

Company Registration No. 07472479

REG High Down Public Limited Company

Annual Report and Financial Statements

For the period ended 31 December 2015



REG High Down Public Limited Company

Annual report and financial statements for the period ended 31 December 2015

Contents

Officers and professional advisers	1
Strategic report	2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Cash flow statement	10
Notes to the financial statements	11

REG High Down Public Limited Company

Officers and professional advisers

Directors

C Reid

P Raftery

Company Secretary

D Crockford

Bankers

HSBC

3 Rivergate

Temple Quay

Bristol

BS1 6ER

Registered office

2nd Floor

Edgeborough House

Upper Edgeborough Road

Guildford

Surrey

GU1 2BJ

Independent auditor

Deloitte LLP

Chartered Accountants and Statutory Auditor

Abbots House

Abbey Street

Reading

RG1 3BD

REG High Down Public Limited Company

Strategic report

Business review

The Company performed well in the period, recording a profit after tax of £10,650 (June 2015: loss of £7,538).

The High Down wind turbine generated 909,473 kWh of renewable electricity in the period, with no major operational issues to report. Despite it being relatively still in early autumn, the turbine performed well in November and December when wind speeds picked up significantly. Overall the wind turbine generated above forecast for the period.

Electricity generated

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total
Generation (kWh)	126,345	104,084	97,568	94,659	207,118	279,699	909,473

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total
Generation (kWh)	65,042	119,701	23,576	142,931	132,084	172,802	656,136

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Total	Year total
	204,916	136,396	158,755	93,801	141,576	95,048	830,492	1,486,628

The key challenge facing the Company will continue to be the risk of government policy change and political intervention. Recently, the UK government has been enacting wide-ranging reforms to the UK electricity market which have included the removal of the Climate Change Levy (CCL) exemption for renewable electricity. The implications being that no Levy Exemption Certificates (LECs) have been issued for any electricity generated on or after 1 August 2015 and as such LECs can no longer be regarded as a source of turnover.

Other changes include the early closure of the Renewables Obligation (RO) to new generating capacity which despite not affecting existing capacity, it does set a worrying precedent and has created considerable uncertainty for the UK renewables industry. However, the UK still requires significant levels of additional renewable generation to meet its committed 2020 and long-term 2050 carbon reduction targets. And with onshore wind being one of the lowest cost forms of new generation that is a well-tried renewable technology, the Company considers that in the long run, the government will need to continue supporting onshore wind.

On 21 December 2015, Renewable Energy Generation Limited sold the Company as part of a wider transaction to RI Income UK Holdings Limited. New directors were appointed on the date of the transaction and the accounting period end changed to December to bring it into line with the new parent. It is the new owners intention that the Company will function in the same manner as before and as such there will be no fundamental change to the way the Company is operated or managed.

The directors understand that the new owners have a detailed business plan in place and REG High Down Public Limited Company will be given suitable financial support, with representations to this effect having been gained from the directors of the new parent. The directors of the Company are satisfied that the intention and ability to provide this support along with detailed cash flow forecasts is sufficient to prepare the financial statements on a going concern basis.

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

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



C Reid
Director
24 June 2016

REG High Down Public Limited Company

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 period ended 31 December 2015.

Principal activity

The principal activity of the Company in the year under review was the operation of the 0.5MW wind farm at High Down in Cornwall and this is expected to continue to be the principal activity of the Company.

Results and dividends

Refer to the Strategic report for the Business review.

The profit for the period after taxation was £10,650 (30 June 2015: loss of £7,538).

The directors do not recommend the payment of a dividend (30 June 2015: £nil).

Directors

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

A Whalley (resigned 21 December 2015)
D Crockford (resigned 21 December 2015)
M Partridge (resigned 21 December 2015)
S Wannop (resigned 21 December 2015)
S Booth (resigned 21 December 2015)
C Reid (appointed 21 December 2015)
P Raftery (appointed 21 December 2015)

Risks and uncertainties

The company is exposed to fluctuations in UK power prices and the interest rate variations on the variable rate debenture (see note 11). Further risks and uncertainties are discussed in the Strategic report.

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.

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



C Reid
Director
24 June 2016

REG High Down Public Limited Company

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 period. 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 Down Public Limited Company

Independent auditor's report to the members of REG High Down Public Limited Company

We have audited the financial statements of REG High Down Public Limited Company for the period ended 31 December 2015 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, the Cash flow statement and the related notes 1 to 21. 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 31 December 2015 and of its profit for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

REG High Down Public Limited Company

Independent auditor's report to the members of REG High Down Public Limited Company (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 Director's report.



Andrew Evans (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

27 June 2016

REG High Down Public Limited Company

Statement of comprehensive income For the period ended 31 December 2015

	Notes	1 July 2015 to 31 December 2015 £	1 July 2014 to 30 June 2015 £
Turnover	3	212,509	364,749
Cost of sales		<u>(98,861)</u>	<u>(164,066)</u>
Gross profit		113,648	200,683
Administrative expenses		<u>(7,818)</u>	<u>(7,600)</u>
Operating profit	4	105,830	193,083
Interest payable and similar charges	5	<u>(72,965)</u>	<u>(158,897)</u>
Profit on ordinary activities before taxation		32,865	34,186
Tax charge on profit on ordinary activities	7	<u>(22,215)</u>	<u>(41,724)</u>
Profit / loss on ordinary activities after taxation		<u>10,650</u>	<u>(7,538)</u>
Other comprehensive income		-	-
Total comprehensive income / (loss) for the financial period / year		<u>10,650</u>	<u>(7,538)</u>

All items in the above statement derive from continuing operations.

REG High Down Public Limited Company

Balance sheet

As at 31 December 2015

	Notes	31 December 2015 £	30 June 2015 £
Fixed assets			
Tangible assets	8	<u>1,747,349</u>	<u>1,794,575</u>
Current assets			
Debtors	9	236,133	748,585
Cash at bank and in hand		<u>278,552</u>	<u>294,733</u>
		514,685	1,043,318
Creditors: amounts falling due within one year	10	<u>(834,496)</u>	<u>(1,398,253)</u>
Net current liabilities		(319,811)	(354,935)
Creditors: amounts falling due after more than one year	11	(1,363,889)	(1,386,641)
Net assets		<u>63,649</u>	<u>52,999</u>
Capital and reserves			
Called-up share capital	15	50,000	50,000
Profit and loss account	16	13,649	2,999
Shareholder's funds	16	<u>63,649</u>	<u>52,999</u>

The financial statements of REG High Down Public Limited Company, registered number 07472479 were approved by the board of directors and authorised for issue on 24 June 2016.

Signed on behalf of the board



C Reid
Director

REG High Down Public Limited Company

Statement of changes in equity As at 31 December 2015

	Called-up share capital £	Profit and loss account £	Total £
As at 1 July 2014 as previously stated	50,000	10,537	60,537
Changes on transition to FRS 102 (see note 21)	-	-	-
As at 1 July 2014 as restated	50,000	10,537	60,537
Loss for the financial year	-	(7,538)	(7,538)
Other comprehensive income	-	-	-
Total comprehensive income	-	(7,538)	(7,538)
As at 30 June 2015	50,000	2,999	52,999
Profit for the financial period	-	10,650	10,650
Other comprehensive income	-	-	-
Total comprehensive income	-	10,650	10,650
As at 31 December 2015	50,000	13,649	63,649

REG High Down Public Limited Company

Cash flow statement

For the period ended 31 December 2015

	Notes	1 July 2015 to 31 December 2015 £	1 July 2014 to 30 June 2015 £
Net cash inflow from operating activities	13	<u>76,224</u>	<u>(106,417)</u>
Investing activities			
Purchases of tangible fixed assets		-	(8,982)
Net cash used in investing activities		<u>-</u>	<u>(8,982)</u>
Financing activities			
Proceeds from issue of intercompany loans		-	235,447
Proceeds from borrowings		-	333,582
Repayments of borrowings		<u>(92,405)</u>	<u>(158,897)</u>
Net cash outflow from financing activities		<u>(92,405)</u>	<u>410,132</u>
Net (decrease) / increase in cash and cash equivalents		(16,181)	294,733
Cash and cash equivalents at the beginning of the period / year		294,733	-
Cash and cash equivalents at the end of the period/year		<u><u>278,552</u></u>	<u><u>294,733</u></u>

REG High Down Public Limited Company

Notes to the financial statements For the period ended 31 December 2015

1. Accounting policies

General information

REG High Down Public Limited Company 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.

Basis of preparation

The financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently throughout the current financial period and preceding financial year, except where noted.

This is the first period in which the financial statements have been prepared under FRS 102. The prior year financial statements were considered for restatement for material adjustments on adoption of FRS 102 in the current year. Refer to note 21 for an explanation of the transition.

The financial statements are prepared under the historical cost convention, except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

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.

Turnover

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

Turnover recognition

Turnover is recognised when the significant risks and rewards are considered to have transferred to the buyer and is recorded at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before turnover is recognised:

- a) **Generation and embedded benefits 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. Embedded benefits are paid to generating plant located on the distribution network to reflect the lower cost of transporting electricity to the end user and are recorded at the invoice value.
- 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.

REG High Down Public Limited Company

Notes to the financial statements (continued) For the period ended 31 December 2015

1. Accounting policies (continued)

Turnover recognition (continued)

c) FITs, LECs turnover

The Feed-in tariff scheme (FITs) is an incentive for electricity-generating technology from a renewable or low carbon source. Turnover is recognised at the point of generation.

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. Effective from 1 August 2015, the Government withdrew the exemption from the Climate Control Levy (CCL) meaning that power generated thereafter no longer accrued LECs and as such this is no longer a source of turnover.

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

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

Accrued income

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

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.

REG High Down Public Limited Company

Notes to the financial statements (continued) For the period ended 31 December 2015

1. Accounting policies (continued)

Taxation (continued)

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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

REG High Down Public Limited Company

Notes to the financial statements (continued)

For the period ended 31 December 2015

1. Accounting policies (continued)

Financial Instruments (continued)

Financial assets and liabilities (continued)

- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

REG High Down Public Limited Company

Notes to the financial statements (continued) For the period ended 31 December 2015

1. Accounting policies (continued)

Impairment of assets (continued)

Financial assets (continued)

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Operating lease commitments

The classification of leases as operating or finance leases requires the Company to determine, based on evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires recognition on the balance sheet.

Deferred taxation

Deferred tax assets are only recognised when management deem that it is highly probable that there will be sufficient taxable profits in future periods which can utilise the deferred tax asset

REG High Down Public Limited Company

Notes to the financial statements (continued)

For the period ended 31 December 2015

3. Turnover

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

4. Operating profit

	1 July 2015 to 31 December 2015 £	1 July 2014 to 30 June 2015 £
Operating profit is stated after charging:		
Depreciation (note 8)	47,226	93,109
Rentals under operating leases:		
Other operating leases	23,981	39,852
Auditor's remuneration:		
Audit fees	6,000	5,000
Tax service fees	-	2,600
	<u>72,965</u>	<u>158,897</u>

5. Interest payable and similar charges

	1 July 2015 to 31 December 2015 £	1 July 2014 to 30 June 2015 £
Debenture interest paid (note 11)	63,735	128,721
Amortisation of issue costs	(2,839)	7,610
Finance charges	12,069	22,566
	<u>72,965</u>	<u>158,897</u>

6. Information regarding directors and employees

The Company has no employees (30 June 2015: Nil). None of the directors received any remuneration from the Company during the period (30 June 2015: Nil). Services are provided through a third party asset management agreement.

REG High Down Public Limited Company

Notes to the financial statements (continued) For the period ended 31 December 2015

7. Tax charge on profit on ordinary activities

a) Tax charge on profit on ordinary activities

The tax charge is made up as follows:

	1 July 2015 to 31 December 2015 £	1 July 2014 to 30 June 2015 £
Current tax		
United Kingdom corporation tax at 20.00% (30 June 2015: 20.75%) based on the profit for the period	28,197	53,122
Prior period adjustment	1,580	6,094
Total current tax charge	29,777	59,216
Deferred tax		
Origination of reversal of temporary differences	(8,881)	(18,148)
Adjustment in respect of prior periods	-	-
Impact of change in tax rate	1,319	656
Total deferred tax (note 12)	(7,562)	(17,492)
Total tax in profit and loss	22,215	41,724

b) Factors affecting total tax in profit and loss

The difference between the total tax in the profit and loss shown above and the amount calculated by applying the standard rate of UK corporation tax at 20.00% (30 June 2015: 20.75%) to the profit before tax is as follows:

		1 July 2015 to 31 December 2015 £	1 July 2014 to 30 June 2015 £
Profit on ordinary activities before taxation		32,865	34,186
Theoretical tax at UK corporation tax rate	20.00%	6,573	7,093
Effects of:			
Expenses not deductible for tax purposes	38.77%	12,743	27,881
Impact of change in tax rates	4.01%	1,319	656
Adjustment in respect of prior periods	4.81%	1,580	6,094
Total tax in profit and loss	67.59%	22,215	41,724

REG High Down Public Limited Company

Notes to the financial statements (continued) For the period ended 31 December 2015

7. Tax charge on profit on ordinary activities (continued)

c) Factors which may affect future tax charges

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The closing deferred tax asset as at 31 December 2015 has been calculated at 19% reflecting the tax rate at which the deferred tax asset is expected to be reversed in future periods.

We estimate that the future rate change to 18% would further reduce our UK deferred tax asset recognised at 31 December 2015 from £25,054 at 19% to £23,735 at 18%. The actual impact will be dependent on our deferred tax position at that time.

8. Tangible fixed assets

	Operating wind sites £
Cost	
At 1 July 2015	1,887,684
Additions	-
At 31 December 2015	<u>1,887,684</u>
Depreciation	
At 1 July 2015	93,109
Charge for period	47,226
At 31 December 2015	<u>140,335</u>
Net book value	
At 31 December 2015	<u>1,747,349</u>
At 1 July 2015	<u>1,794,575</u>

9. Debtors

	31 December 2015 £	30 June 2015 £
Trade debtors	36,707	45,100
Prepayments and accrued income	104,373	68,176
Amounts owed by group companies	-	617,817
VAT	69,999	-
Deferred tax (note 12)	25,054	17,492
	<u>236,133</u>	<u>748,585</u>

REG High Down Public Limited Company

Notes to the financial statements (continued) For the period ended 31 December 2015

10. Creditors: amounts falling due within one year

	31 December 2015 £	30 June 2015 £
Debenture (note 11)	30,970	27,659
Trade creditors	5,028	17,381
Amounts owed to group companies	625,171	1,234,281
Accruals	143,550	118,932
Other creditors	29,777	-
	<u>834,496</u>	<u>1,398,253</u>

11. Creditors: amounts falling due after more than one year Borrowings are repayable as follows:

	2015 £	2014 £
Debenture		
Between one and two years	23,444	17,493
Between two and five years	65,188	61,597
Over five years	1,275,257	1,307,551
	<u>1,363,889</u>	<u>1,386,641</u>

The debenture does not carry a regular interest rate, rather the holders of the instrument are entitled to a pro-rata share of the High Down wind farm's distributable operating surplus such that the internal rate of return of the investment over its 20 year term, based on an agreed financial model, achieves a target rate which will be in the range of 8.4% to 9.3%. The debenture is secured against the High Down wind farm.

12. Deferred tax

	31 December 2015 £	30 June 2015 £
Deferred tax asset	<u>25,054</u>	<u>17,492</u>
The gross movement on the deferred tax account is:		
Balance at 1 July	17,492	-
Credit to profit and loss account	7,562	17,492
Balance at 31 December / 30 June	<u>25,054</u>	<u>17,492</u>
Deferred tax is provided as follows:		
Depreciation in advance of capital allowances	<u>25,054</u>	<u>17,492</u>

REG High Down Public Limited Company

Notes to the financial statements (continued)

For the period ended 31 December 2015

13. Cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities:

	1 July 2015 to 31 December 2015 £	1 July 2014 to 30 June 2015 £
Operating profit	105,830	193,083
Adjustments for:		
Depreciation	47,226	-
Operating cash flow before movement working capital	<u>153,056</u>	<u>193,083</u>
Decrease / (increase) in debtors	(89,097)	(258,082)
Increase / (decrease) in creditors	12,265	(41,418)
Cash generated by operations	<u>76,224</u>	<u>(106,417)</u>

14. Financial instruments

	31 December 2015 £	30 June 2015 £
Financial assets		
Measured at undiscounted amount receivable		
Trade and other debtors (see note 9)	174,758	113,152
Amounts owed to group companies (see note 9)	-	617,817
	<u>174,758</u>	<u>730,969</u>
Financial liabilities		
Debt instruments measured at amortised cost		
Debenture loans payable (see note 10 & 11)	1,394,859	1,414,300
Measured at undiscounted amount payable		
Trade and other creditors (see note 10)	178,355	136,313
Amounts owed to group companies (see note 10)	625,171	1,234,281
	<u>2,198,385</u>	<u>2,784,894</u>

15. Called-up share capital

	31 December 2015 £	30 June 2015 £
Allotted, called-up and fully paid		
50,000 Ordinary shares of £1 at par	<u>50,000</u>	<u>50,000</u>

16. Reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior period retained profits and losses.

REG High Down Public Limited Company

Notes to the financial statements (continued) For the period ended 31 December 2015

17. Financial commitments

Total future minimum lease payments under non-cancellable operating leases for land and buildings are as follows:

	31 December 2015 £	30 June 2015 £
- within one year	8,000	8,000
- between one and five years	32,000	32,000
- after five years	147,291	151,321
	<u>187,291</u>	<u>191,321</u>

18. Related party disclosures

The Company has an outstanding loan from its immediate parent company of £625,171.

The Company did not enter into any other transactions with related parties.

19. Ultimate parent undertaking

The ultimate parent undertaking and controlling party up until 21 December 2015 was Renewable Energy Generation Limited, a company incorporated in Jersey. The Registered Office of the ultimate parent undertaking was Elizabeth House, 9 Castle Street, St Helier, Jersey, JE4 2QP. This was the largest and smallest group which prepared consolidated financial statements including the Company.

On 21 December 2015, the Company was purchased as part of a wider transaction by RI Income UK Holdings Limited. The ultimate parent undertaking in this group is considered to be Blackrock Infrastructure Funds Public Limited Company, an investment company registered in Ireland which accounts for investments at fair value and does not prepare consolidated financial statements.

RI Income UK Holdings Limited is also the immediate parent company and is registered in England & Wales. The accounts are available from the registered office at 12 Throgmorton Avenue, London, EC2N 2DL.

20. Off- balance sheet arrangements

The Company enters into operating lease arrangements for the land on which the wind farm is located. The Company lease rental expense is disclosed in note 4 and the Company commitments under these arrangements are disclosed in note 17. There are no other material off-balance sheet arrangements.

21. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the period ended 30 June 2015 and the date of transition to FRS 102 was the start of that period, 1 July 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard, however there are no material adjustments to brought forward equity and as such there is no reconciliation to present.