty. However

the Board is confident that we should be able to build on the work undertaken to date with opportunities for similar and slightly larger projects likely to be of interest to us.

Within our Board, and using the contacts with expertise within the UK industry, we have confidence in bringing success to your Co-operative. We watch with interest the Government intention for electricity generation from renewables and their intentions to commit to support where it is needed. Several worthwhile opportunities are available to us in the marketplace, which is increasingly competitive, with new entrant companies challenging for market share. We intend to play our part.

We thank you for your continuing support and hope that shortly we can advise you of success that will enable our business to be sustainable.

A handwritten signature in black ink, appearing to read 'Rod Blunden', with a horizontal line underneath.

Rod Blunden
Chairman
24 May 2013

Notice of Annual General Meeting to be held on Saturday 22nd June 2013

NOTICE is given that the Annual General Meeting of members will be held at 1.30pm on Saturday 22nd June 2013 at the Friends Meeting House, 173 Euston Road. London, NW1 2BJ for the following purposes:

AGENDA

1. Introductions and welcome.
2. **Motion 1:** To approve the minutes of the annual general meeting held on 23rd June 2012 (circulated December 2012).
3. **Motion 2:** In accordance with Section 4A(2) of the Friendly and Industrial and Provident Societies Act 1968, a resolution not to undertake a full professional audit of the co-operative for the year.
4. **Motion 3:** To receive and adopt the Report of the Directors and the annual Accounts for the year ended 31st January 2013.
5. **Motion 4:** Election of Directors
To re-appoint Rod Blunden as a Director of the Co-op.

Close of Formal Business

By order of the Board
Annette Heslop,
Company Secretary
29th May 2013

Registered Office:
Unit 26, Trinity Enterprise Centre
Furness Business Park
Barrow in Furness
LA14 2PN

Nominations to the Board

The Rules allow for a maximum number of five Board members of which one third must retire each year. Rod Blunden will retire in rotation and is seeking re-election. Members will be asked to re-elect Rod through a motion.

Biographical Note

Director Seeking Re-election

Rod Blunden Chairman – Buckinghamshire

Rod Blunden is a Chartered Engineer, a Fellow of the Energy Institute and a Member of the Institution of Civil Engineers. He has spent a long career in major contractor organisations on energy and related civil engineering projects in senior positions both in the UK and overseas. During a period of 14 years with National Wind Power (now part of RWE) he had responsibility, as Head of Projects and Procurement, for the construction of some 21 wind farms and subsequent involvement in the planning and development of many more projects. He is now Director of an independent renewable energy consultancy specialising in wind energy and related H&S activity. He was a founder member of the BWEA (now RenewableUK) H&S Steering Group and held a position here for 15 years.

He was elected to the Board of Westmill in March 2007 and has taken responsibility for its successful construction and its subsequent operations. He remains a member of the Energy Institute Membership Panel and RenewableUK.

Rod lives in the Chilterns area where he is involved with conservation in his spare time.

Please refer to the Form of Proxy for voting instructions

Company Registration No. 30879R (England and Wales)

ENERGY PROSPECTS CO-OPERATIVE LIMITED
DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013

ENERGY PROSPECTS CO-OPERATIVE LIMITED

COMPANY INFORMATION

Directors	Mr R Blunden Mr M Smyth Mr N Jones
Secretary	Mrs A Heslop
Company number	30879R
Registered office	Unit 26, Trinity Enterprise Centre Furness Business Park Barrow-in-Furness Cumbria LA14 2PN
Accountants	Melville & Co. 18 Trinity Enterprise Centre Furness Business Park Barrow-in-Furness Cumbria LA14 2PN

ENERGY PROSPECTS CO-OPERATIVE LIMITED

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ENERGY PROSPECTS CO-OPERATIVE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2013

The directors present their report and financial statements for the year ended 31 January 2013.

Principal activities

The principal activity of the Co-operative is that of development of renewable energy projects.

Directors

The following directors have held office since 1 February 2012:

Mr R Blunden

Mr M Smyth

Mr N Jones

Statement of directors' responsibilities

The rules of the Co-operative require the directors to prepare financial statements for the financial year. Under these 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 these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 that 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

Mrs A Heslop

Secretary

13 May 2013

ENERGY PROSPECTS CO-OPERATIVE LIMITED

ACCOUNTANTS' REPORT TO THE MEMBERS ON THE UNAUDITED ACCOUNTS OF ENERGY PROSPECTS CO-OPERATIVE LIMITED

We report on the accounts for the year ended 31 January 2013 set out on pages 3 to 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANT

The Co-operative's directors are responsible for the preparation of the accounts, and they consider that the Co-operative is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

BASIS OF OPINION

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants and so our procedures consisted of comparing the accounts with the accounting records kept by the Co-operative and making such limited enquiries of the officers of the Co-operative as we considered necessary for the purpose of this report. These procedures provide the only assurance expressed in our opinion.

OPINION

In our opinion the profit and loss account and balance sheet for the year ended 31 January 2013 are in agreement with the books of account kept by the society and that, on the basis of the information contained in the books of account, they comply with the requirements of the Industrial and Provident Societies Acts 1965 to 2002.

In our opinion the Co-operative has satisfied the conditions for exemption from an audit of the accounts for the year ended 31 January 2013 as set out in the Industrial and Provident Societies Acts 1965 to 2002 and did not at any time within the year fall within any of the categories of society not entitled to such exemption.

Melville & Co.

13 May 2013

Chartered Accountants

18 Trinity Enterprise Centre

Furness Business Park

Barrow-in-Furness

Cumbria

LA14 2PN

ENERGY PROSPECTS CO-OPERATIVE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2013

	Notes	2013 £	2012 £
Turnover		47,552	11,386
Cost of sales		<u>(364,935)</u>	<u>(65,705)</u>
Gross loss		(317,383)	(54,319)
Administrative expenses		<u>(10,082)</u>	<u>(68,960)</u>
Operating loss	2	(327,465)	(123,279)
Other interest receivable and similar income	3	<u>297</u>	<u>1,232</u>
Loss on ordinary activities before taxation		(327,168)	(122,047)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Loss for the year	10	<u><u>(327,168)</u></u>	<u><u>(122,047)</u></u>

ENERGY PROSPECTS CO-OPERATIVE LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	5	18,849	28,133
Current assets			
Work in progress	6	275,043	386,814
Debtors	7	70,008	230,945
Cash at bank and in hand		126,337	173,533
		<u>471,388</u>	<u>791,292</u>
Creditors: amounts falling due within one year	8	<u>(65,689)</u>	<u>(67,709)</u>
Net current assets		<u>405,699</u>	<u>723,583</u>
Total assets less current liabilities		<u>424,548</u>	<u>751,716</u>
Capital and reserves			
Called up share capital	9	1,000,000	1,000,000
Profit and loss account	10	<u>(575,452)</u>	<u>(248,284)</u>
Shareholders' funds		<u>424,548</u>	<u>751,716</u>

For the financial year ended 31 January 2013 the Co-operative was entitled to exemption from audit. No member of the Co-operative has deposited a notice requiring an audit of these financial statements.

The directors acknowledge their responsibilities for ensuring that the company keeps proper accounting records and for preparing financial statements which give a true and fair view of the state of affairs of the Co-operative as at the end of the financial year and of its profit or loss for the financial year and which otherwise comply with the requirements of the Industrial and Provident Societies Acts 1965-2002 relating to accounts, so far as applicable to the Co-operative.

Approved by the Board and authorised for issue on 13 May 2013

Mr M Smyth
Director

Mr R Blunden
Director

Company Registration No. 30879R

ENERGY PROSPECTS CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013

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).

These accounts are prepared on a going concern basis on the assumption that the Co-operative will be able to secure funding to enable it to continue its projects to completion as, on most projects, the Co-operative can only recover its costs and profit once the project proves ultimately successful.

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 for project costs and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery 33% on the reducing balance

1.5 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

1.6 Revenue recognition

Project costs are carried forward at cost where there is a reasonable expectation that the project will continue. Consideration is also given to the probability that there will be a successful outcome on the project. Attributable profit is only recognised on contracts where the ultimate profit can be calculated with reasonable certainty.

2 Operating loss

2013

2012

£

£

Operating loss is stated after charging:

Depreciation of tangible assets

9,284

13,856

3 Investment income

2013

2012

£

£

Bank interest

297

1,232

297

1,232

ENERGY PROSPECTS CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2013

4 Taxation

No charge arises for corporation tax due to the loss incurred. There are tax losses of £576,457 (2012 - £258,573) available for relief against future trading profits.

5 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 February 2012 & at 31 January 2013	41,989
Depreciation	
At 1 February 2012	13,856
Charge for the year	9,284
At 31 January 2013	23,140
Net book value	
At 31 January 2013	18,849
At 31 January 2012	28,133

6 Stocks and work in progress	2013	2012
	£	£
Work in progress	275,043	386,814

Work in progress at 31 January 2012 included £272,251 on the Clyde Valley (Drumsmuir) project. During the year the Co-operative's appeal against a planning refusal was rejected and it is unlikely that this project will continue. Therefore no amount is recognised within ongoing work in progress and this write down represents a major element of the loss incurred.

7 Debtors	2013	2012
	£	£
Trade debtors	23,188	5,188
Other debtors	46,820	225,757
	70,008	230,945

ENERGY PROSPECTS CO-OPERATIVE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2013

8	Creditors: amounts falling due within one year	2013	2012
		£	£
	Trade creditors	55,787	65,282
	Taxation and social security	8,642	-
	Other creditors	1,260	2,427
		<hr/>	<hr/>
		65,689	67,709
		<hr/>	<hr/>
9	Share capital	2013	2012
		£	£
	Allotted, called up and fully paid		
	1,000,000 Members shares of £1 each	1,000,000	1,000,000
		<hr/>	<hr/>
10	Statement of movements on profit and loss account		Profit and loss account
			£
	Balance at 1 February 2012		(248,284)
	Loss for the year		(327,168)
			<hr/>
	Balance at 31 January 2013		(575,452)
			<hr/>

11 Related party relationships and 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 and helped to set up this Co-operative. Energy4All Limited also initiates work on potential projects which are passed onto Energy Prospects Co-operative Limited once the project appears likely to progress. One of the Co-operative's directors, Mr M Smyth is a director of Energy4All Limited. Energy4All Limited charged administration fees of £50,000 for the year ended 31 January 2012 but, in view of the trading difficulties encountered by the Co-operative no charge was raised for the current year and the January 2012 fee was refunded resulting in a net credit for the year of £4,167 for administration fees. Energy4All Limited also paid costs of £60,000 relating to projects which had been passed over to Energy Prospects Co-operative Limited but had not proceeded.