REGISTERED NUMBER: RS007204 (England and Wales)

AWEL LIMITED

REPORT OF THE DIRECTORS AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Bevan & Buckland
Chartered Accountants
And Statutory Auditors
Langdon House
Langdon Road
SA1 Swansea Waterfront
Swansea
SA1 8QY

AWEL LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2017

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AWEL LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS:	D McCallum C Richards M A S Brocklesby Dr S L Bevan B Jones D Stonehouse
SECRETARY:	C Richards
REGISTERED OFFICE:	76-78 Gwilym Road Cwmllynfell Swansea SA9 2GN
REGISTERED NUMBER:	RS007204 (England and Wales)
AUDITORS:	Bevan & Buckland Chartered Accountants And Statutory Auditors Langdon House Langdon Road SA1 Swansea Waterfront Swansea SA1 8QY

AWEL LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

Awel Co-op commissioned its 4.7MW wind farm in January 25th 2017.

The project has generated:
- 10,112 MWh in 2017 which was ahead of target
- Secured sales of £766,642
- Supplied the annual electricity needs of 3,262 homes
- Saved 3,328 tonnes of carbon emissions

As a community enterprise, albeit with social objectives, Directors realise they have to run the wind farm so that it meets its obligations and liabilities. They are pleased to report that the wind farm has run very successfully in 2017 and all liabilities have been discharged including loan repayments to Triodos Bank and Welsh Government. Directors therefore were able to offer a payment back to Co-op Members totalling £217k - this was interest payments of either 7% or 5% (depending on investment date), and was backdated to when funds were received by the Co-op. Many members decided to re-invest their interest to buy additional shares @5% and thereby help pay off the Welsh Government loan. We expect to have paid back the Welsh Government loan by the end of June 2018.

Going forward into 2018 - income has gone up as we have agreed a one year Power Purchase Agreement with Co-op Energy at a winter rate of £85.64/MWh and summer rate of £79.49 incl FiT. This compared to our payment of £79/MWh in 2017. We also qualified for the additional Triads payment of £24,648 as we were generating during the peak UK demand periods. As of 31st May, we have generated 6,151 MWh which is higher than last year.

We were also given a boost by Neath Port Talbot Council who exempted us from business rate due to our community status and their wish to support the community energy sector, especially in our earlier years. This is the first time a council has done this in Wales and is a saving of around £70,000 over the next three years and will enable us to increase our work in the community.

Awel Co-op has now raised over £2.7m from its community share offer, the highest ever in Wales to our knowledge, and is looking to raise £3m so the project is owned by as many people and organisations in Wales as possible. The wind farm has a capital value of £8.25m and is co-funded by a £5.25m loan from Triodos.

The overall aims are to tackle climate change and enabling local regeneration in the Upper Swansea and Amman Valley. To help achieve this, we:

- Engage people in climate change action
- Tackle fuel poverty,
- Develop further community energy and low carbon projects
- Undertake an educational and arts programme.

These aims are delivered by Awel Co-op and by its sister charity, Awel Aman Tawe, which originally developed the project and employs staff to take forward projects. Funds totalling £100,000 have been transferred to Awel Aman Tawe which have been used to purchase shares in Awel Co-op as the charity trustees considered this the best use of the funds. However, due to the credibility that the wind farm has given to AAT, it has been able to leverage a significant amount of match funding for projects as noted below. AAT has spent £85k of its own funds and has secured match funding of £326k.

Engage people in climate change action

- We have nearly 1000 members in our co-op. We have also over 40 local groups who are members and they own over £100k of the shares giving them a sustainable income stream - these shares were funded by AAT as part of its community benefit programme. We estimate that there are over 20,000 people in these local groups which now co-own the wind farm. Members include the local rugby and football clubs, 16 schools, Merched y Wawr, the Food Bank and the Friends of Pontardawe Centre.
- Over 600 people have come on our site visits and we aim to facilitate these visits on an ongoing basis.

Tackle fuel poverty
- We are providing energy advice as part of match funding for a successful £200k fuel poverty inward investment from Warm Homes with Tai Tarian Homes in NPT.
- Egni Solar PV Co-op: we will be undertaking a share offer to install solar panels on more buildings in the South Wales Valleys in the summer 2018. We already have 179kw installed on 7 community buildings and schools, providing the buildings with free electric and an educational resource. These organisations already work with groups affected by fuel poverty in their communities, and Egni saves the groups themselves about £8,000/year in energy bills.

Develop further community energy and low carbon projects
- We are currently in discussions with planners regarding a 1.2MW ground mounted solar farm on fields next to our turbines on the Gwrhyd. These would share the grid connection.
- We are also assessing the feasibility of developing 3 additional wind turbines on the Gwrhyd with a capacity of 9MW
- AAT has secured £60k of funding from the EU Rural Development Programme for a Development Officer to take these projects forward.
- Energy Centre: We have agreed to buy the former Cwmgors Primary School and to develop it as an Energy Centre developing fuel poverty, renewables and environmental projects. We are also keen to look at affordable, low carbon housing on the site and are looking at self-build options with young people.

Educational and Arts programme
- We are co-funding a community play about climate change with Pontardawe Arts Centre. The play will be staged on 19th June 2018. We have recently supported the new Friends of the Arts Centre group with a £10,000 grant.
- 4 schools visited the site and undertook projects about their experience and 16 schools are Co-op members. We hope to employ an Education Worker in the future.
- 7 students undertook research regarding various aspects of Awel Co-op and AAT

We have been honoured to have won the following awards and recognition - at the Community Energy England and Wales Awards, we won Best Project in 2016; we won the best co-op in Wales in the Plunkett Foundation Awards; and best fundraising at the Wales Council for Voluntary Action awards; we won the Engaging the Community Category at the Wales Green Energy Awards.

REVIEW OF BUSINESS
Awel Ltd (known as Awel Co-op) wholly owns Awel y Gwrhyd CIC, the trading entity set up to contain all the various contracts relating to the wind farm. During the course of the year, Awel Ltd continued to run a Share Offer which was advanced to Awel y Gwrhyd CIC towards the capital costs of the wind farm. The wind farm consists of two Enercon E82 turbines, each rated at 2.35MW. So the scheme has a total capacity of 4.7MW. The turbines began generating electricity in early FY 2017 and generated turnover in excess of £750,000. The group made a loss of (195,655) this year but this is mainly due to large interest payments due on various loans and depreciation charges. The group is generating cash and turnover in line with projections and as detailed earlier int he report going forward it expects to be able to lessen the burden of interest payments by repaying the Welsh Government loan earlier than previously expected.

AWEL LIMITED

**REPORT OF THE DIRECTORS
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.

D McCallum
C Richards
M A S Brocklesby
Dr S L Bevan
B Jones

Other changes in directors holding office are as follows:

D Stonehouse - appointed 12 December 2017

PRINCIPAL RISKS AND UNCERTAINTIES
There were a number of risks to the project which are covered in the Share Offer Document which remain including:

Ground risk: A ground investigation had already been completed by Natural Power and further work was done by Wind Prospect. The investigation included drilling to 50m. The main risk was mining activities or unexpected voids. The turbines were micro sited to avoid problematic areas and during construction, there was no issue with turbine foundations

Wind: 2 years of onsite hub height wind measurement were undertaken by Dulas and correlated to Met Office data.

Contractors: A well known and 'bankable' turbine, Enercon was selected. Enercon has also been very supportive of the community energy sector in Scotland. Raymond Brown Construction Ltd were appointed to undertake Balance of Plant work and Wind Prospect Ltd as Owner's Engineer.

A risk going forward is currency fluctuation as maintenance payments to Enercon will be made in euros. We have two years free maintenance so payments will start in 2019. Closer to the time, Directors will consider hedging these payments.

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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 group'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 group's auditors are aware of that information.

AUDITORS

The auditors, Bevan & Buckland, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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:

....
D McCallum - Director

Date: ....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AWEL LIMITED

Opinion

We have audited the financial statements of Awel Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Income Statement, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity 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 group's and of the parent company affairs as at 31 December 2017 and of the group's loss 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 group 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 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 group'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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AWEL LIMITED

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 Group 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 four, 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 group's and the parent 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 group or the parent 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. This description forms part of our Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AWEL LIMITED

Alison Vickers (Senior Statutory Auditor)
for and on behalf of Bevan & Buckland
Chartered Accountants
And Statutory Auditors
Langdon House
Langdon Road
SA1 Swansea Waterfront
Swansea
SA1 8QY

Date: ....

AWEL LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Year Ended 31.12.17 £	Period 11.9.15 to 31.12.16 £
TURNOVER		766,642	-
Administrative expenses		(460,292)	(353,726)
OPERATING PROFIT/(LOSS)	4	306,350	(353,726)
Interest receivable and similar income		(1,421)	10,994
		304,929	(342,732)
Interest payable and similar expenses		(500,584)	-
LOSS BEFORE TAXATION		(195,655)	(342,732)
Tax on loss		-	-
LOSS FOR THE FINANCIAL YEAR		(195,655)	(342,732)
Loss attributable to:			
Owners of the parent		(195,655)	(342,732)

The notes form part of these financial statements

AWEL LIMITED (REGISTERED NUMBER: RS007204)

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
FIXED ASSETS					
Tangible assets	6		7,401,120		7,258,115
Investments	7		-		-
			7,401,120		7,258,115
CURRENT ASSETS					
Debtors	8	156,178		81,307	
Cash at bank and in hand		811,053		70,459	
		967,231		151,766	
CREDITORS					
Amounts falling due within one year	9	636,067		4,799,664	
NET CURRENT ASSETS/(LIABILITIES)			331,164		(4,647,898)
TOTAL ASSETS LESS CURRENT LIABILITIES			7,732,284		2,610,217
CREDITORS					
Amounts falling due after more than one year	10		5,697,360		1,277,283
NET ASSETS			2,034,924		1,332,934
CAPITAL AND RESERVES					
Called up share capital			2,573,311		1,675,666
Retained earnings			(538,387)		(342,732)
SHAREHOLDERS' FUNDS			2,034,924		1,332,934

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:

....
D McCallum - Director

The notes form part of these financial statements

AWEL LIMITED (REGISTERED NUMBER: RS007204)

COMPANY BALANCE SHEET
31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
FIXED ASSETS					
Tangible assets	6		-		-
Investments	7		1		1
			1		1
CURRENT ASSETS					
Debtors	8	2,602,952		1,609,003	
Cash at bank and in hand		90,667		65,350	
		2,693,619		1,674,353	
CREDITORS					
Amounts falling due within one year	9	237,858		94,744	
NET CURRENT ASSETS			2,455,761		1,579,609
TOTAL ASSETS LESS CURRENT LIABILITIES			2,455,762		1,579,610
CAPITAL AND RESERVES					
Called up share capital			2,573,311		1,675,666
Retained earnings			(117,549)		(96,056)
SHAREHOLDERS' FUNDS			2,455,762		1,579,610
Company's loss for the financial year			(21,493)		(96,056)

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:

....
D McCallum - Director

The notes form part of these financial statements

AWEL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	1,675,666	-	1,675,666
Total comprehensive income	-	(342,732)	(342,732)
Balance at 31 December 2016	1,675,666	(342,732)	1,332,934
Changes in equity			
Issue of share capital	897,645	-	897,645
Total comprehensive income	-	(195,655)	(195,655)
Balance at 31 December 2017	2,573,311	(538,387)	2,034,924

The notes form part of these financial statements

AWEL LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	1,675,666	-	1,675,666
Total comprehensive income	-	(96,056)	(96,056)
Balance at 31 December 2016	1,675,666	(96,056)	1,579,610
Changes in equity			
Issue of share capital	897,645	-	897,645
Total comprehensive income	-	(21,493)	(21,493)
Balance at 31 December 2017	2,573,311	(117,549)	2,455,762

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

Awel Limited is registered under the Cooperative and Community Benefit Societies Act 2014. 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
The financial statements have been prepared under UK GAAP - FRS 102 section 1a.

Legal Status
The Company is registered under the Co-operative and Community Benefit Societies Act 2014, regulated by the FCA.

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

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Details of Subsidiary Undertakings

Nature	**Name**	**Registered Office**
Parent	Awel Limited	76-78 Heol Gwilym, Cwmllynfell, Swansea, SA9 2GN
Subsidiary	Awel y Gwrhyd CIC	76-78 Heol Gwilym, Cwmllynfell, Swansea, SA9 2GN

All companies listed above are included in the Group consolidated 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:

<u>Interest payable to the shareholders of the Cooperative (Awel Ltd)</u>
The directors are in discussion with Triodos Bank about a substantial payment of interest to the shareholders, based on the initial capital provided. The outcome of these discussions is still uncertain, however the directors feel that it is sufficiently certain that a provision of £217,533 should be made in the financial statements to cover any amounts payable up to 31/12/2017. The actual amounts payable to 31/12/2017 may vary slightly from this amount.

<u>Loan interest payable on loans between the Cooperative (Awel Ltd) and subsidiary (Awel y Gwrhyd CIC)</u>
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.

continued...

2. **ACCOUNTING POLICIES - continued**

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.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.
Plant and machinery etc - 4% on cost

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.

Capitalization 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.

 continued...

2. **ACCOUNTING POLICIES - continued**

Financial instruments
The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial I instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

continued...

2. **ACCOUNTING POLICIES - continued**

Basic financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into, An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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.

 continued...

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.

Share capital issued
Share capital is recognised once a signed form and payment has been received. There are 2 types of share capital held in the company, £1 Ordinary Shares A which offer a potential interest return of 7% and £1 Ordinary Shares B which offer a potential interest return of 5%. Interest is payable at the discretion of the directors.

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.

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.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was NIL (2016 - NIL).

continued...

4. OPERATING PROFIT/(LOSS)

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

	Year Ended 31.12.17 £	Period 11.9.15 to 31.12.16 £
Depreciation - owned assets	281,703	-
Auditors' remuneration	6,600	6,250
Auditors' remuneration for non audit work	-	750
Foreign exchange differences	4,785	205,482
Finance income on treatment of long term liability under Net Present Value method	(2,428)	10,210

5. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

6. TANGIBLE FIXED ASSETS

Group

	Plant and machinery etc £
COST	
At 1 January 2017	7,258,115
Additions	424,708
At 31 December 2017	7,682,823
DEPRECIATION	
Charge for year	281,703
At 31 December 2017	281,703
NET BOOK VALUE	
At 31 December 2017	7,401,120
At 31 December 2016	7,258,115

continued...

7. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2017	
and 31 December 2017	1
NET BOOK VALUE	
At 31 December 2017	1
At 31 December 2016	1

The £1 investment is in 100% owned subsidiary Awel y Gwrhyd CIC. The results of Awel y Gwrhyd CIC are included in the consolidation of these financial statements. Awel y Gwrhyd CIC is a Community Interest Company registered with Companies House and its individual financial statements are available publicly from Companies House.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Other debtors	156,178	81,307	2,602,952	1,609,003

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	4,181	167,398	1,298	(1)
Taxation and social security	23,205	-	-	-
Other creditors	608,681	4,632,266	236,560	94,745
	636,067	4,799,664	237,858	94,744

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

	Group	
	2017	2016
	£	£
Other creditors	5,697,360	1,277,283

continued...

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued

Amounts falling due in more than five years:

	Group	
	2017	2016
	£	£
Repayable by instalments		
WG - more 5yrs instal	603,278	1,016,992
Triodos - more 5yrs instal	3,638,588	-
	4,241,866	1,016,992

11. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	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
	1,907,825	1,961,600

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.

12. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2017	2016
	£	£
WG Loans	970,255	4,912,801
Triodos loan	5,006,982	-
	5,977,237	4,912,801

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.

continued...

13. RELATED PARTY DISCLOSURES

During the period Awel Limited had the following activities with Awel Aman Tawe:

	31/12/2017
	£
Opening creditor balance	82,354
Monies received by Awel Aman Tawe on behalf of Awel Limited repaid	200
Conversion of amounts owed into share capital	(68,045)
Monies outstanding on invoices paid by Awel Aman Tawe	(3,600)
Monies outstanding on shares purchased by Awel Aman Tawe	(10,500)
Management charges outstanding at year end	15,000
Closing creditor balance	**15,409**

During the year Awel Aman Tawe purchased £34,000 worth of shares in Awel Ltd on behalf of local schools and charities.

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

It was also agreed that an amount of £68,045 owed by Awel Limited to Awel Aman Tawe be converted into share capital in Awel Limited in lieu of repayment.

Awel Aman Tawe is considered a related party due to the Mr D McCallum, Dr S Bevan, Mrs M Brocklesby and Mr B Jones being Directors in Awel Limited and Trustees in Awel Aman Tawe.

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

	31/12/2017
	£
Opening loan balance provided to Awel y Gwrhyd CIC	1,595,004
Further loans made during the year	790,415
Interest charged on loans in period	217,533
Closing loan balance provided to Awel y Gwrhyd CIC	**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	5,597,879
Further loans provided	30,000
Amounts repaid	(4,657,625)
Closing loan balance provided to Awel y Gwrhyd CIC	**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,, the balance outstanding on this loan at 31/12/2017 is £970,254. There is also a balance of £14,100 owed for monies owed on ComBen payment and invoices paid on Awel y Gwrhyd CIC behalf.

continued...

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 Mr 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

The Group have included a provision of £217,533 for payment of interest to the members of the group.

14. ULTIMATE CONTROLLING PARTY

The Group is controlled by its members who have one vote each. The day to day management of the group is handled by the Board of Directors, who are appointed by the members.

15. SHARE CAPITAL

During the period Awel Limited issued further share capital of £897,645 via the share offer, resulting in a total share capital of £2,573,311 at the year ended 31 December 2017.

AWEL LIMITED

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

	Year Ended 31.12.17 £	£	Period 11.9.15 to 31.12.16 £	£
Sales		766,642		-
Other income				
Deposit account interest	1,007		784	
Effective interest on long term liability	(2,428)		10,210	
		(1,421)		10,994
		765,221		10,994
Expenditure				
Rent	38,775		-	
Insurance	19,818		12,322	
Light and heat	1,344		1,033	
Telephone & Internet	1,334		582	
Post and stationery	415		7,399	
Advertising	4,921		40,711	
Travelling	105		349	
Repairs, renewals & maintenance	5,535		-	
Sundry expenses	1		-	
Grants awarded	57,500		-	
Subscriptions	-		261	
Admins expenses	5,922		10,200	
Management charges	30,000		16,118	
Legal fees	-		51,755	
Auditors' remuneration	6,600		6,250	
Auditors' remuneration for non audit work	-		750	
Donations	500		-	
Foreign exchange losses	4,785		205,482	
		177,555		353,212
		587,666		(342,218)
Finance costs				
Bank charges	1,034		514	
Bank loan interest	283,051		-	
Interest payable to shareholders	217,533		-	
		501,618		514
Carried forward		86,048		(342,732)

This page does not form part of the statutory financial statements

AWEL LIMITED

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

	Year Ended 31.12.17		Period 11.9.15 to 31.12.16	
	£	£	£	£
Brought forward		86,048		(342,732)
Depreciation				
Improvements to property	84,567		-	
Plant and machinery	197,136		-	
		281,703		-
NET LOSS		(195,655)		(342,732)