

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
TIREE RENEWABLE ENERGY COMPANY LIMITED**

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For The Year Ended 31 December 2018**

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TIREE RENEWABLE ENERGY COMPANY LIMITED

COMPANY INFORMATION
For The Year Ended 31 December 2018

DIRECTORS:

Mark Alastair Beese
Jabez Bruce Kemp
Iain Ferguson MacDonald
Jonathan Mark Bowler
Cecilia Ann MacDonald
Cameron Andrew Smith
Andrew Alexander MacIntosh
Martin Finnigan

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 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 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

Other changes in directors holding office are as follows:

Martin Finnigan - appointed 19 September 2018

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 2018**

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:

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**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 2018 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).

In our opinion the financial statements:

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

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.

Auditors' 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. This description forms part of our Report of the Auditors.

Use of our report

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.

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:

INCOME STATEMENT
For The Year Ended 31 December 2018

	Notes	2018 £	2017 £
TURNOVER		522,165	575,846
Administrative expenses		368,748	495,066
		153,417	80,780
Other operating income		133,016	23,265
OPERATING PROFIT	3	286,433	104,045
Interest payable and similar expenses		37,587	45,212
PROFIT BEFORE TAXATION		248,846	58,833
Tax on profit	4	44,873	10,509
PROFIT FOR THE FINANCIAL YEAR		203,973	48,324

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TIREE RENEWABLE ENERGY COMPANY LIMITED (REGISTERED NUMBER: SC292914)

**BALANCE SHEET
31 December 2018**

	Notes	2018		2017	
		£	£	£	£
FIXED ASSETS					
Tangible assets	5		1,195,987		1,308,582
CURRENT ASSETS					
Debtors	6	255,251		175,782	
Prepayments and accrued income		17,847		21,846	
Cash at bank		413,241		301,635	
			686,339	499,263	
CREDITORS					
Amounts falling due within one year	7		216,525	213,642	
NET CURRENT ASSETS			469,814		285,621
TOTAL ASSETS LESS CURRENT LIABILITIES			1,665,801		1,594,203
CREDITORS					
Amounts falling due after more than one year	8		(672,569)		(849,817)
PROVISIONS FOR LIABILITIES	11		(171,293)		(126,420)
NET ASSETS			821,939		617,966
CAPITAL AND RESERVES					
Called up share capital	12		42,100		42,100
Retained earnings	13		779,839		575,866
SHAREHOLDERS' FUNDS			821,939		617,966

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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 and were signed on its behalf by:

.....
Cecilia Ann MacDonald - Director

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2018**

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2018

3. OPERATING PROFIT

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation - owned assets	<u>114,288</u>	<u>113,724</u>

4. TAXATION**Analysis of the tax charge**

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

	2018	2017
	£	£
Deferred tax	<u>44,873</u>	<u>10,509</u>
Tax on profit	<u>44,873</u>	<u>10,509</u>

5. TANGIBLE FIXED ASSETS

	Installation and Grid £	Wind Turbine £	Computer equipment £	Totals £
COST				
At 1 January 2018	1,061,962	1,109,841	16,019	2,187,822
Additions	-	-	1,693	1,693
At 31 December 2018	<u>1,061,962</u>	<u>1,109,841</u>	<u>17,712</u>	<u>2,189,515</u>
DEPRECIATION				
At 1 January 2018	424,418	443,936	10,886	879,240
Charge for year	53,100	55,492	5,696	114,288
At 31 December 2018	<u>477,518</u>	<u>499,428</u>	<u>16,582</u>	<u>993,528</u>
NET BOOK VALUE				
At 31 December 2018	<u>584,444</u>	<u>610,413</u>	<u>1,130</u>	<u>1,195,987</u>
At 31 December 2017	<u>637,544</u>	<u>665,905</u>	<u>5,133</u>	<u>1,308,582</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.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2018

6.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2018	2017
		£	£
	Trade debtors	25,624	20,735
	Other debtors	7,629	-
	Accrued income	221,998	155,047
		<u>255,251</u>	<u>175,782</u>
7.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2018	2017
		£	£
	Bank loans and overdrafts (see note 9)	111,569	103,088
	Other loans (see note 9)	59,837	58,653
	Trade creditors	1,201	692
	VAT	6,197	10,186
	Accrued expenses	37,721	41,023
		<u>216,525</u>	<u>213,642</u>
8.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2018	2017
		£	£
	Bank loans (see note 9)	354,773	472,183
	Other loans (see note 9)	317,796	377,634
		<u>672,569</u>	<u>849,817</u>
	Amounts falling due in more than five years:		
	Repayable by instalments		
	Bank loans more 5 yr by instal	-	43,676
	Other loans more 5yrs instal	66,125	130,941
		<u>66,125</u>	<u>174,617</u>
9.	LOANS	2018	2017
		£	£
	Amounts falling due within one year or on demand:		
	Bank loans	111,569	103,088
	Other loans	59,837	58,653
		<u>171,406</u>	<u>161,741</u>

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NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2018

9. LOANS - continued

	2018	2017
	£	£
Amounts falling due between one and two years:		
Bank loans - 1-2 years	111,569	103,088
Other loans - 1-2 years	61,045	59,837
	<u>172,614</u>	<u>162,925</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	243,204	325,419
Other loans - 2-5 years	190,626	186,856
	<u>433,830</u>	<u>512,275</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	-	43,676
Other loans more 5yrs instal	66,125	130,941
	<u>66,125</u>	<u>174,617</u>

10. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017
	£	£
Bank loans	466,342	575,271
Other loans	377,633	436,287
	<u>843,975</u>	<u>1,011,558</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

	2018	2017
	£	£
Deferred tax	171,293	126,420
	<u>171,293</u>	<u>126,420</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2018

11. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 January 2018	126,420
Provided during year	44,873
Provision for the year	<u> </u>
Balance at 31 December 2018	<u><u>171,293</u></u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal	2018	2017
Number:	Class:	value:	£	£
42,100	Ordinary	£1	<u><u>42,100</u></u>	<u><u>42,100</u></u>

13. RESERVES

	Retained earnings £
At 1 January 2018	575,866
Profit for the year	203,973
At 31 December 2018	<u><u>779,839</u></u>

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 £8,190 was charged for the year to 31 December 2018 (2017; (£9,351), and at the end of the year all of the interest due had been paid. The total capital repaid in the year was £58,654 (2017; £57,493).

The company made donations during the year to its parent charity, Tiree Community Development Trust amounting to £120,000 (2017; £246,600). There were no amounts unpaid at the year end. The company has committed to making a further distribution within 9 months of the year end, which is not included in the accounts, and for which tax relief is being claimed.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
For The Year Ended 31 December 2018

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.

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DETAILED PROFIT AND LOSS ACCOUNT
For The Year Ended 31 December 2018

	2018		2017	
	£	£	£	£
Turnover				
Energy sales	141,807		148,590	
Feed in Tariff - generation	364,859		411,014	
GDUOS - pass through	15,499		16,242	
	<u> </u>	522,165	<u> </u>	575,846
Other income				
Sundry receipts	5,661		23,265	
Insurance claim and compensat.	127,355		-	
	<u> </u>	133,016	<u> </u>	23,265
		655,181		599,111
Expenditure				
Turbine site lease	24,912		29,931	
Insurance	33,818		35,925	
Telephone	2,595		2,529	
Post and stationery	1,729		1,048	
Annual turbine maintenance	32,084		30,227	
General Maintenance	-		98	
Sundry expenses	466		315	
Management fees	24,000		24,000	
Accountancy	2,435		3,445	
SSE Charges	8,171		2,974	
Auditors' remuneration	4,250		4,250	
Donations	120,000		246,600	
	<u> </u>	254,460	<u> </u>	381,342
		400,721		217,769
Finance costs				
Bank loan interest	29,397		35,861	
Loan interest - Trust	8,190		9,351	
	<u> </u>	37,587	<u> </u>	45,212
		363,134		172,557
Depreciation				
Improvements to property	53,100		53,100	
Plant and machinery	55,492		55,492	
Computer equipment	5,696		5,132	
	<u> </u>	114,288	<u> </u>	113,724
NET PROFIT		248,846		58,833
		<u> </u>		<u> </u>