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**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014
FOR
TIREE RENEWABLE ENERGY COMPANY LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2014**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8
Profit and Loss Account	12

TIREE RENEWABLE ENERGY COMPANY LIMITED

COMPANY INFORMATION
For The Year Ended 31 December 2014

DIRECTORS: Mark Alastair Beese
Jabez Bruce Kemp
Iain Ferguson MacDonald
Jonathan Mark Bowler
Roger Harold Jarvis
Cecilia Ann MacDonald
Cameron Andrew Smith
Andrew Alexander MacIntosh

SECRETARY: Cecilia Ann MacDonald

REGISTERED OFFICE: Units 1&2
The Island Centre
Crossapol
ISLE OF TIREE
Argyll
PA77 6UP

REGISTERED NUMBER: SC292914 (Scotland)

AUDITORS: R A Clement Associates
Chartered Accountants
Registered Auditors
Argyll Square
Oban
Argyll
PA34 4AZ

**REPORT OF THE DIRECTORS
For The Year Ended 31 December 2014**

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

Mark Alastair Beese
Jabez Bruce Kemp
Iain Ferguson MacDonald
Jonathan Mark Bowler
Roger Harold Jarvis
Cecilia Ann MacDonald
Cameron Andrew Smith
Andrew Alexander MacIntosh

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

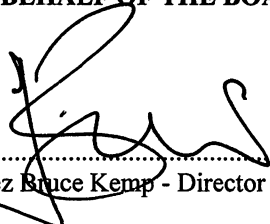
AUDITORS

The auditors, R A Clement Associates, are deemed to be re-appointed in accordance with section 487(2) of the Companies Act 2006.

**REPORT OF THE DIRECTORS
For The Year Ended 31 December 2014**

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:


.....
Jabez Bruce Kemp - Director

Date: 23/6/15.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TIREE RENEWABLE ENERGY COMPANY LIMITED

We have audited the financial statements of Tiree Renewable Energy Company Limited for the year ended 31 December 2014 on pages six to eleven. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TIREE RENEWABLE ENERGY COMPANY LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.



Fiona McGlynn (Senior Statutory Auditor)
for and on behalf of R A Clement Associates
Chartered Accountants
Registered Auditors
Argyll Square
Oban
Argyll
PA34 4AZ

Date: 23/6/15

TIREE RENEWABLE ENERGY COMPANY LIMITED (REGISTERED NUMBER: SC292914)

PROFIT AND LOSS ACCOUNT
For The Year Ended 31 December 2014

	Notes	2014 £	2013 £
TURNOVER		300,991	518,036
Administrative expenses		<u>360,279</u>	<u>366,553</u>
		(59,288)	151,483
Other operating income		<u>72,703</u>	-
OPERATING PROFIT	2	13,415	151,483
Interest payable and similar charges		<u>64,872</u>	<u>66,260</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(51,457)	85,223
Tax on (loss)/profit on ordinary activities	3	<u>(10,291)</u>	<u>17,045</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(41,166)</u>	<u>68,178</u>

The notes form part of these financial statements

TIREE RENEWABLE ENERGY COMPANY LIMITED (REGISTERED NUMBER: SC292914)

**BALANCE SHEET
31 December 2014**

	Notes	2014	2013
		£	£
FIXED ASSETS			
Tangible assets	4	1,629,225	1,737,816
CURRENT ASSETS			
Debtors	5	151,004	185,513
Prepayments and accrued income		10,982	10,359
Cash at bank		400,872	371,637
		<u>562,858</u>	<u>567,509</u>
CREDITORS			
Amounts falling due within one year	6	302,900	201,333
NET CURRENT ASSETS		<u>259,958</u>	<u>366,176</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,889,183</u>	<u>2,103,992</u>
CREDITORS			
Amounts falling due after more than one year	7	(1,322,735)	(1,486,087)
PROVISIONS FOR LIABILITIES	9	(104,969)	(115,260)
NET ASSETS		<u><u>461,479</u></u>	<u><u>502,645</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	42,100	42,100
Profit and loss account	11	419,379	460,545
SHAREHOLDERS' FUNDS		<u><u>461,479</u></u>	<u><u>502,645</u></u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on *20 July 15* and were signed on its behalf by:

Cecilia Ann MacDonald
.....
Cecilia Ann MacDonald - Director

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2014

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Installation and Grid	- 5% on cost
Wind Turbine	- 5% on cost
Computer equipment	- 33% on cost

The Board have assessed the useful economic life of the turbine and installation and have decided to write down the asset straight line over 20 years.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Capitalisation of interest

The interest charged on both the loan from the Tiree Community Development Trust, and the Co-operative Bank prior to the commissioning of the turbine has been capitalised as part of the construction costs of the asset.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2014	2013
	£	£
Depreciation - owned assets	108,591	108,590
Auditors' remuneration	3,000	3,200
	<u> </u>	<u> </u>
Directors' remuneration and other benefits etc	-	-
	<u> </u>	<u> </u>

3. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2014	2013
	£	£
Deferred tax	(10,291)	17,045
	<u> </u>	<u> </u>
Tax on (loss)/profit on ordinary activities	(10,291)	17,045
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2014

4. TANGIBLE FIXED ASSETS

	Installation and Grid £	Wind Turbine £	Computer equipment £	Totals £
COST				
At 1 January 2014 and 31 December 2014	1,061,962	1,109,841	622	2,172,425
DEPRECIATION				
At 1 January 2014	212,019	221,968	622	434,609
Charge for year	53,099	55,492	-	108,591
At 31 December 2014	265,118	277,460	622	543,200
NET BOOK VALUE				
At 31 December 2014	796,844	832,381	-	1,629,225
At 31 December 2013	849,943	887,873	-	1,737,816

Interest of £16,288 on the loans for the construction of the asset has been capitalised and is included in the installation costs above.

The company has not included a provision for decommissioning costs of the turbine as a reasonable estimate can not be placed upon these costs and the company has a separate ring fenced cash reserve that is increased each year for this sole purpose. It is therefore the opinion of the directors not to recognise a decommissioning provision in the financial statements.

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Accrued income	151,004	185,513

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Bank loans and overdrafts	94,652	100,253
Other loans	55,240	54,057
Trade creditors	1,369	956
VAT	4,946	8,365
Accrued expenses	146,693	37,702
	302,900	201,333

TIREE RENEWABLE ENERGY COMPANY LIMITED (REGISTERED NUMBER: SC292914)**NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2014****7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2014	2013
	£	£
Bank loans - 1-2 years	94,240	94,652
Bank loans - 2-5 years	325,419	306,257
Bank loans more 5 yr by instal	352,940	466,342
Other loans - 1-2 years	56,355	55,148
Other loans - 2-5 years	175,984	172,215
Other loans more 5yrs instal	317,797	391,473
	<u>1,322,735</u>	<u>1,486,087</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans more 5 yr by instal	352,940	466,342
Other loans more 5yrs instal	317,797	391,473
	<u>670,737</u>	<u>857,815</u>

8. SECURED DEBTS

The following secured debts are included within creditors:

	2014	2013
	£	£
Bank loans	867,251	967,504
Other loans	605,376	672,893
	<u>1,472,627</u>	<u>1,640,397</u>

In April 2009, BIG (Big Lottery Fund) was granted a standard security in respect of the amounts owed by Tiree Renewable Energy Company Limited over the company's interest as a tenant in the lease of the turbine site on Tiree. The security is in respect of all sums due, or becoming due, in terms of the agreement between the company, Tiree Community Development Trust and BIG.

A bond and floating charge, and a standard security, were also registered in April 2009 (amended January 2014) in favour of the Co-operative Bank plc in respect of the provision of a revolving credit facility, overdraft facility and a term loan.

The Co-operative Bank's securities, both floating and fixed, rank first in the order of priorities.

9. PROVISIONS FOR LIABILITIES

	2014	2013
	£	£
Deferred tax	<u>104,969</u>	<u>115,260</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

For The Year Ended 31 December 2014

9. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2014	115,260
Provision for the year	(10,291)
	<hr/>
Balance at 31 December 2014	104,969
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10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2014 £	2013 £
42,100	Ordinary	£1	42,100	42,100
			<hr/>	<hr/>

11. RESERVES

	Profit and loss account £
At 1 January 2014	460,545
Deficit for the year	(41,166)
	<hr/>
At 31 December 2014	419,379
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12. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

No director received any reimbursement of expenses, remuneration or benefits in kind during the year .

13. RELATED PARTY DISCLOSURES

The loan of £605,376 from the Tiree Community Development Trust (TCDT) carries an interest rate of 1.5% over the base rate of the Co-operative Bank and is repayable by 31 December 2025, unless otherwise agreed. An amount of £13,803 was charged for the year to 31 December 2014, and at the end of the year all of the interest due had been paid. The total capital repaid in the year was £67,517.

The company made a donation to its parent charity, Tiree Community Development Trust of £150,000 (2013; £150,000), of which £105,000 was paid over shortly after the year end.

14. ULTIMATE CONTROLLING PARTY

The company is controlled by Tiree Community Development Trust, a company limited by guarantee and recognised as a Scottish Charity, which owns 100% of the issued share capital of the company.

15. CONFLICT OF INTEREST

The company has adopted a policy on conflicts of interest which includes maintaining a register of interests for all directors and senior personnel, which details any contractual or financial relationship, position of authority with outside companies or firms, associations, or organisations. Whenever a director or senior manager has an interest in any item discussed by the Board, he/she takes no part in the discussion or decision making process.

TIREE RENEWABLE ENERGY COMPANY LIMITED (REGISTERED NUMBER: SC292914)

**PROFIT AND LOSS ACCOUNT
For The Year Ended 31 December 2014**

	2014		2013	
	£	£	£	£
Turnover				
Energy sales	87,282		177,081	
Energy sales - LEC	15,417		17,140	
Feed in Tariff - generation	191,146		307,531	
GDUOS - pass through	7,146		16,284	
		<u>300,991</u>		518,036
Other income				
Sundry receipts		72,703		-
		<u>373,694</u>		<u>518,036</u>
Expenditure				
Turbine site lease	18,631		25,904	
Site Access/Other rents	450		2,670	
Insurance	29,517		26,667	
Telephone	1,329		1,621	
Post and stationery	1,811		188	
Annual turbine maintenance	15,307		17,425	
Sundry expenses	65		538	
Management fees	24,000		24,000	
Accountancy	2,500		2,700	
SSE Charges	2,771		2,530	
Legal and professional fees	2,306		400	
Auditors' remuneration	3,000		3,200	
Donations	150,000		150,000	
		<u>251,687</u>		<u>257,843</u>
		<u>122,007</u>		<u>260,193</u>
Finance costs				
Bank charges	-		120	
Bank loan interest	51,069		53,599	
Loan interest - Trust	13,803		12,661	
		<u>64,872</u>		<u>66,380</u>
		<u>57,135</u>		<u>193,813</u>
Depreciation				
Improvements to property	53,100		53,098	
Plant and machinery	55,492		55,492	
		<u>108,592</u>		<u>108,590</u>
NET (LOSS)/PROFIT		<u><u>(51,457)</u></u>		<u><u>85,223</u></u>

This page does not form part of the statutory financial statements