

REGISTERED NUMBER: 07561448 (England and Wales)

**AWEL Y GWRHYD C.I.C.
REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Bevan & Buckland
Langdon House
Langdon Road
SA1 Swansea Waterfront
Swansea
SA1 8QY

AWEL Y GWRHYD C.I.C.

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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AWEL Y GWRHYD C.I.C.
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS: A M Lucas
D McCallum
C Richards
M A S Brocklesby
D Stonehouse

REGISTERED OFFICE: 76-78 Gwilym Road
Cwmllynfell
Swansea
SA9 2GN

REGISTERED NUMBER: 07561448 (England and Wales)

ACCOUNTANTS: Bevan & Buckland
Langdon House
Langdon Road
SA1 Swansea Waterfront
Swansea
SA1 8QY

AWEL Y GWRHYD C.I.C.
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.

A M Lucas
D McCallum
C Richards
M A S Brocklesby

Other changes in directors holding office are as follows:

B Jones - resigned 27 March 2017
D Stonehouse - appointed 12 December 2017

STATEMENT FROM DIRECTORS

This company (AyG) was set up to develop the wind farm project and wholly contain all the various contracts.

AyG Directors appointed Raymond Brown Construction to build the wind farm, Enercon to supply the turbine and Wind Prospect as Owner's Engineer. Construction work was completed early in FY 2017 and the turbines are now generating electricity.

AyG was able to start construction work using shareholder funds from Awel Ltd and has managed to begin repaying interest on these funds provided by Awel Limited shareholders in FY 2018. AyG also hopes to be able to repay the loans from Welsh Government in June 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:

.....
C Richards - Director

Date:

AWEL Y GWRHYD C.I.C.
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Year Ended 31.12.17 £	Period 1.4.16 to 31.12.16 £
TURNOVER		766,642	-
Administrative expenses		(438,817)	(191,674)
OPERATING PROFIT/(LOSS)	3	327,825	(191,674)
Interest receivable and similar income		(1,473)	10,755
		<u>326,352</u>	<u>(180,919)</u>
Interest payable and similar expenses		(500,584)	16,459
LOSS BEFORE TAXATION		(174,232)	(164,460)
Tax on loss		-	-
LOSS FOR THE FINANCIAL YEAR		<u>(174,232)</u>	<u>(164,460)</u>

The notes form part of these financial statements

AWEL Y GWRHYD C.I.C. (REGISTERED NUMBER: 07561448)

**BALANCE SHEET
31 DECEMBER 2017**

	Notes	2017	2016
		£	£
FIXED ASSETS			
Tangible assets	4	7,401,120	7,258,185
CURRENT ASSETS			
Debtors	5	156,177	67,308
Cash at bank and in hand		720,386	5,108
		<u>876,563</u>	<u>72,416</u>
CREDITORS			
Amounts falling due within one year	6	3,001,159	6,299,922
			<u>6,299,922</u>
NET CURRENT LIABILITIES		<u>(2,124,596)</u>	<u>(6,227,506)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,276,524	1,030,679
CREDITORS			
Amounts falling due after more than one year	7	5,697,360	1,277,283
		<u>5,697,360</u>	<u>1,277,283</u>
NET LIABILITIES		<u><u>(420,836)</u></u>	<u><u>(246,604)</u></u>
CAPITAL AND RESERVES			
Called up share capital		1	1
Retained earnings		<u>(420,837)</u>	<u>(246,605)</u>
SHAREHOLDERS' FUNDS		<u><u>(420,836)</u></u>	<u><u>(246,604)</u></u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2017.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2017 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

AWEL Y GWRHYD C.I.C. (REGISTERED NUMBER: 07561448)

**BALANCE SHEET - continued
31 DECEMBER 2017**

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:

.....
C Richards - Director

AWEL Y GWRHYD C.I.C.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. STATUTORY INFORMATION

Awel Y Gwrhyd C.I.C. is a private company, limited by shares, registered in England and Wales. 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.

Going Concern

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Significant judgements and estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from these estimates. Details of significant estimates and judgements are listed below:

Loan interest payable on loans between the Cooperative (Awel Ltd) and subsidiary (Awel y Gwrhyd CIC)

the capital monies introduced by the shareholders in Awel Ltd has been loaned to Awel y Gwrhyd CIC in order to build the Wind Turbines, this loan is repayable on demand with no fixed interest rate chargeable. The directors have decided to include an interest charge for the period up to 31/12/2017 of £217,533 in order to match the amounts provided in Awel Ltd to be paid over to the shareholders. The actual amounts payable to 31/12/2017 may vary slightly from this amount.

Turnover

Turnover is measured at fair value of the consideration received or receivable, net of value added tax.

Turnover is recognised in reference to level of electricity generated.

AWEL Y GWRHYD C.I.C.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation of assets

The wind turbines are being depreciated over the estimated useful economic life of 25 years and the property improvements are being depreciated over the same useful economic life. This estimated useful economic life will be reviewed and, if required, revised at each balance sheet date.

Capitalisation of assets

As the whole purpose of the Group is to get the Turbines operational the decision has been taken to capitalise all incidental costs incurred by the Group, this includes interest on loans to fund the turbines and legal fees and costs incurred prior to and during development. Now that the Turbines are operational and generating electricity these costs are no longer being capitalised and are being put through the I&E.

Impairment of assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

AWEL Y GWRHYD C.I.C.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Interest on intergroup loans

Interest on loans provided by Awel Limited to Awel y Gwrhyd CIC are repayable on demand with interest charged on the balance in line with amounts due in interest to the shareholders of Awel Limited.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at transaction price.

Provisions

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, where it is more likely than not that an outflow of resources will be required to settle that obligation, and a reliable estimate of the amount can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Grants payable

Grants payable are recognised on the date of granting the monies to the recipient.

3. OPERATING PROFIT/(LOSS)

The operating profit (2016 - operating loss) is stated after charging:

	Year Ended 31.12.17 £	Period 1.4.16 to 31.12.16 £
Depreciation - owned assets	281,703	-

AWEL Y GWRHYD C.I.C.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. TANGIBLE FIXED ASSETS

		Plant and machinery etc £
COST		
At 1 January 2017		7,258,185
Additions		424,638
		<u>7,682,823</u>
At 31 December 2017		<u>7,682,823</u>
DEPRECIATION		
Charge for year		281,703
		<u>281,703</u>
At 31 December 2017		<u>281,703</u>
NET BOOK VALUE		
At 31 December 2017		<u>7,401,120</u>
At 31 December 2016		<u>7,258,185</u>

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Other debtors	156,177	67,308
	<u>156,177</u>	<u>67,308</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	2,881	167,396
Taxation and social security	23,205	-
Other creditors	2,975,073	6,132,526
	<u>3,001,159</u>	<u>6,299,922</u>

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

	2017 £	2016 £
Other creditors	5,697,360	1,277,283
	<u>5,697,360</u>	<u>1,277,283</u>

Amounts falling due in more than five years:

Repayable by instalments		
WG - more 5yrs instal	603,278	1,016,992
Triodos - more 5yrs instal	3,638,588	-
	<u>4,241,866</u>	<u>1,016,992</u>

AWEL Y GWRHYD C.I.C.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017 £	2016 £
Within one year	57,300	57,300
Between one and five years	274,200	274,200
In more than five years	1,576,325	1,630,100
	<u>1,907,825</u>	<u>1,961,600</u>

Operating lease commitments relate to leasehold land held by Awel y Gwrhyd CIC and represent minimum lease payments over the life of the lease as per agreements and other long term operating agreements in place.

9. SECURED DEBTS

The following secured debts are included within creditors:

	2017 £	2016 £
Welsh Government	970,255	4,912,801
Triodos	5,125,549	-
	<u>6,095,804</u>	<u>4,912,801</u>

The Welsh Government loan of initially £1,200,000 (originally issued to Awel Aman Tawe) for use on building the turbines, are secured via fixed and floating charge (and negative pledge) against all property and undertaking of the company.

The original loan with Triodos of £5.25m is secured via several fixed and floating charges and a negative pledge, further details on these securities are available on the Companies House Website.

The loans from Awel Limited and Awel Aman Tawe are unsecured.

AWEL Y GWRHYD C.I.C.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. RELATED PARTY DISCLOSURES

During the period Awel Limited had the following activities with Awel y Gwrhyd CIC:

	31/12/2017
	£
Opening loan balance provided by Awel Ltd	1,595,004
Further loans made during the year	790,415
Interest charged on loans in period	217,533
Closing loan balance provided by Awel Ltd	2,602,952

Also during the year Awel Limited paid £3,600 of expenses on behalf of Awel y Gwrhyd CIC.

Awel y Gwrhyd CIC is a 100% owned subsidiary of Awel Limited. The loan balance repayable on demand and interest on the loan is charged at a rate comparable to the rate at which the shareholders in Awel Ltd will receive interest on their capital invested.

During the period Awel y Gwrhyd CIC had the following activities with Awel Aman Tawe:

	31/12/2017
	£
Opening loan balance provided to Awel y Gwrhyd CIC by Awel Aman Tawe	5,597,879
Further loans provided	30,000
Amounts repaid	(4,657,625)
Closing loan balance provided to Awel y Gwrhyd CIC by Awel Aman Tawe	970,254

During the year all previous loans and outstanding balances between Awel Aman Tawe and Awel y Gwrhyd CIC were cleared down upon financial close. The only amounts owed between the companies relate to a £1.2m loan from Welsh Government which was given to Awel Aman Tawe in order to finance the Wind Turbines project in Awel y Gwrhyd,, the balance outstanding on this loan at 31/12/2017 is £970,254.

Also during the year as per the S106 agreement Awel y Gwrhyd CIC provided Community Benefit grants worth £47,000 to Awel Aman Tawe.

Awel Aman Tawe also charged Awel y Gwrhyd CIC £15,000 in management fees for the staff costs incurred by Awel Aman Tawe in the running of Awel Limited.

Awel Aman Tawe is considered a related party due to Mr D McCallum, Mr A Lucas and Mrs M Brocklesby being Directors in Awel y Gwrhyd CIC and Trustees in Awel Aman Tawe.

During the year B Jones (who is a Director of Awel Ltd and Awel y Gwrhyd CIC and a Trustee of Awel Aman Tawe) received remuneration fo £710 for administration work carried out on behalf of the Group.

The following directors of either Awel Limited, Awel y Gwrhyd CIC or Awel Aman Tawe held shares in Awel Limited as at 31/12/2017:

	31/12/2017
	£
D McCallum	5,600
C Richards	500
A Lucas	500
M Brocklesby	500
S Bevan	2,500
B Jones	2,000
D Stonehouse	4,000

AWEL Y GWRHYD C.I.C.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. ULTIMATE CONTROLLING PARTY

As at 31/12/2017 Awel Limited is deemed as the ultimate controlling company.

As Awel Limited is a cooperative society there is no ultimate controlling party.

**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS
ON THE UNAUDITED FINANCIAL STATEMENTS OF
AWEL Y GWRHYD C.I.C.**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Awel Y Gwrhyd C.I.C. for the year ended 31 December 2017 which comprise the Income Statement, Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed within the ICAEW's regulations and guidance at <http://www.icaew.com/en/membership/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Awel Y Gwrhyd C.I.C., as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Awel Y Gwrhyd C.I.C. and state those matters that we have agreed to state to the Board of Directors of Awel Y Gwrhyd C.I.C., as a body, in this report in accordance with ICAEW Technical Release 07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Awel Y Gwrhyd C.I.C. and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Awel Y Gwrhyd C.I.C. has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Awel Y Gwrhyd C.I.C.. You consider that Awel Y Gwrhyd C.I.C. is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Awel Y Gwrhyd C.I.C.. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Bevan & Buckland
Langdon House
Langdon Road
SA1 Swansea Waterfront
Swansea
SA1 8QY

Date:

AWEL Y GWRHYD C.I.C.

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Year Ended 31.12.17		Period 1.4.16 to 31.12.16	
	£	£	£	£
Sales		766,642		-
Other income				
Deposit account interest	955		545	
Effective interest on long term liability	(2,428)		10,210	
		<u>(1,473)</u>	<u>10,210</u>	<u>10,755</u>
		765,169		10,755
Expenditure				
Rent	38,775		-	
Insurance	19,818		10,680	
Light and heat	1,344		1,033	
Telephone/Internet /Metering	603		26	
Post and stationery	43		1,428	
Advertising	4,325		1,620	
Travelling	29		163	
Repairs, renewals & maintenance	5,605		-	
Sundry expenses	2		-	
Accountancy	3,600		3,250	
Grants awarded	57,500		-	
Administration expenses	4,727		-	
Management charges	15,000		-	
Legal fees	-		13	
Foreign exchange losses	4,785		173,224	
		<u>156,156</u>	<u>173,224</u>	<u>191,437</u>
		609,013		(180,682)
Finance costs				
Bank charges	958		237	
Bank loan interest	283,051		-	
Interest recharge on loans to AAT on behalf of AyG	-		(16,459)	
Interest on Awel Coop Loan	217,533		-	
		<u>501,542</u>	<u>(16,459)</u>	<u>(16,222)</u>
		107,471		(164,460)
Depreciation				
Improvements to property	84,567		-	
Plant and machinery	197,136		-	
		<u>281,703</u>	<u>-</u>	<u>-</u>
NET LOSS		<u>(174,232)</u>	<u>(164,460)</u>	<u>(164,460)</u>

This page does not form part of the statutory financial statements