

Company Registration No. 07708728

REG High Haswell Limited

Annual Report and Financial Statements

30 June 2013

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REG High Haswell Limited

Annual report and financial statements 2013

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REG High Haswell 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 Haswell 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 year ended 30 June 2013

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 that of the operation of the 4.0MW 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 £11,212 (2012: £148,308)

The directors do not recommend the payment of a dividend (2012: nil)

Directors

The directors who served throughout the period were as follows

A Whalley
N Harris
D Crockford

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 cashflows and are fully hedged for the duration of the loan. Hedge accounting has not been applied in these financial statements

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

18 December 2013

REG High Haswell 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 Haswell Limited

We have audited the financial statements of REG Haswell Limited for the year to 30 June 2013 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. 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 2013 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.

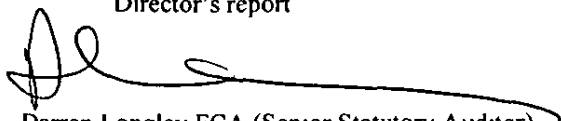
Opinion on other matter prescribed by the Companies Act 2006

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.

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
Reading, United Kingdom

18 December 2013

REG High Haswell Limited

Profit and loss account For the year ended 30 June 2013

	Notes	Year ended 30 June 2013	18 July 2011 – 30 June 2012
		£	£
Turnover	2	924,958	485,572
Cost of sales		(599,610)	(282,951)
Gross profit		325,348	202,621
Other operating income		-	68,609
Administrative expenses		(5,000)	(5,000)
Operating profit		320,348	266,230
Interest payable and similar charges	4	(295,432)	(154,487)
Profit on ordinary activities before taxation	3	24,916	111,743
Taxation	6	(13,704)	36,565
Profit on ordinary activities after taxation		11,212	148,308

All items in the above statement derive from continuing operations

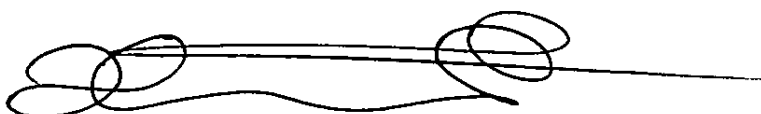
There are no further recognised gains and losses for the current financial period other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given

REG High Haswell Limited

Balance sheet 30 June 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	7	5,950,313	6,265,504
Current assets			
Debtors	8	510,505	512,369
Cash at bank and in hand		416,842	223,671
Restricted cash		335,000	335,000
		1,262,347	1,071,040
Creditors: amounts falling due within one year	9	(2,578,809)	(2,613,113)
Net current liabilities		(1,316,462)	(1,542,073)
Creditors: amounts falling due after more than one year	10	(4,473,331)	(4,574,123)
Net assets		160,520	149,308
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	159,520	148,308
Shareholder's funds		160,520	149,308

The financial statements of REG High Haswell Limited, registered number 07708728 were approved by the board of directors and authorised for issue on 18 December 2013



D Crockford
Director

REG High Haswell Limited

Notes to the accounts

For the year ended 30 June 2013

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.

During the year audit fees were reclassified as administration costs in the income statement. Prior year comparatives have been restated on the same basis.

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 twelve 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 and support from the group as required. The Company has received written confirmation that intragroup liabilities will not fall due within twelve months from the date these financial statements are approved.

The going concern assessment includes a formal review of covenant compliance for the life of the loan against the 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 Company 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 Haswell Limited

Notes to the accounts For the year ended 30 June 2013

1 Accounting policies (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 a levy exemption.

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

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 accounts For the year ended 30 June 2013

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

2. Turnover

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

REG High Haswell Limited

Notes to the accounts For the year ended 30 June 2013

3. Profit on ordinary activities before taxation

	2013 £	2012 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation	341,247	165,660
Rentals under operating leases		
Other operating leases	20,617	10,702
Auditor's remuneration		
Audit fees	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

4. Interest payable and similar charges

	2013 £	2012 £
Loan interest paid	270,263	142,986
Amortisation of finance costs	15,704	11,501
Bank charges	9,465	-
	<u>295,432</u>	<u>154,487</u>

5. Information regarding directors and employees

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

6. Tax charge on profit on ordinary activities

(a) Tax credit on profit on ordinary activities

The tax credit is made up as follows

	2013 £	2012 £
Current tax		
United Kingdom corporation tax at 23.75% (2012: 25.5%) based on the profit for the year	19,889	63,750
Total current tax	<u>19,889</u>	<u>63,750</u>
Deferred tax		
Deferred tax credit	-	(71,329)
Deferred tax in relation to capital allowances less than depreciation	(71,546)	(35,256)
Prior year adjustment	61,484	-
Impact of change in tax rate	3,877	6,270
Total deferred tax (note 11)	<u>(6,185)</u>	<u>(100,315)</u>
Total tax in profit and loss	<u>13,704</u>	<u>(36,565)</u>

REG High Haswell Limited

Notes to the accounts For the year ended 30 June 2013

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

(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 23.75% (2012: 25.5%). The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before taxation	24,916	111,743
Theoretical tax at UK corporation tax rate of 23.75% (2012: 25.5%)	5,918	28,494
Effects of		
Depreciation in excess of capital allowances	71,546	35,256
Prior year adjustment	(63,750)	-
Other	6,175	-
Total current tax	19,889	63,750

(c) Factors which may affect future tax charges

The Finance Act 2012, which provides for a reduction in the main rate of tax from 24% to 23% effective 1 April 2013, was substantively enacted on 3 July 2012. The rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact future reduction in the main tax rate down to 21% effective from 1 April 2014 and to 20% by 1 April 2015. 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 FRS21 UK GAAP, as it is a non-adjusting event occurring after the reporting period.

We estimate that the future rate change to 20% would further reduce our deferred tax asset at 30 June 2013 from £106,500 to £92,609.

REG High Haswell Limited

Notes to the accounts For the year ended 30 June 2013

7. Tangible fixed assets

	Operating wind sites £
Cost	
At 30 June 2012	6,431,164
Additions	26,056
At 30 June 2013	6,457,220
Depreciation	
At 30 June 2012	165,660
Charge for the year	341,247
At 30 June 2013	506,907
Net book value	
At 30 June 2013	5,950,313
At 30 June 2012	6,265,504

8. Debtors

	2013 £	2012 £
Trade debtors and accrued income	237,354	280,565
Prepayments	126,887	125,446
Amounts due from group undertakings	37,602	6,043
Deferred tax asset (note 11)	106,500	100,315
Other debtors	2,162	-
	510,505	512,369

9. Creditors: amounts falling due within one year

	2013 £	2012 £
Bank loans and overdrafts	106,435	92,443
Trade creditors	50,954	44,664
Amounts owed to group companies	2,280,193	2,379,006
Accruals	141,227	97,000
	2,578,809	2,613,113

REG High Haswell Limited

Notes to the accounts For the year ended 30 June 2013

10. Creditors amounts falling due after more than one year

	2013 £	2012 £
Bank loans		
Between one and two years	170,661	106,283
Between two and five years	622,296	547,363
Over 5 years	3,680,374	3,920,477
	<u>4,473,331</u>	<u>4,574,123</u>

The borrowing facilities have a term which runs until 30 September 2026 and carry interest 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 2 other companies that operate wind farms

11. Deferred tax

	2013 £	2012 £
Deferred tax asset	<u>106,500</u>	<u>100,315</u>
The gross movement on the deferred tax account is:		
Balance at 30 June 2012	100,315	-
Current year movement through profit & loss	71,546	108,675
Prior year adjustment	(61,484)	-
Impact of change in tax rate	(3,877)	(8,360)
	<u>106,500</u>	<u>100,315</u>
Balance at 30 June 2013	<u>106,500</u>	<u>100,315</u>
Deferred tax is provided as follows:		
Depreciation in advance of capital allowances	<u>106,500</u>	<u>100,315</u>

12. Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each at par	<u>1,000</u>	<u>1,000</u>

REG High Haswell Limited

Notes to the accounts For the year ended 30 June 2013

13 Reconciliation of shareholder's funds and movement on reserves

	Share capital £	Profit and loss account £	Total £
At 30 June 2012	1,000	148,308	149,308
Profit for the year	-	11,212	11,212
At 30 June 2013	<u>1,000</u>	<u>159,520</u>	<u>160,520</u>

14. Derivatives not included at fair value

The Company has derivatives which are not included at fair value in the accounts

	2013 Principal £	2013 Fair value £	2012 Principal £	2012 Fair value £
Interest rate swap contracts	<u>4,767,031</u>	<u>(165,096)</u>	<u>4,666,566</u>	<u>(298,465)</u>

An interest rate swap contract with a nominal value of £4,767,031 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

	2013 £	2012 £
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

REG High Haswell Limited

Notes to the accounts

For the year ended 30 June 2013

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. Renewable Energy Generation Limited prepares the consolidated financial statements and is the smallest and largest member of the group which prepares the consolidated financial statements.

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.