



17th February 2019

2019 ANNUAL GENERAL MEETING NOTICE

Halton Hydro AGM Friday 15th March 2019
7.00pm at "The Centre@ Halton", LA2 6NB

The Directors of Halton Lune Hydro invite you to join us at the fifth Annual General Meeting on the date and time indicated above. The Chairman will provide a power-point update on the last year's progress and refreshments will be served at the end. The annual report and outline accounts are attached.

The resolutions to be voted on this year are shown below on the voting slip. A copy of the accounts and minutes may be viewed at www.haltonlunehydro.org. Voting will be by a show of hands at the AGM, although should you not be able to attend please complete and return the form below by email or post to arrive on or before 14th March 2019.

Brian Jefferson MBE
Company Secretary



2019 AGM Resolutions

- | | | |
|--|------------------------------|----------------------------------|
| 1. Acceptance of the March 2018 AGM Minutes. | For <input type="checkbox"/> | Against <input type="checkbox"/> |
| 2. Approval of the 2018 year financial statements, examined by RFM | For <input type="checkbox"/> | Against <input type="checkbox"/> |
| 3. Re-appointment of RFM as account examiners. | For <input type="checkbox"/> | Against <input type="checkbox"/> |
| 4. Re-appointment of Allan Denham to the Board of Directors. | For <input type="checkbox"/> | Against <input type="checkbox"/> |
| 5. Appointment of Mr Nick Mannion to the Board of Directors. | For <input type="checkbox"/> | Against <input type="checkbox"/> |
| 6. Appointment of Ms Maria Angeles Solera to the Board of directors. | For <input type="checkbox"/> | Against <input type="checkbox"/> |
| 7. Acceptance of change of Company Memorandum for £1 shares | For <input type="checkbox"/> | Against <input type="checkbox"/> |

SHAREHOLDER NAME..... Signature.....

Should you not be able to attend and wish to vote, please send by Royal Mail to the Head Office, or by email to the Secretary, Secretary@haltonlunehydro.org, arriving on or before 14th March 2019.

Halton Lune Hydro

Hydro-electric Community Project

2019 Chairman's AGM Report

1. INTRODUCTION

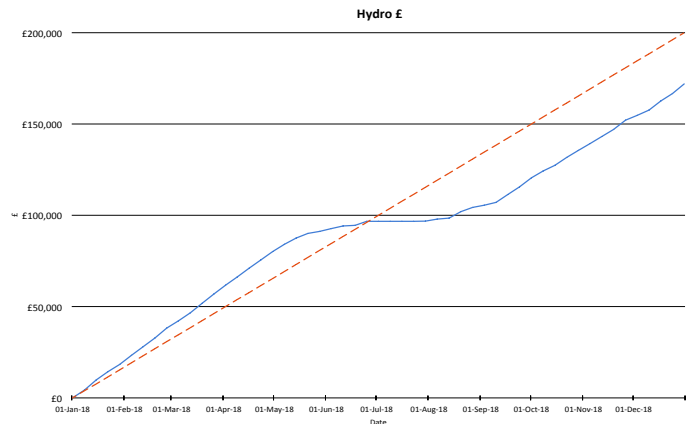
2018 proved to be an interesting year - as they always are!

We are however fortunate to have a good team of local operators and maintainers, who I wish to thank for their efforts and enthusiasm. This includes the fish monitoring and trapping team, whereby salmon and sea trout are trapped and undergo health checks, under control of the Environment Agency.

2. REVENUE

We experienced the abnormally long dry spell with the river well below the crest of the weir, instead of floods, and providing virtually no power generation through June, July and the first part of August. Performance was however good either side, and we generated £173,500 revenue instead of £187,390 last year that was boosted with a rates rebate, so have sufficient to pay shareholders a 4% dividend, based on the original investment before tax rebates.

The 2019 year has started very well, and we look forward to achieving the £200,000 target as per the red broken line on the attached 2018 graph.



3. OPERATION & MAINTENANCE

The technical learning curve relative to our particular installation continues, as there have been computer-programming developments based on our operating experience. We have made improvements with power sharing between the two turbines (these receive different FITs revenue amounts) and developed more remote control by the Duty Officers - such as dealing with leaves that block inlet screens. The inlet screen cleaners have a limit in this respect and we find that leaves simply fall off the screens if both turbines are remotely stopped for five minutes and re-started.

We undertook the usual summer inlet drain down during the dry spell and removed a build up of stones that heavy machinery was unable to reach after the November 2017 flooding. Two conveyor belts really speeded the process as per the adjacent photo.



The left hand photograph was taken on the turbine side of the inlet screens, which are cleared of debris each year.



The bottom right photograph is looking towards the turbine inlets where aluminium plates have been installed to hold back water.



The outlet area also had to be drained down this year to allow repairs to the riverside turbine. Divers removed stones from the slots where steel sealing plates sit and one is a keen underwater photographer, so just a few underwater safari fish videos at the AGM this year.

4. SHAREHOLDERS

Moving now to the shareholder matters. The work of Secretary Brian Jefferson has been rather demanding, as the bank have stopped use of cheques in quantity and instead, all shareholders have been requested to provide bank details for direct payment. This means that dividend payments can be made direct to the bank, but its not possible to provide the formal notification normally required by HMRC, without accurate contact details, so please do let the Secretary know of email changes and house moves.

An associated subject is that of repaying capital to our shareholders from generated income over the twenty year FIT income period. We thank all shareholders who invested initially to make the project viable - and more recently, those having offered to sell back to assist achieve objectives.

If you consider the investment to have been beneficial and that you are now able to release shares, it would be appreciated, as it is essential that we ensure the ring fenced annual amounts of around £80,000pa are paid out, rather than sitting in the bank gaining less than 1% interest, and at the same time our paying 4% interest.

Given a steady pace of shareholder payback, the total dividend payment becomes less each year. The savings are then added to the sum donated to the Halton Lune Trust (HLT) for worthy community causes, as per the target table shown below.

GUIDELINE REPAYMENT TAB Revised 11Jan19

Year 1	Target refunds	Cumulative	New target	Cumulative	Deficient	Interest	Interest paid	HL Trust
2015		0		0		£3,000 basic plus interest saved from 2018		
2016	£40,000	£40,000	£15,300	£15,300	£24,700	4.0%	£55,680	£5,000
2017	£70,000	£110,000	£16,000	£31,300	£78,700	3.4%	£44,948	£6,200
2018	£70,000	£180,000	£90,250	£121,550	£58,450	4.0%	£50,080	£7,862
2019	£70,000	£250,000	£97,450	£219,000		4.0%	£47,280	£11,760
2020	£75,000	£325,000	£78,000	£297,000		4.0%	£44,280	£14,880
2021	£75,000	£400,000	£78,000	£375,000		4.0%	£41,280	£18,000
2022	£75,000	£475,000	£78,000	£453,000		4.0%	£38,280	£21,120
2023	£75,000	£550,000	£78,000	£531,000		4.0%	£35,280	£24,240
2024	£75,000	£625,000	£78,000	£609,000		4.0%	£32,280	£27,360
2025	£75,000	£700,000	£78,000	£687,000		4.0%	£29,280	£30,480
2026	£75,000	£775,000	£78,000	£765,000		4.0%	£26,280	£33,600
2027	£75,000	£850,000	£78,000	£843,000		4.0%	£23,280	£36,720
2028	£75,000	£925,000	£78,000	£921,000		4.0%	£20,280	£39,840
2029	£75,000	£1,000,000	£78,000	£999,000		4.0%	£17,280	£42,960
2030	£77,000	£1,077,000	£78,000	£1,077,000		4.0%	£14,200	£46,080
2031	£90,000	£1,167,000	£90,000	£1,167,000		4.0%	£10,600	£49,680
2032	£90,000	£1,257,000	£90,000	£1,257,000		4.0%	£7,000	£53,280
2033	£90,000	£1,347,000	£90,000	£1,347,000		4.0%	£3,400	£56,880
2034	£85,000	£1,432,000	£85,000	£1,432,000		4.0%	£0	£60,280
20 Years			£1,432,000					£586,222

It will be noted that the table has been updated since last year, as we did not achieve target payback, and now target a catch up over the next two years – otherwise dividends will suffer.

It would of course be good to use the increased revenue from inflation to pay higher dividends, but in addition to repairs and replacements, which increase as plant ages, there is an unavoidable situation of corporation tax becoming significant from 2021. (£21,000 pa instead of £1,700 estimated for 2020). This is because we shall have utilised all of the capital expenditure as depreciation, to offset corporation tax.

Becoming a charity has been fully investigated, but the hydro is in the business of generating electricity, so does not qualify.

5. AGM 2018

An interesting question was raised at the 2018 AGM, regarding who owns the Hydro when all shareholders have been re-paid? We therefore propose at this year's AGM to invite those being re-paid from now on to keep a single £1 share that does not pay dividends, and thus retain a significant number of shareholders for ownership and overseeing the project. Those already having taken capital sums back will also qualify, should they wish to buy a £1 share. This will need to be written into Company Articles, hence the motion on the agenda.

6. BOARD of DIRECTORS

One of my responsibilities as a company Chairman is to take a leading role in determining the composition and structure of the board for effectiveness in achieving objectives.

Good communication, expertise, availability and succession planning that includes a good spread of age, are high on my list. Two very active members of the management group that will bring the director age profile down, and willing to accept the extra responsibility as company directors are:

- Maria Angeles Solera*, a regular Duty Officer who deals with analysis and presentation of fish counting & result validation, the hydro turbine digital operating systems and associated reporting to the Environment Agency.
- Nick Mannion*, a regular Duty Officer having made a significant input to matters of operation and maintenance. Nick would become deputy to civil engineer and founder member Allan Denham, who wishes to stand again following completion of his three year term.

This would produce a full management board, with up to six directors, of:

- John Blowes – Project Manager and Chairman. Founder member and director
- Brian Jefferson – Company Secretary. Founder member and director
- Kevin Frea – Fish trapping, publicity and the web site. Founder member and director.
- Allan Denham – Overseeing maintenance. Founder member and director.
- Maria Angeles Solera* – Data Analysis and day to day Environment Agency interface
- Nick Mannion* - Day to day maintenance
- Jon Sear - Lancaster Cohousing Representative, Fish trapping lead with Kevin and Deputy to John Blowes for operations.
- Graham Porter - Duty Officer with good availability and knowledge.

Other members of the team are regular duty Officers, namely Chris Baxter, (electrical maintenance and upgrading), Carl Richardson (mechanical maintenance and upgrading) and Steve Brant (mechanical maintenance and timber removal a speciality).



John Blowes CEng MBE

Halton Lune Hydro Limited

Report of the Directors and

Unaudited Financial Statements for the Year Ended 31 December 2018

RfM Fylde Limited
Summerdale
Head Dyke Lane
Pilling
Preston
Lancashire
PR3 6SJ

Halton Lune Hydro Limited

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Halton Lune Hydro Limited
Company Information
for the Year Ended 31 December 2018

Directors: Mr J Blowes (Chairman)
Mr A Denham
Mr K Frea
Mr B Jefferson

Secretary: Mr B Jefferson

Registered office: Rectory Cottages
Foundry Lane
Halton
Lancaster
LA2 6LT

Registered number: 32233R (England and Wales)

Accountants: RfM Fylde Limited
Summerdale
Head Dyke Lane
Pilling
Preston
Lancashire
PR3 6SJ

Halton Lune Hydro Limited

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.

Principal activity

The principal activity of the society is the development and management of renewal energy sources.

Directors

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

Mr J Blowes (Chairman)

Mr A Denham

Mr K Frea

Mr B Jefferson

Donations

During the year donations of £6,200 were made to the Halton Lune Trust.

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:

Mr J Blowes (Chairman)

12 February 2019

**Chartered Accountants' Report to the Board of Directors
on the Unaudited Financial Statements of
Halton Lune Hydro Limited**

We report on the accounts for the period ended 31 December 2018 set out on pages 4 to 11.

Respective responsibilities of the directors and the independent reporting accountant

The society's directors are responsible for the preparation of the accounts, and they consider that the society is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our procedures consisted of comparing the accounts with the books of account kept by the society and making such limited enquiries of the officers of the society as we considered necessary for the purpose of this report. These procedures provide the only assurance expressed in our opinion.

Opinion

In our opinion:

- the revenue account and balance sheet for the period ended 31 December 2018 are in agreement with the books of account kept by the society under section 75 of the Co-operative and Community Benefit Societies Act 2014;
- having regard only to, and on the basis of the information contained in the books of account, the revenue account and balance sheet for the period ended 31 December 2018 comply with requirements of the Co-operative and Community Benefit Societies Act 2014; and
- the society met the financial criteria enabling it to disapply the requirement to have an audit of the accounts for the period specified in section 84 of the Co-operative and Community Benefit Societies Act 2014.

RfM Fylde Limited
Summerdale
Head Dyke Lane
Pilling
Preston
Lancashire
PR3 6SJ

12 February 2019

Halton Lune Hydro Limited

Profit and Loss Account (Revenue account) for the Year Ended 31 December 2018

	Notes	2018 £	2017 £
Turnover		173,500	187,390
Administrative expenses		<u>101,598</u>	<u>106,182</u>
		71,902	81,208
Other operating income		<u>3,000</u>	<u>-</u>
Operating profit	4	74,902	81,208
Interest receivable and similar income		<u>672</u>	<u>405</u>
		75,574	81,613
Interest payable and similar expenses		<u>47,487</u>	<u>56,941</u>
Profit before taxation		28,087	24,672
Tax on profit	5	<u>8,672</u>	<u>7,044</u>
Profit for the financial year		<u><u>19,415</u></u>	<u><u>17,628</u></u>

The notes form part of these financial statements

Halton Lune Hydro Limited (Registered number: 32233R)

**Balance Sheet
31 December 2018**

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		1,242,801		1,287,709
Current assets					
Debtors	7	32,392		77,602	
Cash at bank		<u>151,812</u>		<u>124,442</u>	
			184,204		202,044
Creditors					
Amounts falling due within one year	8	<u>5,774</u>		<u>5,973</u>	
Net current assets			<u>178,430</u>		<u>196,071</u>
Total assets less current liabilities			1,421,231		1,483,780
Provisions for liabilities	9		<u>35,967</u>		<u>27,381</u>
Net assets			<u><u>1,385,264</u></u>		<u><u>1,456,399</u></u>
Capital and reserves					
Called up share capital	10		1,301,985		1,392,535
Retained earnings	11		<u>83,279</u>		<u>63,864</u>
Shareholders' funds			<u><u>1,385,264</u></u>		<u><u>1,456,399</u></u>

The notes form part of these financial statements

Halton Lune Hydro Limited (Registered number: 32233R)

**Balance Sheet - continued
31 December 2018**

The directors acknowledge their responsibilities for:

- (i) ensuring that the society keeps proper accounting records which comply with section 75 of the Co-operative and Community Benefit Societies Act 2014,
- (ii) establishing and maintaining a satisfactory system of its books of accounts, its cash holdings and all its receipts and remittances in order to comply with section 75(3) of the Act, and
- (iii) preparing financial statements which give a true and fair view of the state of affairs of the society as at the end of the financial year and of its profit for the financial year in accordance with the requirements of section 80, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the society.

The financial statements have been prepared in accordance with the Co-operative and Community Benefit Society Act 2014 and 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”.

The financial statements were approved by the Board of Directors on 12 February 2019 and were signed on its behalf by:

Mr J Blowes (Chairman)

Mr A Denham (Director)

Mr B Jefferson (Secretary)

The notes form part of these financial statements

Halton Lune Hydro Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2017	1,423,535	46,236	1,469,771
Changes in equity			
Repayment of share capital	(31,000)	-	(31,000)
Total comprehensive income	<u>-</u>	<u>17,628</u>	<u>17,628</u>
Balance at 31 December 2017	<u>1,392,535</u>	<u>63,864</u>	<u>1,456,399</u>
Changes in equity			
Repayment of share capital	(90,550)	-	(90,550)
Total comprehensive income	<u>-</u>	<u>19,415</u>	<u>19,415</u>
Balance at 31 December 2018	<u><u>1,301,985</u></u>	<u><u>83,279</u></u>	<u><u>1,385,264</u></u>

The notes form part of these financial statements

Halton Lune Hydro Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1. Statutory information

Halton Lune Hydro Limited is a private company, limited by shares, registered under the Co-operative and Community Benefit Societies Act 2014 in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company is a Public Benefit Entity.

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". 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.

Hydro-electric Power-station	- 2% on cost
Plant and machinery	- 5% on cost
Tools and equipment	- 15% on reducing balance

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account (Revenue account), 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.

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.

Halton Lune Hydro Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2018

3. Employees and directors

The average number of employees during the year was as follows:

	2018	2017
Directors	<u>4</u>	<u>4</u>

4. Operating profit

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation - owned assets	<u>44,908</u>	<u>45,163</u>

5. Taxation

Analysis of the tax charge

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

	2018	2017
	£	£
Current tax:		
UK corporation tax	128	78
Adjustment in respect of prior period	<u>(42)</u>	<u>-</u>
Total current tax	86	78
Deferred tax	<u>8,586</u>	<u>6,966</u>
Tax on profit	<u>8,672</u>	<u>7,044</u>

UK corporation tax has been charged at 19% (2017 20%/19%).

6. Tangible fixed assets

	Hydro-electric Power-station £	Plant and machinery £	Tools and equipment £	Totals £
Cost				
At 1 January 2018 and 31 December 2018	<u>888,531</u>	<u>513,903</u>	<u>13,273</u>	<u>1,415,707</u>
Depreciation				
At 1 January 2018	53,305	71,033	3,660	127,998
Charge for year	<u>17,771</u>	<u>25,695</u>	<u>1,442</u>	<u>44,908</u>
At 31 December 2018	<u>71,076</u>	<u>96,728</u>	<u>5,102</u>	<u>172,906</u>
Net book value				
At 31 December 2018	<u>817,455</u>	<u>417,175</u>	<u>8,171</u>	<u>1,242,801</u>
At 31 December 2017	<u>835,226</u>	<u>442,870</u>	<u>9,613</u>	<u>1,287,709</u>

Halton Lune Hydro Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

7.	Debtors: amounts falling due within one year			2018	2017
				£	£
	Trade debtors		29,083		71,573
	Other debtors		600		600
	Prepayments		<u>2,709</u>		<u>5,429</u>
			<u>32,392</u>		<u>77,602</u>
8.	Creditors: amounts falling due within one year			2018	2017
				£	£
	Trade creditors		5,033		7,607
	Corporation tax		128		78
	Social security and other taxes		(247)		(2,542)
	Other creditors		80		80
	Accrued expenses		<u>780</u>		<u>750</u>
			<u>5,774</u>		<u>5,973</u>
9.	Provisions for liabilities			2018	2017
				£	£
	Deferred tax				
	Accelerated capital allowances		79,376		84,216
	Tax losses carried forward		<u>(43,409)</u>		<u>(56,835)</u>
			<u>35,967</u>		<u>27,381</u>
					Deferred tax
					£
	Balance at 1 January 2018				27,381
	Charge to Income Statement during year				<u>8,586</u>
	Balance at 31 December 2018				<u>35,967</u>
10.	Called up share capital				
	Allotted, issued and fully paid:				
	Number:	Class:	Nominal value:	2018	2017
				£	£
	1,301,985	Ordinary	1	<u>1,301,985</u>	<u>1,392,535</u>

Halton Lune Hydro Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2018

10. Called up share capital - continued

During the year the society had the following number of members:

	2018	2017
Members at beginning of year	365	369
Members ceased during year	(22)	(4)
Members admitted during year	<u>0</u>	<u>0</u>
Members at end of year	<u><u>343</u></u>	<u><u>365</u></u>

11. Reserves

	Retained earnings £
At 1 January 2018	63,864
Profit for the year	<u>19,415</u>
At 31 December 2018	<u><u>83,279</u></u>

Halton Lune Hydro Limited

Detailed Profit and Loss Account for the Year Ended 31 December 2018

	2018		2017	
	£	£	£	£
Turnover				
Energy income	37,045		37,415	
Feed in Tariffs	134,964		146,838	
Insurance claim	-		3,137	
Work done	<u>1,491</u>		<u>-</u>	
		173,500		187,390
Other income				
Donation	3,000		-	
Deposit account interest	<u>672</u>		<u>405</u>	
		<u>3,672</u>		<u>405</u>
		177,172		187,795
Expenditure				
Rent	2,500		1,448	
Rates	3,723		7,880	
Insurance	1,714		1,808	
Telephone	320		295	
Post and stationery	-		755	
Advertising	-		217	
Travelling and room hire	54		516	
Repairs and maintenance	35,161		28,208	
Operation and maintenance fees	5,552		13,411	
Sundry expenses	675		618	
Accountancy	780		750	
Donations	6,200		5,000	
Depreciation of tangible fixed assets				
Freehold property	17,771		17,771	
Plant and machinery	25,695		25,695	
Fixtures and fittings	<u>1,442</u>		<u>1,696</u>	
		<u>101,587</u>		<u>106,068</u>
		75,585		81,727
Finance costs				
Bank charges	11		114	
Members dividends	<u>47,487</u>		<u>56,941</u>	
		<u>47,498</u>		<u>57,055</u>
Net profit		<u><u>28,087</u></u>		<u><u>24,672</u></u>

This page does not form part of the statutory financial statements