

BILSTHORPE WIND FARM LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2012**



Registered Number 07431004

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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DIRECTORS AND ADVISORS

Directors

C H Dix
A K Harmer (appointed 31 May 2012)
R McArthur

Company secretary and registered office

Maria Lewis
1 Kingsway
London
WC2B 6AN

Auditor

Deloitte LLP
Chartered Accountants & registered auditor
London

Principal bankers

Nord LB
One Wood Street
London
EC2V 7WT

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited financial statements for the year ended 31 December 2012

The Director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption

The Company is a wholly owned subsidiary of Bilsthorpe Wind Farm Holdings Limited which in turn is a wholly owned subsidiary of John Laing Investments Limited

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company's principal activity is the design, build, financing and operation of a wind farm in Nottinghamshire

There have not been any significant changes in the Company's principal activities in the year under review

Financial Close was achieved on 13 August 2012. The concession period is 25 years. Construction is currently underway and due to be completed in June 2013.

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate. More information is provided in note 1 to the financial statements.

FUTURE DEVELOPMENTS

The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a number of financial risks including credit risk and cash flow risk.

Cash flow risk The Company's borrowings expose it to cash flow risk primarily due to the financial risks of changes in interest rates. The Company uses interest rate swap contracts to hedge these exposures.

Credit Risk The Company's principal financial assets are cash and trade and other receivables. The Company's credit risk is primarily attributable to its taxation receivables which are with one counterparty although in the opinion of the board of directors this risk is limited as the receivables are with governmental authorities.

Exposure to market prices The Company will be exposed to long term electricity market prices once the wind farm becomes operational. We are currently monitoring the electricity market and a 15 year Purchase Power Agreement has been entered into, effective from the start of commercial operations. We continue to monitor the market.

Wind / energy yield risk – the Company has in preparing the project engaged consultants to assess long term wind predictions and consequent energy yield for the given turbines. It is recognised that while best practice methodologies were used to the Banks' satisfaction, there still remains a risk that wind and energy yield made be less (or more) than modelled. The project was financed on an assumption that realistic downsides when modelled would not materially jeopardise the project. The Company will monitor performance against plan from start of operations.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- as far as the Director is aware, there is no relevant audit information of which the Company's auditor is
- the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors who served throughout the year, except as noted, are shown on page 1

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 8

On behalf of the Board

A handwritten signature in black ink, appearing to be 'R McArthur', with a stylized, wavy line extending from the end.

R McArthur
Director

26 April 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report 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). 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, and
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BILSTHORPE WIND FARM LIMITED

We have audited the financial statements of Bilsthorpe Wind Farm Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 an auditor's report 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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies in the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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, 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, 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 take advantage of the small companies exemption in preparing the Directors' report.



Ross Howard (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
26 April 2013

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	Period from 5 November 2010 to 31 December 2011 £
Administration expenses		(91,110)	(48,358)
Operating loss	2	<u>(91,110)</u>	<u>(48,358)</u>
Net interest receivable / (payable)	5	299	(2,369)
Loss on ordinary activities before taxation		<u>(90,811)</u>	<u>(50,727)</u>
Tax on loss on ordinary activities	6	-	-
Loss for the year	13	<u>(90,811)</u>	<u>(50,727)</u>

A reconciliation of movements in shareholder's deficit is given in note 14

All items in the profit and loss account relate to continuing operations

All gains and losses are recognised in the profit and loss account in the current year and preceding period, and therefore no separate statement of total recognised gains and losses has been presented

BILSTHORPE WIND FARM LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible fixed assets	7	7,237,995	126,470
Current assets			
Debtors		826,822	300,000
- due within one year	8	<u>826,822</u>	<u>300,000</u>
Cash at bank and in hand		193,765	-
		<u>1,020,587</u>	<u>300,000</u>
Current liabilities			
Creditors amounts falling due within one year	9	(8,391,998)	(477,196)
Net current liabilities		<u>(7,371,411)</u>	<u>(177,196)</u>
Total assets less current liabilities		(133,416)	(50,726)
Creditors amounts falling due after more than one year	9	(7,122)	-
Net liabilities		<u>(140,538)</u>	<u>(50,726)</u>
Capital and reserves			
Called up share capital	12	1,000	1
Profit and loss account	13	(141,538)	(50,727)
Shareholder's deficit	14	<u>(140,538)</u>	<u>(50,726)</u>

The financial statements of Bilsthorpe Wind Farm Limited, registered number 07431004, were approved by the Board of Directors and authorised for issue on 26 April 2013. They were signed on its behalf by



R McArthur
Director
26 April 2013

Notes to the financial statements for the year ended 31 December 2012

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. A summary of the principal accounting policies adopted by the Directors, which have been applied consistently throughout the current and preceding year is shown below.

The current economic conditions create some uncertainty with respect to

- (a) the ability of key sub-contractors to continue to meet contractual commitments,
- (b) the ability of the debt provider to continue to meet its contractual commitments, and
- (c) the ability of the SWAP provider to continue to meet their commitments

The Directors have also considered the ability of customers to continue to pay under the Feed in Tariff regime and Power Purchase Agreement due to the Company and do not consider this to be a material risk.

The Company's forecasts and projections, taking account of reasonably possible changes in environmental conditions, wind turbines and counterparty performance, show that the Company expects to be able to continue to operate.

After making these enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

b) Taxation

Current tax, including United Kingdom Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with FRS19 'Deferred Tax', deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

c) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and machinery 25 years

d) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

e) Finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

f) Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the financial statements for the year ended 31 December 2012

ACCOUNTING POLICIES (continued)

- g) Cash
Cash comprise cash at bank and in hand and short term deposits with original maturity of less than three months
- h) Financial Instruments
The Company uses financial instruments to reduce exposure to interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes
- i) Debt issue costs
Costs incurred following the issue of debt are held on the balance sheet and charged to the profit and loss account over the period that the relevant debt is held. If the loans for which the arrangement fee were incurred have not yet been drawn down, the deferred debt issue costs will be shown as a prepayment in the balance sheet
- j) Decommissioning costs
The Company is liable for decommissioning costs at the end of the licence period. There is great uncertainty at the present time about what these costs will be and no benchmarking data is currently available. Given the Directors do not consider it possible at the current time to estimate the decommissioning obligation, no provision has yet been made, however this will be done as soon a reliable estimate becomes available

Notes to the financial statements for the year ended 31 December 2012 (continued)

2 OPERATING LOSS

	2012	5 November 2010 to 31 December 2011
	£	£
Operating loss is stated after charging		
Fees payable to the Company's auditors for the audit of the Company	7,500	-
Fees payable to the Company's auditors for the audit of parent company	2,575	-
Operating lease rentals	21,358	-

The audit fee for the period ended 31 December 2011 of £1,750 was borne by another group company and no recharge was made. There were no fees for non-audit services in the current year or preceding period.

3 DIRECTORS' REMUNERATION

No Directors received any remuneration for services to the Company during the current year or prior period. The Company is managed by secondees from the shareholders under a management services contract.

4 STAFF NUMBERS

The Company had no employees during the period (2011: nil).

5 NET INTEREST RECEIVABLE / (PAYABLE)

	2012	5 November 2010 to 31 December 2011
	£	£
Interest receivable and similar income		
Interest receivable on bank deposits	299	-
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	(115,426)	(2,584)
Interest payable to parent undertakings	-	(1,344)
Transfer pricing interest	-	1,559
Capitalised interest	115,426	-
Net interest receivable / (payable)	<u>299</u>	<u>(2,369)</u>

6 TAX ON LOSS ON ORDINARY ACTIVITIES

	2012	5 November 2010 to 31 December 2011
	£	£
<u>Analysis of charge for the year</u>		
Current tax		
UK corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Total tax charge on loss on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current year

Notes to the financial statements for the year ended 31 December 2012 (continued)

6 TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax are as follows

	2012 £	Period from 5 November 2010 to £
Loss for the year	<u>(90,811)</u>	<u>(50,727)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	22,249	13,443
Effects of		
Tax losses not recognised for deferred tax purposes	<u>(22,249)</u>	<u>(13,443)</u>
Total current tax for the year	<u>-</u>	<u>-</u>

The Company has no tax charge for the year

For the year ended 31 December 2012, the blended UK rate of 24.5% is applied due to the change in the UK corporation tax rate from 26% to 24% with effect from 1 April 2012

7 TANGIBLE FIXED ASSETS

	Assets under the course of construction
Cost	
At 1 January 2012	126,470
Reclassification	250,000
Additions	6,861,525
31 December 2012	<u>7,237,995</u>
Accumulated Depreciation	
At 1 January 2012	-
Charge for the year	-
31 December 2012	<u>-</u>
Net book value	
31 December 2012	<u>7,237,995</u>
At December 2011	<u>126,470</u>

The fixed asset includes cumulative net interest costs of £115,426 (2011 - £nil)

8 DEBTORS

	2012 £	2011 £
<u>Due within one year</u>		
Prepayments and accrued income	629,626	250,000
Other taxation and social security	197,196	50,000
	<u>826,822</u>	<u>300,000</u>

Notes to the financial statements for the year ended 31 December 2012 (continued)

9 CREDITORS

	2012 £	2011 £
Amounts falling due within one year		
Bank Loan (note 10)	8,052,432	-
Amounts owed to parent undertaking	177,196	177,196
Amounts owed to group undertakings	-	300,000
Trade creditors	73,937	-
Accruals and deferred income	88,433	-
	<u>8,391,998</u>	<u>477,196</u>
Amounts falling due after more than one year		
Bank Loan (note 10)	7,122	-
	<u>7,122</u>	<u>-</u>
	2012 £	2011 £
Analysis of debt		
Debt can be analysed as falling due		
In one year or less	8,229,628	477,196
Between one and two years	7,122	-
	<u>8,236,750</u>	<u>477,196</u>

10 LOANS

Bank loans

The Company has a term loan facility of £10,128,077 of which £7,122 has been drawn down

The term loan is repayable in instalments by 11 June 2028, based on an agreed percentage amount of the total drawn down Repayments commence on 31 March 2014 Interest on term loan is charged at a variable interest rate of LIBOR plus 3.25%

In August 2012, as part of its interest rate management strategy and in accordance with the terms of its credit agreement the Company entered into an interest rate swap maturing on 31 March 2026 The maximum notional amount of the interest rate swap is £8,102,461.97 Under this swap the Company receives interest on a variable basis and pays interest at a fixed rate of 2.33%

The fixed interest rate swap was entered into to mitigate the interest exposure of the Company which has a negative fair value at 31 December 2012 of £327,611 (2011 - £nil)

The Company has an equity bridge facility of £8,888,946 of which £8,052,432 has been drawn down The equity bridge facility is repayable on 31 May 2013 Interest on this loan is charged at a variable interest rate of LIBOR plus 1.9%

The Company has a VAT facility of £1,248,021 Nothing is outstanding on this facility at 31 December 2012, however the facility remains available until 31 December 2013 Interest on the VAT facility is charged at a variable interest rate of LIBOR plus 2.75%

11 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

At 31 December 2012, the Company is committed to a remaining amount of £5,885,930 payable REpower Limited under the Turbine Supply Agreement and £970,094 payable to CA Blackwells Limited under the Balance of Plant Contract relating to wind farm project in the Bilsthorpe area

At the balance sheet date, the Company had annual commitments in respect of land for minimum lease payments under non-cancellable operating leases, which fall due as follows

	2012 £	2011 £
More than 5 years	<u>21,358</u>	<u>21,358</u>

BILSTHORPE WIND FARM LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

12 CALLED UP SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1</u>

On 12 July 2012, the Company issued 999 ordinary shares for consideration of £999

13 MOVEMENT IN RESERVES

	Profit and loss account £
At 1 January 2012	(50,727)
Loss for the period	(90,811)
At 31 December 2012	<u>(141,538)</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	2012 £	2011 £
Loss for the year	(90,811)	(50,727)
New shares issued	999	1
Net addition to shareholder's deficit	<u>(89,812)</u>	<u>(50,726)</u>
Opening shareholder's deficit	(50,726)	-
Closing shareholder's deficit	<u>(140,538)</u>	<u>(50,726)</u>

15 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of John Laing plc, the Company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the John Laing plc group. Note 16 gives details of how to obtain a copy of the published financial statements of John Laing plc.

16 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is Bilsthorpe Wind Farm Holdings Limited, a company incorporated in Great Britain.

The smallest group in which its results are consolidated is John Laing plc, a company incorporated in Great Britain and registered in England and Wales. The largest group in which its results are consolidated is Henderson Infrastructure Holdco (Jersey) Limited, a company incorporated in Jersey, Channel Islands and registered in Jersey, Channel Islands. Copies of the consolidated accounts of John Laing plc are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company's ultimate parent and controlling entity is Henderson Infrastructure Holdco (Jersey) Limited, a company incorporated in Jersey, Channel Islands.