

**REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
FOR  
TIREE RENEWABLE ENERGY COMPANY LIMITED**

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For The Year Ended 31 December 2017**

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**TIREE RENEWABLE ENERGY COMPANY LIMITED**

**COMPANY INFORMATION**  
**For The Year Ended 31 December 2017**

**DIRECTORS:** Mark Alastair Beese  
Jabez Bruce Kemp  
Iain Ferguson MacDonald  
Jonathan Mark Bowler  
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 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

Mark Alastair Beese  
Jabez Bruce Kemp  
Iain Ferguson MacDonald  
Jonathan Mark Bowler  
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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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.

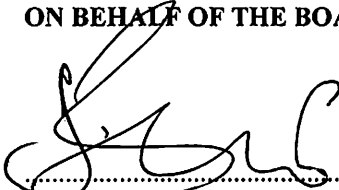
**AUDITORS**

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 2017**

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

**ON BEHALF OF THE BOARD:**



.....  
Jabez Bruce Kemp - Director

Date: 31/05/18 .....

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

### **Opinion**

We have audited the financial statements of Tiree Renewable Energy Company Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company 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 the provisions available for small entities, in the circumstances set out in note sixteen to the financial statements, 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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.

**Responsibilities of directors**

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, and for such internal control as the directors determine 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

**Our 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 a Report of the Auditors 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/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.



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

31/5/18

Date: .....

**TIREE RENEWABLE ENERGY COMPANY LIMITED (REGISTERED NUMBER: SC292914)**

**INCOME STATEMENT  
For The Year Ended 31 December 2017**

	Notes	2017 £	2016 £
<b>TURNOVER</b>		<b>575,846</b>	432,661
Administrative expenses		<u>495,066</u>	<u>402,228</u>
		<b>80,780</b>	30,433
Other operating income		<u>23,265</u>	<u>77,779</u>
<b>OPERATING PROFIT</b>	3	<b>104,045</b>	108,212
Interest payable and similar expenses		<u>45,212</u>	<u>51,563</u>
<b>PROFIT BEFORE TAXATION</b>		<b>58,833</b>	56,649
Tax on profit	4	<u>10,509</u>	<u>10,197</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>48,324</b></u>	<u><b>46,452</b></u>

The notes form part of these financial statements




**TIREE RENEWABLE ENERGY COMPANY LIMITED (REGISTERED NUMBER: SC292914)**

**BALANCE SHEET  
31 December 2017**

	Notes	2017 £	£	2016 £	£
<b>FIXED ASSETS</b>					
Tangible assets	5		1,308,582		1,422,306
<b>CURRENT ASSETS</b>					
Debtors	6	175,782		65,791	
Prepayments and accrued income		21,846		14,940	
Cash at bank		301,635		488,660	
		<u>499,263</u>		<u>569,391</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	7	213,642		285,737	
			<u>285,621</u>		<u>283,654</u>
<b>NET CURRENT ASSETS</b>					
			<u>1,594,203</u>		<u>1,705,960</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
<b>CREDITORS</b>					
Amounts falling due after more than one year	8		(849,817)		(1,020,407)
			<u>(126,420)</u>		<u>(115,911)</u>
<b>PROVISIONS FOR LIABILITIES</b>					
			<u>617,966</u>		<u>569,642</u>
<b>NET ASSETS</b>					
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		42,100		42,100
Retained earnings	13		575,866		527,542
			<u>617,966</u>		<u>569,642</u>
<b>SHAREHOLDERS' FUNDS</b>					

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 31/05/18 and were signed on its behalf by:

  
.....  
Cecilia Ann MacDonald - Director

**NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended 31 December 2017**

**1. STATUTORY INFORMATION**

Tiree Renewable Energy Company Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**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.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**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.

**TIREE RENEWABLE ENERGY COMPANY LIMITED (REGISTERED NUMBER: SC292914)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 December 2017**

**3. OPERATING PROFIT**

The operating profit is stated after charging:

	2017	2016
	£	£
Depreciation - owned assets	<u>113,724</u>	<u>113,724</u>

**4. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2017	2016
	£	£
Deferred tax	<u>10,509</u>	<u>10,197</u>
Tax on profit	<u>10,509</u>	<u>10,197</u>

**5. TANGIBLE FIXED ASSETS**

	Installation and Grid £	Wind Turbine £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2017 and 31 December 2017	<u>1,061,962</u>	<u>1,109,841</u>	<u>16,019</u>	<u>2,187,822</u>
<b>DEPRECIATION</b>				
At 1 January 2017	371,318	388,444	5,754	765,516
Charge for year	<u>53,100</u>	<u>55,492</u>	<u>5,132</u>	<u>113,724</u>
At 31 December 2017	<u>424,418</u>	<u>443,936</u>	<u>10,886</u>	<u>879,240</u>
<b>NET BOOK VALUE</b>				
At 31 December 2017	<u>637,544</u>	<u>665,905</u>	<u>5,133</u>	<u>1,308,582</u>
At 31 December 2016	<u>690,644</u>	<u>721,397</u>	<u>10,265</u>	<u>1,422,306</u>

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.

**6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Trade debtors	20,735	-
Accrued income	<u>155,047</u>	<u>65,791</u>
	<u>175,782</u>	<u>65,791</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Year Ended 31 December 2017

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 9)	103,088	94,240
Other loans (see note 9)	58,653	57,492
Trade creditors	692	326
Amounts due to parent company	-	100,000
VAT	10,186	1,860
Accrued expenses	41,023	31,819
	<u>213,642</u>	<u>285,737</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Bank loans (see note 9)	472,183	584,119
Other loans (see note 9)	377,634	436,288
	<u>849,817</u>	<u>1,020,407</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans more 5 yr by instal	43,676	164,460
Other loans more 5yrs instal	130,941	194,475
	<u>174,617</u>	<u>358,935</u>

9. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank loans	103,088	94,240
Other loans	58,653	57,492
	<u>161,741</u>	<u>151,732</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	103,088	94,240
Other loans - 1-2 years	59,837	58,654
	<u>162,925</u>	<u>152,894</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	325,419	325,419
Other loans - 2-5 years	186,856	183,159
	<u>512,275</u>	<u>508,578</u>

**TIREE RENEWABLE ENERGY COMPANY LIMITED (REGISTERED NUMBER: SC292914)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**For The Year Ended 31 December 2017**

**9. LOANS - continued**

	2017 £	2016 £
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	43,676	164,460
Other loans more 5yrs instal	130,941	194,475
	<u>174,617</u>	<u>358,935</u>

**10. SECURED DEBTS**

The following secured debts are included within creditors:

	2017 £	2016 £
Bank loans	575,271	678,359
Other loans	436,287	493,780
	<u>1,011,558</u>	<u>1,172,139</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.

**11. PROVISIONS FOR LIABILITIES**

	2017 £	2016 £
Deferred tax	<u>126,420</u>	<u>115,911</u>
		<b>Deferred tax</b>
		<b>£</b>
Balance at 1 January 2017		115,911
Provision for the year		10,509
Balance at 31 December 2017		<u>126,420</u>

**12. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2017	2016
Number:	Class:	Nominal value:	£	£
42,100	Ordinary	£1	<u>42,100</u>	<u>42,100</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
For The Year Ended 31 December 2017**

**13. RESERVES**

	<b>Retained earnings £</b>
At 1 January 2017	<b>527,542</b>
Profit for the year	<b>48,324</b>
	<hr/>
At 31 December 2017	<b>575,866</b>
	<hr/> <hr/>

**14. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

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

**15. RELATED PARTY DISCLOSURES**

The loan 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 £9,351 was charged for the year to 31 December 2017 (2016; (£10,489), and at the end of the year all of the interest due had been paid. The total capital repaid in the year was £57,493 (2016; £56,355).

The company made donations during the year to its parent charity, Tiree Community Development Trust amounting to £246,600 (2016; £170,000). There were no amounts unpaid at the year end.

**16. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES**

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

**17. 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.

**18. 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)**

**DETAILED PROFIT AND LOSS ACCOUNT**  
For The Year Ended 31 December 2017

	2017		2016	
	£	£	£	£
<b>Turnover</b>				
Energy sales	148,590		106,332	
Feed in Tariff - generation	411,014		314,147	
GDUOS - pass through	16,242		12,182	
	<u>          </u>	575,846	<u>          </u>	432,661
<b>Other income</b>				
Sundry receipts		23,265		77,779
		<u>          </u>		<u>          </u>
		599,111		510,440
<b>Expenditure</b>				
Turbine site lease	29,931		21,426	
Insurance	35,925		35,072	
Telephone	2,529		2,567	
Post and stationery	1,048		646	
Annual turbine maintenance	30,227		22,866	
General Maintenance	98		215	
Sundry expenses	315		2,092	
Management fees	24,000		24,000	
Accountancy	3,445		2,500	
SSE Charges	2,974		3,020	
Legal and professional fees	-		150	
Auditors' remuneration	4,250		3,950	
Donations	246,600		170,000	
	<u>          </u>	381,342	<u>          </u>	288,504
		<u>          </u>		<u>          </u>
		217,769		221,936
<b>Finance costs</b>				
Bank loan interest	35,861		41,075	
Loan interest - Trust	9,351		10,488	
	<u>          </u>	45,212	<u>          </u>	51,563
		<u>          </u>		<u>          </u>
		172,557		170,373
<b>Depreciation</b>				
Improvements to property	53,100		53,100	
Plant and machinery	55,492		55,492	
Computer equipment	5,132		5,132	
	<u>          </u>	113,724	<u>          </u>	113,724
<b>NET PROFIT</b>		<u>          </u>		<u>          </u>
		<u>          </u>		<u>          </u>
		58,833		56,649

This page does not form part of the statutory financial statements