

Cumhachd Shlèite-Sleat Hydro CBS

Minutes of the Third AGM

Thursday November 23rd 2023

At: 7.30 pm

Held in Ardvasar Hall and on Zoom*

In Attendance: -Martin MacGillivray (Chair) MM, Mark Entwistle (Company Secretary) ME, Chris Watson* (Director), Paddy McKay (Director), Patricia Gasson, Norman Gillies, David Ashford*, Maggie Macdonald, Peter and Sheana Roberts, Mary Young, Veronica Barrington, Donald Brennan, Duncan MacInnes, Peter and Birgit Chaplin, Richard Shone, Mairi Rosie*, Margaret MacGillivray, Kenneth Simpson*.

Present to report to the meeting: - Andy Cumming* (Mann Judd Gordon Accountants)

A further 12 Shareholders were represented by proxy. Total including proxies: 32.

The meeting was therefore quorate.

Welcome: MM opened the Third Sleat Hydro Community Benefit Society AGM. and thanked everyone for the large turnout showing their interest in the work being done by the CBS.

Apologies: ME reported that apologies had been received from:- Francis MacDonald, Lorne MacLeod, Donnie and Colleen MacKinnon, Peter Buckley, Tim Godfrey, Neil MacInnis and Elaine Harper.

Accounts: The Chair welcomed Andy Cumming from Mann, Judd, Gordon accountants.

Andy Cumming shared the screen and went over the accounts for the y/e 31/3/23 with the meeting. His report was overall very positive. Sales stood at £26k as against the Business plan figure of £23k with the gross profit having risen to £18,990 (cf£16,587). A donation to the Trust of £3500 (cf£1800) had been made along with Interest of 3.5%. The reserves stand at £46,700.

There remains no liability for corporation tax and Andy considers that this will remain so for the next few years as allowances and charitable donations use up all the surplus.

There being no questions, ME asked that the accounts be adopted. Proposed by Rick Shone, Seconded by Peter Roberts and unanimously voted in from the floor.

Declaration of Interest and payment arrangements:

ME reported as follows;

You will have gathered from what Andy was saying that we have had another successful year. The interest payment of 3.5% which was distributed in May, and which was at the upper end of projected levels at the time of the Share Issue, was based on an estimate of the full generation year's profits as this was made relatively early in the scheme's life. It is the intention of your Board to try to gradually align the Interest Payment (and Community Benefit Donation) to the Society's fiscal year which ends on the 31st March so that we are not guessing how much hard cash is available. To this end we are proposing not to finalise the %age figure at this time but to take a view on the situation in February or Early March of 24 in the hope of having a more accurate idea of earnings. However, the Board wishes to emphasise that barring any disasters in the interim the figure will not be less than the 3.5% paid previously.

Are there any questions from the floor as regards the Interest Payment? There were none.

The Share Buy Back scheme:

ME reported as follows;

As was announced at the last AGM, the share buyback scheme was to be initiated with a compulsory purchase of 5% of every initial holding. This will continue in line with the Business plan for the next 20, well now 19 years until all the Share capital is in the hands of the Society. We are acutely aware that after the Distribution was made in May, new Shareholder Certificates and Tax Vouchers for the Interest paid were due to all of you. The reason these have not been issued is simply down to resources in personnel from within your very small and hard working Board. The intention at this time last year was to have appointed external Administrators to carry out the work of making the payments and associated form filling but costings for this were coming in North of £3k so everything has been done in house by volunteers, hence the delay. I can personally vouch for the fact that setting up 180 individual payees with the Bank was a marathon in itself!

Should anyone be needing to do the sums for themselves then, unless you offered to donate some or all of the payment, a gesture by many which was most appreciated and which went directly to Community benefit, you would have received 87.5pence in interest and £1.25 in buy back so £2.125 per Share. Remember for the next Distribution you now hold 5% fewer shares than before to the nearest half so for the majority who invested £250 in 10 shares you now hold only 9.5.

There was a request from the floor that this information be circulated-see attached.

The option still stands that should there be any shareholder who, for whatever reason, wants to redeem all of their holding at any time then the Board would look favourably on such an application subject to the cash reserves being available to them.

Are there any questions from the floor as regards the Share Buy-back? There were none.

Community Benefit Donation:

ME reported as follows;

As announced at last year's AGM, a Community Benefit Donation of £3500 was passed onto the Community Trust for distribution. The Chair will elaborate on the beneficiaries of this.

In addition, since the 1st April this year the CBS has been contributing monthly towards the salary of the Trust Handyperson who is involved in multiple activities around the Community such as driving the Electric Bus and generally maintaining public areas around the Hub and Tormore. This represents a further contribution of £2200.

As with the Interest Payment, it is the Board's intention to delay declaring the amount of this until later in the fiscal year. However, the Contribution to the Handyman's costs is guaranteed.

Shareholders are invited to put forward applications for funding for any Community activity.

There were no questions.

Appointment of Directors:

MM reported as follows;

Roddy Murray was thanked for all his efforts prior to his retirement in June.

Consequently, there are currently 4 Directors, Martin MacGillivray, Mark Entwistle, Paddy McKay and Chris Watson. Due to the imminent relocation of one of these, the Secretary explained the need for there to ideally be a 5th Director who is resident in the local Community and who is not a trustee of SCT. This is to comply with “more than half” and “less than half” criteria as stated in our articles for the composition of the Board.

MM went on to say that Peter Chaplin (present in the hall) had offered to stand for office. This was proposed by MM and seconded by ME and unanimously carried.

Chris Watson (present by zoom) was required to stand down by rotation but had offered himself for re-election. Proposed Duncan MacInnis, seconded Paddy McKay.

Reports from Chair and Secretary:

ME reported as follows;

Last year (to 16th August) the scheme produced 125MWh of power. This is some 15% below the projected figure from the business plan and 20% below that of year 1. However as Andy has shown this did not impact too much on the financial results as they end in March and of course it is during the (so called) summer months when output is lower. At the moment we are 3% below target for this year (from 16th Aug) which is a similar position to the same time last year. However, the big difference, which allows your Board to be bullish about the year ahead is that since the 1st June, we have been on a renegotiated tariff for our Electricity sales with a new buyer of our output. You may recall that at the last meeting it was explained that we were tied into a two year contract from June 21 to June 23 and that whilst it was a good deal when entered into, with changes in Global energy costs it was no longer competitive. Chris Watson led some complicated and time pressured negotiations and our new contract offers significantly greater rates. It's complicated to do direct comparisons but on the trusty fag packet whereas the previous rate was 6.8p across the board we now get 4 rates for Day/Night/Summer/Winter the lowest of which is 9.7p and the highest of which is 17.66p so a tremendous uplift. Although we have no water

storage capability and therefore can't control when the scheme generates it can be seen that we are confident of far more income even if from the same or lower output.

MM reported as follows;

The Community Benefit fund was distributed as follows:-

£500 to P.T.A for Football kit, £1000 to Tormore Bothy Fund, £140 for tree protectors, £200 to Healthy Homes Project, £250 to Ardvasar Permaculture group and £500 to Broadford Youth Club. Further funds are still available for the current year. The point was made that in future years, as the Society owns more and more of the Share Capital, the funds available will become quite significant.

Appreciation was expressed to those Shareholders who had donated some or all of their returns from the payout directly back to be added to the Community Benefit Fund.

Thanks were given to all involved in the running of the scheme.

Questions and AOB: A question was asked about maintenance procedures and the reply was that the Annual service had coincidentally been done by the Installer just two days ago. Quarterly procedures which are mainly greasing of moving parts are done by volunteers and/or the Handyman.

There was a query as to whether the screen on display in the Turbine House showing daily Power Output could be cast to the Interactive Board in Ardvasar Stores. To be investigated.

The meeting closed at 8.15pm

Any queries please contact admin@sleathydro.co.uk

Mark Entwistle

Company Secretary

Interest and Buyback 22-23

Should anyone be needing to do the sums for themselves then, unless you offered to donate some of the payment, a gesture by many which was most appreciated and which went directly to Community benefit, you would have received 87.5 pence in interest and £1.25 in buy back so £2.125 per Share. Remember for the next Distribution you now hold 5% fewer shares than before to the nearest half so for the majority who invested £250 in 10 shares you now hold only 9.5.