

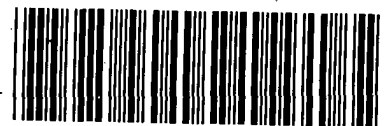
Company Registration No. 07708728

REG High Haswell Limited

Annual Report and Financial Statements

For the year ended 30 June 2014

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COMPANIES HOUSE

REG High Haswell 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 Haswell 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 2014.

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 4MW wind farm at High Haswell in County Durham and this is expected to continue to be the principal activity of the Company.

Results and dividends

The profit for the year after taxation was £92,247 (2013: £11,212).

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

Directors

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

A Whalley

N Harris

D Crockford

S Wannop (appointed 26 June 2014)

S Booth (appointed 26 June 2014)

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.

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

10 November 2014



REG High Haswell 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 Haswell Limited

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

We have audited the financial statements of REG High Haswell Limited for the year ended 30 June 2014 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

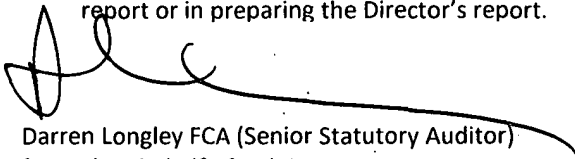
REG High Haswell Limited

Independent auditor's report to the members of REG High Haswell 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 Director's report.



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

10 November 2014

REG High Haswell Limited

Profit and loss account

For the year ended 30 June 2014

	Notes	2014 £	2013 £
Turnover	2	1,050,674	924,958
Cost of sales		<u>(586,268)</u>	<u>(599,610)</u>
Gross profit		464,406	325,348
Administrative expenses		<u>(9,000)</u>	<u>(5,000)</u>
Operating profit	3	455,406	320,348
Interest payable and similar charges	4	<u>(303,025)</u>	<u>(295,432)</u>
Profit on ordinary activities before taxation		152,381	24,916
Tax charge on profit on ordinary activities	6	<u>(60,134)</u>	<u>(13,704)</u>
Profit on ordinary activities after taxation		<u>92,247</u>	<u>11,212</u>

All items in the above statement derive from continuing operations.

There are no further recognised gains and losses for the current financial year 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 Haswell Limited

Balance sheet As at 30 June 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	7	<u>5,613,616</u>	<u>5,950,313</u>
Current assets			
Debtors	8	477,787	510,505
Cash at bank and in hand		231,683	416,842
Restricted cash		<u>620,000</u>	<u>335,000</u>
		1,329,470	1,262,347
Creditors: amounts falling due within one year	9	<u>(2,383,295)</u>	<u>(2,578,809)</u>
Net current liabilities		(1,053,825)	(1,316,462)
Creditors: amounts falling due after more than one year	10	(4,307,024)	(4,473,331)
Net assets		<u><u>252,767</u></u>	<u><u>160,520</u></u>
Capital and reserves			
Called-up share capital	12	1,000	1,000
Profit and loss account	13	251,767	159,520
Shareholder's funds		<u><u>252,767</u></u>	<u><u>160,520</u></u>

The financial statements of REG High Haswell Limited, registered number 07708728 were approved by the board of directors and authorised for issue on 10 November 2014.



D Crockford
Director

REG High Haswell Limited

Notes to the financial statements For the year ended 30 June 2014

1. Accounting policies

REG High Haswell 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 for the foreseeable future from cash flows from operations and existing working capital and support from the Group as required.

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 within twelve months from the date these financial statements are approved. This commitment was assessed by the Directors following the review of the Group's forecasts and budgets for the foreseeable future and the Directors are satisfied that current cash balances in combination with cash generation from operating activities will provide sufficient liquidity for the Group.

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 Haswell Limited

Notes to the financial statements (continued) For the year ended 30 June 2014

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
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 generation income not yet billed.

REG High Haswell Limited

Notes to the financial statements (continued) For the year ended 30 June 2014

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 Haswell Limited

Notes to the financial statements (continued) For the year ended 30 June 2014

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

	2014 £	2013 £
Operating profit is stated after charging:		
Depreciation (note 7)	336,310	341,247
Rentals under operating leases:		
Other operating leases	24,609	20,617
Auditor's remuneration:		
Audit fees	5,000	5,000
Tax service fees	4,000	-
	<u>4,000</u>	<u>-</u>

4. Interest payable and similar charges

	2014 £	2013 £
Loan interest paid	271,136	270,263
Amortisation of issue costs	21,307	15,704
Bank charges	10,582	9,465
	<u>303,025</u>	<u>295,432</u>

5. Information regarding directors and employees

The Company has no employees. No Directors received any remuneration from the Company during the year.

REG High Haswell Limited

Notes to the financial statements (continued) For the year ended 30 June 2014

6. Tax charge on profit on ordinary activities

a) Tax charge on profit on ordinary activities

The tax charge is made up as follows:

	2014 £	2013 £
Current tax		
United Kingdom corporation tax at 22.50% (2013: 23.75%) based on the profit for the year	101,476	19,889
Total current tax	<u>101,476</u>	<u>19,889</u>
Deferred tax		
Deferred tax credit	(66,670)	(71,546)
Prior year adjustment	(3)	61,484
Impact of change in tax rate	25,331	3,877
Total deferred tax (note 11)	<u>(41,341)</u>	<u>(6,185)</u>
Total tax in profit and loss	<u><u>60,134</u></u>	<u><u>13,704</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 22.50% (2013: 23.75%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>152,381</u>	<u>24,916</u>
Theoretical tax at UK corporation tax rate	34,286	5,918
Effects of:		
Expenses not deductible for taxation purposes	570	6,175
Capital allowances less than depreciation	66,670	71,546
Prior year adjustment	(50)	(63,750)
Total current tax	<u><u>101,476</u></u>	<u><u>19,889</u></u>

c) Factors which may affect future tax charges

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 30 June 2014 has been calculated based on the substantively enacted rates at the balance sheet date.

REG High Haswell Limited

Notes to the financial statements (continued) For the year ended 30 June 2014

7. Tangible fixed assets

	Operating wind sites £
Cost	
At 1 July 2013	6,457,220
Additions	(387)
At 30 June 2014	<u>6,456,833</u>
Depreciation	
At 1 July 2013	506,907
Charge for year	336,310
At 30 June 2014	<u>843,217</u>
Net book value	
At 30 June 2014	<u>5,613,616</u>
At 30 June 2013	<u>5,950,313</u>

8. Debtors

	2014 £	2013 £
Trade debtors	-	237,354
Prepayments and accrued income	324,786	126,887
Amounts owed by group companies	-	37,602
Deferred tax (note 11)	147,841	106,500
Other debtors	5,160	2,162
	<u>477,787</u>	<u>510,505</u>

9. Creditors: amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	171,113	106,435
Trade creditors	70,376	50,954
Amounts owed to group companies	2,061,822	2,280,193
Accruals	79,984	141,227
	<u>2,383,295</u>	<u>2,578,809</u>

REG High Haswell Limited

Notes to the financial statements (continued) For the year ended 30 June 2014

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

	2014 £	2013 £
Bank loans		
Between one and two years	173,806	170,661
Between two and five years	739,767	622,296
Over five years	3,393,451	3,680,374
	<u>4,307,024</u>	<u>4,473,331</u>

The borrowing facilities have a term which runs until 30 September 2026 and carry interest at 3 month LIBOR plus 2.8%. 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 2 Holdings Limited, a company which owns the share capital of one other company that operates a wind farm.

11. Deferred tax

	2014 £	2013 £
Deferred tax asset	<u>147,841</u>	<u>106,500</u>
The gross movement on the deferred tax account is:		
Balance at 1 July	106,500	100,315
Credit to the profit and loss account	66,670	71,546
Prior year adjustment	3	(61,484)
Impact of change in tax rate	(25,331)	(3,877)
Balance at 30 June	<u>147,841</u>	<u>106,500</u>
Deferred tax is provided as follows:		
Depreciation in advance of capital allowances	<u>147,841</u>	<u>106,500</u>

12. Called-up share capital

	2014 £	2013 £
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 2013	1,000	159,520	160,520
Profit for the year	-	92,247	92,247
At 30 June 2014	<u>1,000</u>	<u>251,767</u>	<u>252,767</u>

REG High Haswell Limited

Notes to the financial statements (continued) For the year ended 30 June 2014

14. Derivatives not included at fair value

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

	2014 Principal £	2014 Fair value £	2013 Principal £	2013 Fair value £
Interest rate swap contract	<u>4,638,227</u>	<u>(82,440)</u>	<u>4,767,031</u>	<u>(165,096)</u>

An interest rate swap contract with a nominal value of £4,638,227 has fixed interest payments at a rate of 5.6% for the 15 year period of the debt, ending on 30 September 2026 and has floating interest receipts at 3 month LIBOR plus 2.8%.

15. Obligations under operating leases

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

	2014 £	2013 £
Expiry date		
- after five years	<u>20,000</u>	<u>20,000</u>

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. 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 2 Holdings Limited. A company registered in England & Wales. The financial statements are available from the registered office given on page 1.