

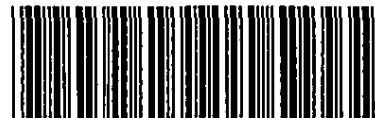
Company Registration No. 07508894

REG High Pow Limited

Annual Report and Financial Statements

30 June 2012

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REG High Pow Limited

Annual report and financial statements 2012

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REG High Pow Limited

Officers and professional advisers

Directors

A Whalley
N Harris
D Crockford

Secretary

D Crockford

Bankers

The Co-Operative Bank
Balloon Way
Manchester

Registered Office

2 Station View
Guildford
Surrey
GU1 4JY

Independent auditor

Deloitte LLP
Chartered Accountants
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 financial statements and auditor's report, for the period ended 30 June 2012

The Company was incorporated on 28 January 2011 and is wholly owned by REG Tranche 1 Holdings Limited

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

Following the purchase of the operating wind farm on 30 June 2011, the principal activity of the company in the period under review was that of the operation of the 3.9MW wind farm at High Pow in Cumbria

Results and dividends

The profit for the period after taxation was £346,599

The directors do not recommend the payment of a dividend

Directors

The directors who served throughout the year, except as noted, were as follows

A Whalley
N Harris
D Crockford

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

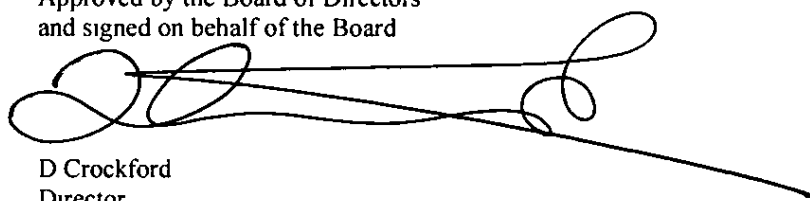
Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution to reappoint them will be proposed as the forthcoming Annual General Meeting

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 are 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 are 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



D Crockford
Director

19

October 2012

REG High Pow Limited

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 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.

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 period ended 30 June 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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. 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 2012 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.

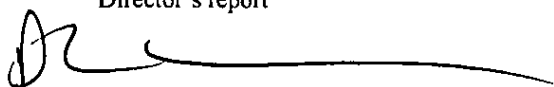
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial 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 Director's report.



Darren Longley FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

19 October 2012

REG High Pow Limited

Profit and loss account For the period ended 30 June 2012

	Notes	28 January 2011 – 30 June 2012 £
Turnover	2	944,496
Cost of sales		(341,476)
Operating profit	3	603,020
Interest payable and similar charges	4	(219,784)
Profit on ordinary activities before taxation		383,236
Tax charge on profit on ordinary activities	6	(36,637)
Profit on ordinary activities after taxation		346,599

The Company commenced trade on 30 June 2011. 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.

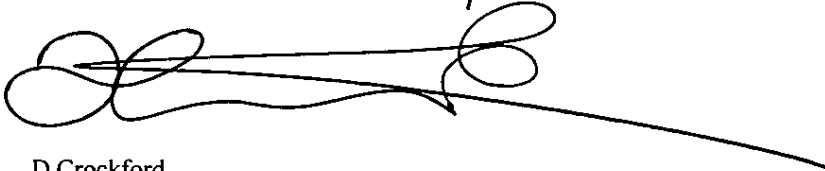
REG High Pow Limited

Balance sheet 30 June 2012

	Notes	2012 £
Fixed assets		
Tangible assets	7	3,305,469
Current assets		
Debtors	8	361,245
Cash at bank and in hand		320,508
Restricted cash		221,825
		903,578
Creditors: amounts falling due within one year	9	(1,111,786)
Net current (liabilities)		(208,208)
Creditors: amounts falling due after one year	10	(2,749,662)
Net assets		347,599
Capital and reserves		
Called up share capital	12	1,000
Profit and loss account	13	346,599
Shareholder's funds		347,599

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime

The financial statements of REG High Pow Limited, registered number 07508894 were approved by the board of directors and authorised for issue on 19 October 2012



D Crockford
Director

REG High Pow Limited

Notes to the accounts For the year ended 30 June 2012

1. Accounting policies

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 accounts have been prepared on the basis the company is a going concern, which the Directors consider appropriate for the following reasons:

The directors have separately reviewed integrated forecasts for the Company, for a period in excess of 12 months from the date that these financial statements were approved, which indicate that the Company will be able to meet its cash flow demands and liabilities as they fall due for the foreseeable future from cash flows from operations and existing working capital. The Company has received written confirmation that intergroup liabilities will not fall due within twelve months from the date these financial statements are approved.

This includes a formal review of covenant compliance for the life of the loan against our forecasts and there is significant 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.

Revenue recognition

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

- a) **Generation revenue**
Revenue 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.
- b) **TRIADS revenue**
Revenue 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 Pow Limited

Notes to the accounts For the year ended 30 June 2012

1. Accounting policies (continued)

Revenue recognition (continued)

c) ROCs, LECs revenue

Renewable Obligation Certificates (ROCs) are issued to qualifying renewable generators as evidence that a licensed electricity supplier has supplied qualifying electricity to their customers in Great Britain. These certificates may be traded separately from the electricity to which they relate. The ROCs are recorded as accrued income at cost when the electricity to which they relate is generated, and then are re-valued to fair value. This revaluation is recorded in the profit and loss account in revenue due to the linked nature of the generation of electricity to the issue of ROCs. As a result of the fact that these certificates may be traded separately from the electricity to which they relate, revenue may include an amount relating to un-realised ROC sales.

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.

Interest income

Revenue is recognised as interest accrues.

Tangible fixed assets

Plant and equipment is stated at cost, excluding the costs of day-to-day servicing, 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.

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
Other equipment	-	5 years

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 income not yet billed.

REG High Pow Limited

Notes to the accounts For the year ended 30 June 2012

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 generally 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

REG High Pow Limited

Notes to the accounts For the year ended 30 June 2012

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. Profit on ordinary activities before taxation

	2012
	£
Profit on ordinary activities before taxation is stated after charging:	
Depreciation	224,663
Rentals under operating leases	
Other operating leases	10,862
Auditor's remuneration	
Audit fees	5,000
	<u> </u>

4. Interest payable and similar charges

	2012
	£
Loan interest paid	195,172
Amortisation of finance costs	24,612
	<u> </u>
	219,784
	<u> </u>

5. Information regarding directors and employees

The company has no employees

REG High Pow Limited

Notes to the accounts For the year ended 30 June 2012

6. Tax charge on profit on ordinary activities

(a) Tax charge on profit on ordinary activities

The tax charge is made up as follows

	2012 £
Current tax	
United Kingdom corporation tax at 25.5% based on the profit for the year	151,127
Total current tax	<u>151,127</u>
Deferred tax	
Deferred tax credit recognised on acquisition	(61,088)
Deferred tax credit in relation to depreciation exceeding capital allowances	(53,402)
Total deferred tax (note 11)	<u>(114,490)</u>
Total tax in profit and loss	<u><u>36,637</u></u>

(b) Factors affecting current tax charge

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK 25.5%. The differences are explained below

	2012 £
Profit on ordinary activities before taxation	383,236
Theoretical tax at UK corporation tax rate of 25.5%	97,725
Effects of	
Expenses not deductible for taxation purposes	-
Depreciation more than capital allowances	53,402
Total current tax	<u><u>151,127</u></u>

(c) Factors which may affect future tax charges

In the Finance Bill 2012, the UK Government announced a reduction in the main rate of corporation tax from 25% to 24% effective from 1 April 2012. The 24% tax rate was substantively enacted on 26 March 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact further reductions in the main tax rate of 1% each year, down to 23% effective from 1 April 2013 and to 22% by 1 April 2014. As these tax rates were not substantively enacted at the balance sheet date, the rate reduction is 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 accounts For the year ended 30 June 2012

7 Tangible fixed assets

	Operating wind sites £	Total £
Cost		
At 28 January 2011	-	-
Additions	3,530,132	3,530,132
	<hr/>	<hr/>
At 30 June 2012	3,530,132	3,530,132
	<hr/>	<hr/>
Depreciation		
At 28 January 2011	-	-
Charge for period	224,663	224,663
	<hr/>	<hr/>
Net book value		
At 30 June 2012	3,305,469	3,305,469
	<hr/>	<hr/>
At 28 January 2011	-	-
	<hr/>	<hr/>

Operating wind sites includes the acquired cost of £3,530,132 for the 3.9MW High Pow wind farm in Cumbria. These assets were acquired on 30 June 2011 from REG Windpower Limited, a group company at book value.

8. Debtors

	2012 £
Trade debtors	45,381
Prepayments and accrued income	75,216
Other debtors	126,158
Deferred tax (note 11)	114,490
	<hr/>
	361,245
	<hr/>

9. Creditors: amounts falling due within one year

	2012 £
Bank loans and overdrafts	179,875
Trade creditors	26,812
Amounts owed to group companies	891,207
Accruals	13,892
	<hr/>
	1,111,786
	<hr/>

REG High Pow Limited

Notes to the accounts For the year ended 30 June 2012

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

	2012 £
Between one and two years	194,453
Between two and five years	677,791
Over five years	1,877,418
	<u>2,749,662</u>

The borrowing facilities have a term which runs until 30 June 2023 and carry interest at 6%. They 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 wind farms.

11. Deferred tax

	2012 £
Deferred tax asset	114,490
The gross movement on the deferred tax account is:	
Balance at 28 January 2011	-
Credit to profit and loss account	114,490
Impact of change in tax rate	-
Balance at 30 June 2012	<u>114,490</u>
Deferred tax is provided as follows:	
Depreciation in advance of capital allowances	<u>114,490</u>

12. Share capital

	2012 £
Allotted, called up and fully paid	
1,000 Ordinary shares of £1 each at par	<u>1,000</u>

REG High Pow Limited

Notes to the accounts For the year ended 30 June 2012

13. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total £
At 28 January 2011	-	-	-
Issue of ordinary shares at par	1,000	-	1,000
Profit for the period	-	346,599	346,599
	<hr/>	<hr/>	<hr/>
At 30 June 2012	1,000	346,599	347,599
	<hr/>	<hr/>	<hr/>

14. Derivatives not included at fair value

	Principal £	Fair value £
Interest rate swap contracts	2,929,537	(324,984)
	<hr/>	<hr/>

An interest rate swap contract with a nominal value of £2,929,537 have fixed interest payments at a rate of 6% for the 12 year period of the debt, ending on 30 June 2023 and have floating interest receipts at 3 month LIBOR plus 2 50%

15. Obligations under operating leases

The company has annual land and building commitments under non-cancellable operating leases as follows

	2012 £
Expiry date	
- between two and five years	-
- between two and five years	-
- after five years	10,862
	<hr/>

16. 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

17. Capital commitments

As at the year end there were no capital commitments

18. 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

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