

Bilbster Wind Farm Limited
Directors' Report and Financial Statements
for the Year Ended 31 December 2014

Registration number: 05800286



Bilbster Wind Farm Limited

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Bilbster Wind Farm Limited

Strategic Report for the year ended 31 December 2014

The directors present their Strategic Report for the year ended 31 December 2014.

Business review

The principal risk and uncertainty facing the business is that in the event average wind speeds fall significantly below expectations, this would have a negative impact on revenues and cash flows. In addition, low availability could have a negative impact on revenues and cash flows.

Availability and wind speed risk is managed using availability incentives and monitoring of operational efficiency of wind farms, taking remedial action where required.

The results for the year are dealt with on page 7 of the financial statements. The profit for the financial year ended 31 December 2014 was £188,548 (2013: £498,480).

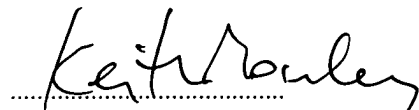
The position of the Company as at 31 December 2014 is provided on page 8 of the financial statements. The net assets for the company for the current year were £2,465,280 (2013: £2,276,732).

The expenses of the Company such as filing and audit fees have been, and will continue to be met by the immediate parent company.

Key performance indicators

Given the nature of the business, the Company's Directors are of the opinion that the KPIs necessary for an understanding of the development, performance and position of the business are net assets and results after tax and these are shown above.

Approved by the Board on 28 April 2015 and signed on its behalf by:


.....
K Moseley
Director

Bilbster Wind Farm Limited
Directors' Report for the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Principal activity

The principal activity of the Company is the operation of a wind farm at Caithness, Scotland.

Future developments

The wind farm in Caithness is expected to continue generating electricity in 2015.

Dividends

The directors do not recommend payment of a dividend (2013: £nil).

Financial risk management

The Company's operations expose it to a variety of financial risks which are set out below. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debts finance and the related finance costs.

Price risk

The Company has no significant exposure to price risk.

Credit risk

The Company has no significant exposure to credit risk.

Interest rate risk

The Company's exposure to interest rate risk is limited to interest charged on loans made from other group companies.

Currency risk

All of the Company's transactions and balances are denominated in sterling and the Company is therefore not exposed to currency risk.

Liquidity and cash flow risk

The Company is not exposed to liquidity and cash flow risk as the Company continues to receive financial support from the parent company.

Bilbster Wind Farm Limited

Directors' Report for the year ended 31 December 2014 (continued)

Directors of the company

The directors who held office during the year and up to the date of signing the financial statements were as follows:

K Moseley

J Lynch-Williams (resigned 31 March 2014)

M Parker (appointed 1 April 2014)

According to the register required to be kept under section 809 of the Companies Act 2006, none of the directors held any interest in the share options or debentures of RWE Innogy group companies incorporated in the UK at the end of the financial year. As permitted by statutory instrument, the register does not include shareholdings of directors in companies incorporated outside Great Britain.

Going concern

The directors have fully considered the risks and uncertainties of the Company's cash flow forecasts and projections, taking into account of reasonable possible changes in average wind speeds.

On this basis, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Directors' Report, and the audited 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bilbster Wind Farm Limited
Directors' Report for the year ended 31 December 2014 (continued)

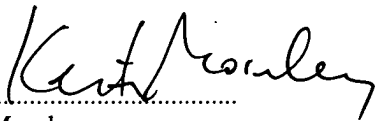
Statement of disclosure of information to auditors

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he / she has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The financial statements on pages 7 to 16 were approved by the Board 28 April 2015 and signed on its behalf by:



K Moseley
Director

Auckland House
Lydiard Fields
Great Western Way
Swindon, Wiltshire
SN5 8ZT

Bilbster Wind Farm Limited
Independent Auditors' Report to the members of Bilbster Wind Farm Limited

Report on the financial statements

Our opinion

In our opinion, Bilbster Wind Farm Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Bilbster Wind Farm Limited's financial statements comprise:

- Balance Sheet as at 31 December 2014;
- Profit and Loss Account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Bilbster Wind Farm Limited
Independent Auditors' Report to the members of Bilbster Wind Farm Limited
(continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements for the Year Ended 31 December 2014 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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Michael Aumann (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

29 London
April 2015

Bilbster Wind Farm Limited
Profit and Loss Account for the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover		572,433	637,768
Other operating income		385,436	464,312
Cost of sales		<u>(618,582)</u>	<u>(399,288)</u>
Gross profit		339,287	702,792
Administrative expenses		<u>15,296</u>	<u>(5,723)</u>
Operating profit	2	354,583	697,069
Interest payable and similar charges	5	<u>(90,407)</u>	<u>(36,810)</u>
Profit on ordinary activities before taxation		264,176	660,259
Tax on profit on ordinary activities	6	<u>(75,628)</u>	<u>(161,779)</u>
Profit for the financial year	13	<u>188,548</u>	<u>498,480</u>

The above results all arise from continuing operations.

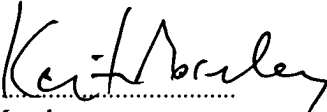
The Company has no recognised gains or losses for the year other than the results above and therefore a separate statement of total recognised gains and losses has not been presented.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalent.

Bilbster Wind Farm Limited
(Registration number: 05800286)
Balance Sheet as at 31 December 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	7	3,985,215	4,196,462
Current assets			
Debtors	8	482,680	604,174
Creditors: Amounts falling due within one year	9	<u>(1,342,343)</u>	<u>(2,127,222)</u>
Net current liabilities		<u>(859,663)</u>	<u>(1,523,048)</u>
Total assets less current liabilities		3,125,552	2,673,414
Provisions for liabilities			
Provisions for liabilities	11	<u>(660,272)</u>	<u>(396,682)</u>
Net assets		<u>2,465,280</u>	<u>2,276,732</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	<u>2,465,279</u>	<u>2,276,731</u>
Total shareholders' funds	14	<u>2,465,280</u>	<u>2,276,732</u>

Approved by the Board on 28 April 2015 and signed on its behalf by:


.....
K Moseley
Director

Bilbster Wind Farm Limited
Notes to the Financial Statements for the year ended 31 December 2014

1 Accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Notwithstanding the net current liability position of the Company at the year end, the going concern basis is considered to be appropriate by the directors as RWE Innogy UK Holdings Limited, the intermediate parent company, has committed to providing financial support for any financial obligations falling due within the next 12 months.

Turnover

Turnover is stated net of value added tax and is generated entirely within the United Kingdom.

Turnover represents income from the generation of electricity from operational wind farm sites. Turnover is recognised as income in the period in which it is earned.

Renewables Obligation Certificates

Renewables Obligations Certificates granted to the Company are recognised within other operating income as eligible electricity is generated. They are recognised as current intangible assets, grouped within accrued income. They are held at the best estimate of the prevailing market value at the year end. As the Company does not have any Renewables Obligation, there are contracts for the sale of these assets to other group undertakings at the end of the compliance period.

Interest income and expense

Interest income is recognised as income in the period in which it is earned. Interest expense is recognised as an expense in the period in which it is incurred.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation and any provision for impairment in value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation of tangible fixed assets is provided on a monthly basis to write off the cost less the estimated residual value of the assets by equal instalments over their estimated useful economic life. Wind farms are not depreciated until they become operational.

Wind farms

20 years

Financial instruments

The Company is exempt from the disclosure requirements of FRS 29 on the basis that it is a wholly owned subsidiary of RWE AG.

Bilbster Wind Farm Limited
Notes to the Financial Statements for the year ended 31 December 2014 (continued)

1 Accounting policies (continued)

Related party transactions

The Company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the RWE AG group.

Provisions

Provisions are recognised on the balance sheet using the valuation based on the most probable outcome which is then discounted as at the balance sheet date. Any discount unwound is recognised as a financing charge within interest payable and similar charges.

Cash flow statement

The Company is a wholly owned subsidiary of RWE AG and is included in the consolidated financial statements of that Company, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard ("FRS") 1 (revised 1996).

Foreign currency

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Operating leases

Rentals payable under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account evenly over the term of the lease.

Taxation

The charge for taxation is based on the profit for the financial year and takes into account deferred taxation.

Deferred tax

Provision is made in full for deferred tax liabilities that arise from timing differences where transactions or events that result in an obligation to pay more tax in the future have occurred by the balance sheet date. Deferred taxation assets are recognised to the extent that they are regarded as recoverable. Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

Bilbster Wind Farm Limited
Notes to the Financial Statements for the year ended 31 December 2014 (continued)

1 Accounting policies (continued)

Decommissioning of wind farms

A provision is made for the decommissioning of the wind farms based on the Company's best estimate of the current cost of decommissioning.

Provisions for decommissioning are recognised in full when the related facilities are constructed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning costs estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the wind farm cost. The unwinding of the discount on the decommissioning provision is included as a finance cost.

2 Operating profit

Operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of owned tangible fixed assets	292,593	288,097
Operating lease costs - land rent	11,494	13,267
	<hr/>	<hr/>

Audit fees of £10,000 (2013: £9,100) were borne by another group company and not recharged.

3 Employee costs and information

Other than the directors, the Company had no employees for the year under review (2013: none).

4 Directors' remuneration

The directors did not receive any emoluments in respect of their services to the Company (2013: £nil).

5 Interest payable and similar charges

	2014 £	2013 £
Bank interest payable	723	4,708
Interest payable on intercompany loans	79,774	22,941
Decommissioning provision - unwind of discount (note 11)	9,910	9,161
	<hr/>	<hr/>
	90,407	36,810

Bilbster Wind Farm Limited
Notes to the Financial Statements for the year ended 31 December 2014 (continued)

6 Taxation

Tax on profit on ordinary activities

Current tax, being UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

	2014 £	2013 £
Current tax		
Group relief payable	118,884	219,430
Adjustments in respect of previous periods	-	(177,371)
Total current tax	<u>118,884</u>	<u>42,059</u>
Deferred tax (see note 8):		
Origination and reversal of timing differences	(43,256)	(49,288)
Adjustments in respect of previous periods	-	166,512
Impact of change in UK tax rate	-	2,496
Total deferred tax	<u>(43,256)</u>	<u>119,720</u>
Total tax on profit on ordinary activities	<u>75,628</u>	<u>161,779</u>

Factors affecting current tax charge for the year

The tax assessed for the year is higher (2013: lower) than the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%).

The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	264,176	660,259
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	56,798	153,510
Expenses not deductible for tax purposes	15,586	16,097
Depreciation in excess of capital allowances	43,256	49,288
Adjustment in respect of previous periods	-	(177,371)
Impact of change in UK tax rate	3,244	535
Current tax charge for the year	<u>118,884</u>	<u>42,059</u>

Bilbster Wind Farm Limited
Notes to the Financial Statements for the year ended 31 December 2014 (continued)

6 Taxation (continued)

Factors that may affect future tax charges

During the year, the main rate of UK corporation tax was reduced from 23% to 21%. This was substantively enacted on 2 July 2013 and was effective from 1 April 2014 giving a corporate tax rate for the year ended 31 December 2014 of 21.5%.

Further changes to the main rate of corporation tax were also substantively enacted on 2 July 2013 to reduce the rate to 20% effective from 1 April 2015. As this rate was substantively enacted in the prior period, the relevant deferred tax balances have not been re-measured in the current year.

7 Tangible fixed assets

	Wind Farm £	Decommissioning Asset £	Total £
Cost			
At 1 January 2014	5,417,801	382,819	5,800,620
Additions		81,346	81,346
	5,417,801		
At 31 December 2014		464,165	5,881,966
Accumulated depreciation			
At 1 January 2014	1,573,352	30,806	1,604,158
Charge for the year		24,848	292,593
	267,745		
	1,841,097		
At 31 December 2014		55,654	1,896,751
Net book value			
At 31 December 2014	3,576,704	408,511	3,985,215
At 31 December 2013	3,844,449	352,013	4,196,462

In accordance with Company policy, management reviewed the cost of decommissioning during the year. Changes in the estimated timing and cost of decommissioning are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to the wind farm cost.

Bilbster Wind Farm Limited
Notes to the Financial Statements for the year ended 31 December 2014 (continued)

8 Debtors

	2014 £	2013 £
Amounts owed by group undertakings	168,883	236,668
Other debtors	253,902	350,867
Deferred tax	59,895	16,639
	<u>482,680</u>	<u>604,174</u>

Amounts owed by the parent and group undertakings are unsecured and repayable on demand.

Debtors include deferred tax of £59,895 (2013: £16,639) recoverable after more than one year.

Deferred tax

The movement in the deferred tax asset in the year is as follows:

	Deferred tax £
At 1 January 2014	16,639
Credit for the year (see note 6)	<u>43,256</u>
At 31 December 2014	<u>59,895</u>

Analysis of deferred tax

Deferred tax accounted for in the balance sheet and the potential amounts of deferred taxation at 20% (2013: 20%) are as follows:

	2014 £	2013 £
Timing differences in respect of capital allowances	59,895	<u>16,639</u>

9 Creditors: Amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	-	292,443
Trade creditors	-	11,025
Amounts owed to parent undertakings	1,176,820	1,651,515
Amounts owed to group undertakings	118,884	43,802
Taxation and social security	15,527	108,210
Accruals and deferred income	31,112	20,227
	<u>1,342,343</u>	<u>2,127,222</u>

Bilbster Wind Farm Limited
Notes to the Financial Statements for the year ended 31 December 2014 (continued)

9 Creditors: Amounts falling due within one year (continued)

Included in amounts owed to parent undertaking is a loan of £1,139,788 (2013: £1,651,296) which is repayable within one year. Interest is charged at a commercial rate of 4.8351% (2013: 4.8351%) effective from 30 December 2014 (2013: effective from 30 December 2013).

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Amounts owed to group undertakings include £118,884 (2013: £42,059 of group relief payable.)

10 Obligations under leases and hire purchase contracts

	2014 £	2013 £
Land		
Over five years	10,836	10,210

11 Provisions for liabilities

	Other Provision £	Decommissioning provision £	Total £
At 1 January 2014	-	396,682	396,682
Addition	172,334	-	172,334
Change in estimate	-	81,346	81,346
Unwind of discount	-	9,910	9,910
At 31 December 2014	172,334	487,938	660,272

The provision for the decommissioning of wind farms represents the net present value of the Company's best estimate of the costs to decommission the wind farms at the end of their useful economic life. The provision has been discounted to its present value at 1.25% (2013: 2.50%). Other provisions represent amounts expected to be repaid to local authorities

Bilbster Wind Farm Limited
Notes to the Financial Statements for the year ended 31 December 2014 (continued)

12 Called up share capital

Allotted, called up and fully paid shares

	2014		2013	
	No.	£	No.	£
Ordinary share of £1 each	1	1	1	1

13 Reserves

	Profit and loss account £	Total £
At 1 January 2014	2,276,731	2,276,731
Profit for the financial year	188,548	188,548
At 31 December 2014	<u>2,465,279</u>	<u>2,465,279</u>

14 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Profit attributable to the members of the company	188,548	498,480
Shareholder's funds at 1 January	2,276,732	1,778,252
Shareholder's funds at 31 December	<u>2,465,280</u>	<u>2,276,732</u>

15 Ultimate parent undertaking and controlling party

The immediate parent company is RWE Innogy UK Limited (formerly RWE Npower Renewables Limited), a company incorporated in Great Britain.

The ultimate parent company and controlling party is RWE AG, a company incorporated in Germany, which is the parent company of the smallest and largest group to consolidate these financial statements. Copies of the RWE AG consolidated financial statements can be obtained from RWE AG, Opernplatz 1, 45128, Essen, Germany.