

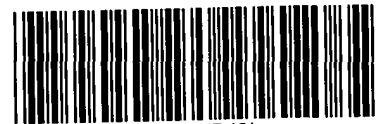
Company Registration No. 07508894

REG High Pow Limited

Annual Report and Financial Statements

For the year ended 30 June 2015

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REG High Pow Limited

Annual report and financial statements for the year ended 30 June 2015

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REG High Pow Limited

Officers and professional advisers

Directors

A Whalley
N Harris
D Crockford
S Wannop
S Booth

Company Secretary

D Crockford

Bankers

The Co-operative Bank
Balloon Street
Manchester
M60 4EP

Registered office

2nd Floor
Edgeborough House
Upper Edgeborough Road
Guildford
Surrey
GU1 2BJ

Independent auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Global House
High Street
Crawley
RH10 1DL

REG High Pow Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report, for the year ended 30 June 2015.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Further information on the basis of preparation of these financial statements can be found in note 1.

Principal activity

The principal activity of the Company in the year under review was the operation of the 3.9MW wind farm at High Pow in Cumbria and this is expected to continue to be the principal activity of the Company.

On 9 October 2015, Renewable Energy Generation Limited, the ultimate parent company, received a non-binding approach for its trading subsidiaries, representing the business, assets and undertakings of the Group, of which REG High Pow Limited, constitutes one of the trading subsidiaries. See note 17 for further details.

Results and dividends

The profit for the year after taxation was £314,594 (2014: £230,363).

The directors do not recommend the payment of a dividend (2014: £nil).

Directors

The directors, who served throughout the year unless otherwise stated, were as follows:

A Whalley
N Harris
D Crockford
S Wannop
S Booth

Risks and uncertainties

The Company uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rate fluctuations. At the date of approval of these financial statements, the cash flows are fully hedged for the duration of the loan. Hedge accounting has not been applied in these financial statements and derivatives are not included on the balance sheet at fair value.

Independent auditor and statement of provision of information to the independent auditor

Deloitte LLP has expressed their willingness to continue in office as auditor of the Company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

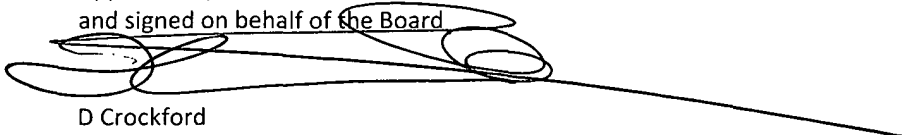
- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware;
and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

REG High Pow Limited

Directors' report (continued)

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board



D Crockford

Director

18 November 2015

REG High Pow Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 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 judgments 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.

REG High Pow Limited

Independent auditor's report to the members of REG High Pow Limited

We have audited the financial statements of REG High Pow Limited for the year ended 30 June 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. 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 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.

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 30 June 2015 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.

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.

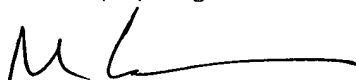
REG High Pow Limited

Independent auditor's report to the members of REG High Pow Limited (continued)

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 from preparing a Strategic report or in preparing the Directors' report.



Matthew Coulson FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom
18 November 2015

REG High Pow Limited

Profit and loss account

For the year ended 30 June 2015

	Notes	2015 £	2014 £
Turnover	2	1,022,107	985,638
Cost of sales		<u>(432,097)</u>	<u>(458,234)</u>
Gross profit		590,010	527,404
Administrative expenses		<u>(7,600)</u>	<u>(9,000)</u>
Operating profit	3	582,410	518,404
Interest payable and similar charges	4	<u>(181,105)</u>	<u>(199,932)</u>
Profit on ordinary activities before taxation		401,305	318,472
Tax charge on profit on ordinary activities	6	<u>(86,711)</u>	<u>(88,109)</u>
Profit on ordinary activities after taxation		<u>314,594</u>	<u>230,363</u>

All items in the above statement derive from continuing operations.

There are no further recognised gains and losses for the current financial period other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given.

REG High Pow Limited

Balance sheet

As at 30 June 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	7	<u>2,677,640</u>	<u>2,886,138</u>
Current assets			
Debtors	8	549,336	355,830
Cash at bank and in hand		310,461	426,007
Restricted cash		<u>238,285</u>	<u>237,164</u>
		1,098,082	1,019,001
Creditors: amounts falling due within one year	9	<u>(706,983)</u>	<u>(925,427)</u>
Net current assets		391,099	93,574
Creditors: amounts falling due after more than one year	10	(2,120,066)	(2,345,633)
Net assets		<u>948,673</u>	<u>634,079</u>
Capital and reserves			
Called-up share capital	12	1,000	1,000
Profit and loss account	13	947,673	633,079
Shareholder's funds		<u>948,673</u>	<u>634,079</u>

The financial statements of REG High Pow Limited, registered number 07508894 were approved by the board of directors and authorised for issue on 18 November 2015.



D Crockford
Director

REG High Pow Limited

Notes to the financial statements For the year ended 30 June 2015

1. Accounting policies

REG High Pow Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 2.

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard No.1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 per cent or more of the voting rights are controlled within the Group.

Basis of preparation

The financial statements have been prepared on the basis the Company is a going concern, which the Directors consider appropriate.

The Directors have separately reviewed integrated forecasts for the Company, for the foreseeable future, which indicate that the Company will be able to meet its cash flow demands and liabilities as they fall due from cash flows from operations and existing working capital.

Whilst the intra-group balances are appropriately classified as current balances, the Company has subsequently received written confirmation that intra-group liabilities will not fall due, under the existing group arrangement, within twelve months from the date these financial statements are approved. In the event that the Company is sold to a new owner, the intra-group liabilities will also be purchased by the new owner and the Directors understand that the new owner will provide sufficient financial resources to ensure that the Company can continue as a going concern.

The going concern assessment includes a formal review of covenant compliance for the life of the loan against the forecasts and there is sufficient headroom within the key variables before any breaches would arise.

Turnover

Turnover represents the value of power generated during the year, excluding value added tax, in the UK.

Turnover recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. The following specific recognition criteria must also be met before turnover is recognised:

a) Generation turnover

Turnover from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parties and is recognised when electricity is generated.

REG High Pow Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

1. Accounting policies (continued)

Turnover recognition (continued)

b) TRIADS turnover

Turnover from the sale of TRIADS (bonus for generating at peak demand times during the winter months) represents the invoice value, before sales tax, of TRIADS provided to third parties and is recognised when eligible electricity is generated.

c) ROCs, LECs turnover

Renewable Obligation Certificates (ROCs) are issued to qualifying renewable generators under the terms of the generating stations OFGEM Renewable Obligation registration. These certificates may be traded separately from the electricity to which they relate. The ROCs are recorded as accrued income at fair value and recognised in turnover when the electricity to which they relate is generated. Any impairment of ROCs due to reduction in the market price is recorded in profit and loss.

Renewable energy generators who meet Customs & Excise conditions for exemption will be issued with Levy Exemption Certificates (LECs) for their generation. The LECs transfer along with the electricity and can be used by business consumers to claim levy exemption. These certificates carry a statutory value and are recognised at this value as generated.

Tangible fixed assets

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met, but excludes the costs of day-to-day servicing which is expensed as incurred.

Depreciation is provided on all tangible fixed assets, other than freehold land, at the following annual rates in order to write off each asset over its estimated useful life.

Operating wind sites	-	20 years
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Cash at bank and in hand

Cash at bank and in hand on the balance sheet comprise cash in hand and deposits held at call with banks.

Restricted cash amounts comprise of cash balances held with the banks that are not available to the Company. The funds are used to provide collateral against future debt service costs and scheduled operating costs as part of the Company's finance facilities.

Accrued income

Accrued income represents accruals for electricity generation income not yet billed.

REG High Pow Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation and foreign 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

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 are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period which they arise.

Borrowing costs

Borrowing costs are expensed as incurred.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the balance sheet date, with movements in the sterling equivalent of the balance being taken to the profit and loss account.

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to interest rate movements. The Company does not hold derivative financial instruments for speculative purposes. Hedge accounting has not been adopted in these financial statements and the derivatives are not included on the balance sheet at fair value.

REG High Pow Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

2. Turnover

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating profit

	2015 £	2014 £
Operating profit is stated after charging:		
Depreciation (note 7)	223,462	226,270
Rentals under operating leases:		
Other operating leases	13,502	13,993
Auditor's remuneration:		
Audit fees	5,000	5,000
Tax service fees	2,600	4,000
	<u>223,462</u>	<u>249,263</u>

4. Interest payable and similar charges

	2015 £	2014 £
Loan interest paid	155,360	171,997
Amortisation of issue costs	20,204	21,770
Bank charges	5,541	6,165
	<u>181,105</u>	<u>199,932</u>

5. Information regarding directors and employees

The Company has no employees (2014: Nil). No directors received any remuneration from the Company during the year (2014: Nil).

REG High Pow Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

6. Tax charge on profit on ordinary activities

a) Tax charge on profit on ordinary activities

The tax charge is made up as follows:

	2015 £	2014 £
Current tax		
United Kingdom corporation tax at 20.75% (2014: 22.50%) based on the profit for the year	129,639	123,855
Prior year adjustment	(1,288)	-
Total current tax	<u>128,351</u>	<u>123,855</u>
Deferred tax		
Deferred tax credit	(43,201)	(47,476)
Impact of change in tax rate	1,561	11,730
Total deferred tax (note 11)	<u>(41,640)</u>	<u>(35,746)</u>
Total tax in profit and loss	<u><u>86,711</u></u>	<u><u>88,109</u></u>

b) Factors affecting current tax charge

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK 20.75% (2014: 22.50%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>401,305</u>	<u>318,472</u>
Theoretical tax at UK corporation tax rate	83,271	71,656
Effects of:		
Expenses not deductible for taxation purposes	3,167	4,723
Capital allowances less than depreciation	43,201	47,476
Prior year adjustment	(1,288)	-
Total current tax	<u><u>128,351</u></u>	<u><u>123,855</u></u>

c) Factors which may affect future tax charges

A reduction in the UK corporation tax rate to 20% from 21% (effective from 1 April 2015) was substantively enacted on 2 July 2013. The deferred tax asset at 30 June 2015 has been calculated based on the substantively enacted rate at the balance sheet date.

The Government intends to enact further reductions in the main tax rate down to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020. As these tax rates were not substantively enacted at the balance sheet date, the relevant rate reductions are not yet reflected in these financial statements in accordance with FRS 21, as it is a non-adjusting event occurring after the reporting period.

REG High Pow Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

7. Tangible fixed assets

	Operating wind sites £
Cost	
At 1 July 2014	3,561,886
Additions	14,963
At 30 June 2015	<u>3,576,849</u>
Depreciation	
At 1 July 2014	675,748
Charge for year	223,462
At 30 June 2015	<u>899,210</u>
Net book value	
At 30 June 2015	<u>2,677,640</u>
At 30 June 2014	<u>2,886,138</u>

8. Debtors

	2015 £	2014 £
Trade debtors	95,488	-
Prepayments and accrued income	326,973	237,480
Amounts owed by group companies	-	26,939
Deferred tax (note 11)	126,875	85,235
Other debtors	-	6,176
	<u>549,336</u>	<u>355,830</u>

9. Creditors: amounts falling due within one year

	2015 £	2014 £
Bank loans and overdrafts	225,567	209,576
Trade creditors	90,156	61,737
Amounts owed to group companies	373,222	643,784
Accruals	18,038	10,330
	<u>706,983</u>	<u>925,427</u>

REG High Pow Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

10. Creditors: amounts falling due after more than one year

	2015 £	2014 £
Bank loans		
Between one and two years	242,648	225,567
Between two and five years	840,991	783,325
Over five years	1,036,427	1,336,741
	<u>2,120,066</u>	<u>2,345,633</u>

The borrowing facilities have a term which runs until 30 June 2023 and carry interest at 3 month LIBOR plus 2.5%. The exposure to movements in interest rates has been hedged using interest rate swap contracts (note 14).

The facilities are secured against the tangible fixed assets of the Company and cross collateralised against the share capital of REG Tranche 1 Holdings Limited, a company which owns the share capital of four other companies that operate wind farms.

11. Deferred tax

	2015 £	2014 £
Deferred tax asset	<u>126,875</u>	<u>85,235</u>
The gross movement on the deferred tax account is:		
Balance at 1 July	85,235	49,489
Credit to the profit and loss account	43,201	47,476
Impact of change in tax rate	(1,561)	(11,730)
Balance at 30 June	<u>126,875</u>	<u>85,235</u>
Deferred tax is provided as follows:		
Depreciation in advance of capital allowances	<u>126,875</u>	<u>85,235</u>

12. Called-up share capital

	2015 £	2014 £
Allotted, called-up and fully paid		
1,000 Ordinary shares of £1 each at par	<u>1,000</u>	<u>1,000</u>

13. Reconciliation of shareholder's funds and movement on reserves

	Called-up share capital £	Profit and loss account £	Total £
At 1 July 2014	1,000	633,079	634,079
Profit for the year	-	314,594	314,594
At 30 June 2015	<u>1,000</u>	<u>947,673</u>	<u>948,673</u>

REG High Pow Limited

Notes to the financial statements (continued) For the year ended 30 June 2015

14. Derivatives not included at fair value

The Company has derivatives which are not included at fair value in the financial statements.

	2015 Principal £	2015 Fair value £	2014 Principal £	2014 Fair value £
Interest rate swap contract	<u>2,431,885</u>	<u>(190,103)</u>	<u>2,661,665</u>	<u>(155,203)</u>

An interest rate swap contract with a nominal value of £2,431,885 has fixed interest payments at a rate of 6% for the 12 year period of the debt, ending on 30 June 2023 and has floating interest receipts at 3 month LIBOR plus 2.5%.

15. Related party disclosures

The Company has taken advantage of the exemption under Financial Reporting Standard 8 from providing details of related party transactions with group related parties.

16. Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Renewable Energy Generation Limited, a company incorporated in Jersey. The Registered Office of the ultimate parent undertaking is Elizabeth House, 9 Castle Street, St Helier, Jersey, JE4 2QP. This is the largest and smallest group for which consolidated financial statements are prepared.

The immediate parent company is REG Tranche 1 Holdings Limited. A company registered in England & Wales. The financial statements are available from the registered office given on page 1.

17. Post balance sheet event

On 9 October 2015, Renewable Energy Generation Limited ("REG Ltd"), the ultimate parent company, received a non-binding approach for its trading subsidiaries, representing the business, assets and undertakings of the Group, of which REG High Pow Limited, constitutes one of the trading subsidiaries.

The Board of REG Ltd view the potential buyer as a highly credible, fully funded, counterparty able to implement the offer through a streamlined and timely acquisition process. As such, the Board of REG Ltd will be putting the proposed transaction to their Shareholders at a General meeting planned for December 2015.

In the event that their Shareholders vote for the transaction to proceed, the Directors expect that REG High Pow Limited will continue to operate in the same manner, and there will be no fundamental change to the nature of its business following such a transaction.