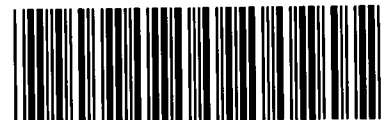


Company Registration No. 07431004 (England and Wales)

**BILSTHORPE WIND FARM LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

WEDNESDAY



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# **BILSTHORPE WIND FARM LIMITED**

## **COMPANY INFORMATION**

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**Directors** J M Linney  
S O Vince (Appointed 1 December 2017)

**Company Secretary** T S Hedges

**Company number** 07431004

**Registered office** 8 White Oak Square  
London Road  
Swanley  
Kent  
BR8 7AG

**Auditor** Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

**Banker** HSBC Bank PLC  
8 Canada Square  
London  
E14 5HQ

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# **BILSTHORPE WIND FARM LIMITED**

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# **BILSTHORPE WIND FARM LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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The Directors present their annual report and audited financial statements for the year ended 31 December 2017.

The annual report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006. Accordingly, no strategic report has been presented.

#### **Principal activities**

The principal activity of the Company is the design, build, financing and operation of a wind farm consisting of 5 x 2MW turbines in Nottinghamshire.

On 16 March 2016, JLEAG Wind Limited acquired the Company from Bilsthorpe Wind Farm Holdings Limited and on the same day issued a loan to the Company to allow it to repay the full amount of its outstanding debt.

#### **Directors**

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

J M Linney

D M Hardy

S O Vince

(Resigned 1 December 2017)

(Appointed 1 December 2017)

#### **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid in the current or prior year. The Directors do not recommend payment of final dividend.

#### **Qualifying third party indemnity provisions**

The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

#### **Financial risk management objectives and policies**

##### **Liquidity risk**

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business. At the start of the project and throughout, the Company has had debt facilities with various external and internal parties to ensure that the Company has sufficient funds over the life of the project. Following the refinancing of the project on 16 March 2016, the Company's debt facilities are now owed to JLEAG Wind Limited.

##### **Interest rate risk**

The Company's borrowings expose it to cash flow risk primarily due to the financial risks of changes in interest rates. The Company used interest rate derivatives to manage the risk and reduce its exposure to changes in interest rates. Following the refinancing of the project on 16 March 2016, the Company's borrowings have limited exposure as all borrowings are fixed interest loans and therefore interest rate derivatives have been terminated.

# **BILSTHORPE WIND FARM LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **Exposure to market prices**

The Company is exposed to long term electricity market prices. We are currently monitoring the electricity market and a fixed price 15 year Purchase Power Agreement has been entered into with Statkraft Markets GmbH, effective from the start of commercial operations, and fixed until September 2018. We continue to monitor the market.

### **Credit risk**

The Company's principal financial assets are cash and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables and accrued income which are with one counterparty. The Company monitors the financial standing of that counterparty in order to manage its credit risk.

### **Wind/energy yield risk**

The Company has engaged consultants to assess long term wind predictions and consequent energy yield for the given turbines. However, there still remains a risk that wind and energy yield may be less (or more) than modelled. The project was refinanced on 16 March 2016 via its holding company on an assumption that realistic downsides would not materially jeopardise the project. The Company will continue to monitor performance against the modelled plan.

### **Future developments**

The directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

### **Auditor**

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditor**

Each of the Directors in office at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- 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 section 418 of the Companies Act 2006.

On behalf of the board



S O Vince

Director

5 July 2018

# **BILSTHORPE WIND FARM LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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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), including FRS 102, "The Financial Reporting Standard applicable in the UK and Ireland". 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 judgements 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.

# **BILSTHORPE WIND FARM LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF BILSTHORPE WIND FARM LIMITED**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Bilsthorpe Wind Farm Limited (the 'Company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes on pages 10 - 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

# **BILSTHORPE WIND FARM LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF BILSTHORPE WIND FARM LIMITED**

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#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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.



# **BILSTHORPE WIND FARM LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF BILSTHORPE WIND FARM LIMITED**

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#### **Report on other legal regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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' exemptions from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



**William Brooks FCA (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Statutory Auditor

London

United Kingdom

5 July 2018

# **BILSTHORPE WIND FARM LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
Turnover	3	1,708	1,587
Cost of sales		(408)	(474)
<b>Gross profit</b>		<b>1,300</b>	<b>1,113</b>
Administrative expenses		(751)	(733)
<b>Operating profit</b>	4	<b>549</b>	<b>380</b>
Interest payable and similar charges	7	(688)	(838)
<b>Loss before taxation</b>		<b>(139)</b>	<b>(458)</b>
Tax on loss	8	37	(49)
<b>Loss for the financial year</b>		<b>(102)</b>	<b>(507)</b>
<b>Total comprehensive loss for the year</b>		<b>(102)</b>	<b>(507)</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

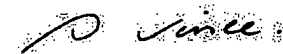
# BILSTHORPE WIND FARM LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2017

		2017	2016
	Notes	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	9	14,027	14,653
<b>Current assets</b>			
Debtors falling due after more than one year	10	236	199
Debtors falling due within one year	10	507	317
Cash at bank and in hand		623	213
		1,366	729
Creditors: amounts falling due within one year	11	(780)	(389)
<b>Net current assets</b>		586	340
<b>Total assets less current liabilities</b>		14,613	14,993
Creditors: amounts falling due after more than one year	12	(11,231)	(11,531)
Provisions for liabilities	14	(372)	(350)
<b>Net assets</b>		3,010	3,112
<b>Capital and reserves</b>			
Called up share capital	16	4,132	4,132
Profit and loss reserves		(1,122)	(1,020)
<b>Total equity</b>		3,010	3,112

The financial statements were approved by the board of directors and authorised for issue on 5 July 2018 and are signed on its behalf by:



S O Vince  
Director

Company Registration No. 07431004

# **BILSTHORPE WIND FARM LIMITED**

## **STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>Share capital</b>	<b>Profit and loss reserves</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 January 2016</b>	4,132	(513)	3,619
<b>Year ended 31 December 2016:</b>			
Total comprehensive loss for the year	-	(507)	(507)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2016</b>	4,132	(1,020)	3,112
<b>Year ended 31 December 2017:</b>			
Total comprehensive loss for the year	-	(102)	(102)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2017</b>	<u>4,132</u>	<u>(1,122)</u>	<u>3,010</u>

# **BILSTHORPE WIND FARM LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **1 Accounting policies**

#### **Company information**

Bilsthorpe Wind Farm Limited is a private company limited by shares domiciled in the United Kingdom, incorporated in Great Britain and registered in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in pounds sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below and have been applied consistently in the current and prior year.

This Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Parties' - Related party transactions with other undertakings in the John Laing Environmental Assets Group (UK) Limited group.

The financial statements of the Company are consolidated in the financial statements of JLEAG Wind Limited and JLEAG Wind Holding Limited.

#### **1.2 Going concern**

The Company is in a net current asset position as at 31 December 2017. The Directors have reviewed the Company's forecasts and projections, taking into account reasonable possible changes in environmental conditions, in addition to asset and counterparty performance which show that the Company can continue to meet its debts as they fall due.

The Directors therefore, at the time of approving the financial statements, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis of accounting in preparing the financial statements.

# **BILSTHORPE WIND FARM LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **1 Accounting policies**

**(Continued)**

#### **1.3 Turnover**

Turnover comprises amounts received and receivable in respect of the invoiced value of generated electricity, Renewable Obligation Certificates (ROCs) and accrued income. Turnover is recognised when it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts and sales taxes or duty.

Turnover on the generation of energy comprises the value of units supplied during the year. Units are determined by energy volumes recorded on the wind farm meters and market settlement systems. Under the terms of its Power Purchase Agreements (PPA) with customers, ROCs are immediately transferable to the customer. Turnover in relation to ROCs is recognised in line with the generation of energy.

Accrued income represents the sales value of energy (and related ROCs), which is yet to be invoiced and is based upon the value of units supplied with respect to energy and quantity of units supplied with respect to ROCs.

There is only one operating activity and all turnover is generated within the United Kingdom.

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Plant and equipment	25 years straight line
---------------------	------------------------

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### **1.5 Impairment of fixed assets**

At each reporting period end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# BILSTHORPE WIND FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# BILSTHORPE WIND FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### **Loans and receivables**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### **Classification of financial liabilities**

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.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.



# BILSTHORPE WIND FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

---

### 1 Accounting policies

(Continued)

#### 1.8 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# **BILSTHORPE WIND FARM LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

---

### **1 Accounting policies**

**(Continued)**

#### **1.10 Provisions**

##### ***Decommissioning***

Provisions for future decommissioning costs are made in full when the Company has an obligation to dismantle and remove a facility and to restore the site on which it is located, and when a reasonable estimate of that liability can be made.

The amount recognised is the present value of the estimated future expenditure. An amount equivalent to the discounted initial provision for decommissioning costs is capitalised as part of the underlying fixed asset and depreciated over the life of that asset. Any change in the present value of the estimated expenditure resulting from changes in expected cash flows, inflation or discount rate is reflected as an adjustment to the provision and the underlying asset.

The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

##### ***Other***

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value.

#### **1.11 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# **BILSTHORPE WIND FARM LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **2 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### ***Power Purchase Agreement***

The Directors have considered whether the Power Purchase Agreement entered into by the Company meets the definition of a derivative under FRS 102 in the context of characteristics of derivative contracts set out within the definition. The Power Purchase Agreement was entered into and continues to be held for the purpose of the Company delivering electrical output to be received by the offtaker in accordance with the requirements set out in the contract, and therefore is not considered to be a financial instrument.

##### ***Deferred tax asset***

The Directors have used their judgement, based on long term projections, in estimating whether there will be sufficient taxable profits in the future to recognise a deferred tax asset in relation to tax losses carried forward. The Directors have also made estimates, based on those projections, about the expected timing or reversal of the deductible and taxable temporary differences when considering whether a deferred tax asset can be recognised. Whilst the Directors have concluded that it is appropriate to recognise a deferred tax asset, the recovery of that asset is primarily dependent on sustained electricity prices.

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### ***Recoverability of tangible fixed assets***

During the year, management reconsidered the recoverability of the tangible fixed assets included in the balance sheet of £14,027,000 (2016: £14,653,000). The project continues to perform in a satisfactory manner, however, due to historical performance against budget, management has reconsidered the power price and generation assumptions reflected in its long-term projections. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the tangible fixed assets will be recovered in full through use. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that adjustments are appropriate.

##### ***Decommissioning provision***

The Company has a decommissioning provision resulting from its obligation at the end of the license period to return the wind farm site to its original state and condition. The calculation used to estimate the future expected cost of decommissioning the site is based on a historic estimate of per turbine costs plus anticipated fixed cost overheads provided by a qualified third party consultant, discounted back to present value at a suitable discount rate. The net present value of the provision at the balance sheet date was £372,000 (2016: £350,000). Details of the provision are set out in Note 14. The Directors will continue to monitor market prices for decommissioning works for indications of material changes to the assumptions underlying the decommissioning provision calculation.

# BILSTHORPE WIND FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 3 Turnover and other revenue

An analysis of the Company's turnover is as follows:

	2017 £'000	2016 £'000
<b>Turnover analysed by class of business</b>		
Power Purchase Agreement revenue	799	845
Renewable Obligation Certificates	906	716
Other income	3	26
	<u>1,708</u>	<u>1,587</u>
	2017 £'000	2016 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	<u>1,708</u>	<u>1,587</u>

Turnover is derived from the sale of electricity produced in the United Kingdom and the sale of renewable energy certificates to a sole third party energy supplier in Germany. Turnover is recognised at the point of generation.

Other income comprises Triad revenue of £3,000 (2016: £26,000) generated during the three half-hours of peak electricity demand between the beginning of November in the previous financial year and the end of February in the current financial year. Due to the nature of the income, Triad revenue is recognised in the period the income is received.

#### 4 Operating profit

	2017 £'000	2016 £'000
Operating profit for the year is stated after charging:		
Fees payable to the Company's auditor for the audit of the Company's financial statements	8	8
Depreciation of owned tangible fixed assets	642	643
Operating lease charges	<u>59</u>	<u>53</u>

#### 5 Employees

The Company had no employees during the current or prior year.

#### 6 Directors' remuneration

No directors received any remuneration for services to the Company during the current or prior year.

# BILSTHORPE WIND FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 7 Interest payable and similar charges

	2017 £'000	2016 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	-	261
Interest payable to parent undertakings	663	462
	<u>663</u>	<u>723</u>
<b>Other finance costs:</b>		
Unwinding of discount on provisions	6	6
Due diligence and advisor costs	-	33
Other interest	19	76
	<u>688</u>	<u>838</u>
<b>Total interest payable and similar charges</b>	<u>688</u>	<u>838</u>

### 8 Taxation

	2017 £'000	2016 £'000
<b>Current tax</b>		
Total current tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	96	101
Changes in tax rates	(7)	35
Adjustment in respect of prior years	(92)	92
Tax losses carried forward	(34)	(179)
	<u>(37)</u>	<u>49</u>
<b>Total deferred tax</b>	<u>(37)</u>	<u>49</u>
<b>Total tax (credit)/charge</b>	<u>(37)</u>	<u>49</u>

The actual (credit)/charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £'000	2016 £'000
<b>Loss before taxation</b>	<u>(139)</u>	<u>(458)</u>
<b>Expected tax credit based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)</b>	(27)	(92)
<b>Tax effect of expenses that are not deductible in determining taxable profit</b>	89	14
<b>Adjustments in respect of prior years</b>	(92)	92
<b>Effect of change in corporation tax rate</b>	(7)	35
	<u>(37)</u>	<u>49</u>
<b>Taxation (credit)/charge for the year</b>	<u>(37)</u>	<u>49</u>

# BILSTHORPE WIND FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 8 Taxation

(Continued)

In calculating the tax expense for 2017, £379,000 of interest and amounts economically equivalent to interest have been disallowed as a result of Business Erosion and Profit Shifting Initiative (BEPS) legislation.

For the year ended 31 December 2017, the UK rate of 19.25% is applied.

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective 1 April 2017 and to 18% effective 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provided a further reduction in the main rate of corporation tax to 17% effective 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

#### 9 Tangible fixed assets

	Plant and equipment £'000
<b>Cost</b>	
At 1 January 2017	16,840
Other changes	16
	<hr/>
At 31 December 2017	16,856
	<hr/>
<b>Depreciation and impairment</b>	
At 1 January 2017	2,187
Depreciation charged in the year	642
	<hr/>
At 31 December 2017	2,829
	<hr/>
<b>Carrying amount</b>	
At 31 December 2017	14,027
	<hr/>
At 31 December 2016	14,653
	<hr/>

Following a review of the discount rate applied to the decommissioning provision at 31 December 2017, an adjustment of £16,000 has been included in other changes within the carrying value of tangible fixed assets.

#### 10 Debtors

	2017 £'000	2016 £'000
<b>Amounts falling due within one year:</b>		
Other debtors	16	16
Prepayments and accrued income	491	301
	<hr/>	<hr/>
	507	317
	<hr/>	<hr/>

# BILSTHORPE WIND FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Debtors		(Continued)	
	Notes	2017 £'000	2016 £'000
Amounts falling due after more than one year:			
Deferred tax asset	15	236	199
<b>Total debtors</b>		<b>743</b>	<b>516</b>
11 Creditors: amounts falling due within one year			
	Notes	2017 £'000	2016 £'000
Trade creditors		7	13
Contractor retentions		39	39
Amounts due to parent undertakings	13	580	191
Accruals and deferred income		154	146
		<b>780</b>	<b>389</b>
12 Creditors: amounts falling due after more than one year			
	Notes	2017 £'000	2016 £'000
Amounts due to parent undertakings	13	11,231	11,531
Amounts included above which fall due after five years are as follows:			
		2017 £'000	2016 £'000
Payable by instalments		3,486	3,830
13 Loans and overdrafts			
		2017 £'000	2016 £'000
Loans from parent undertakings		11,569	11,721
Payable within one year		338	190
Payable after one year		11,231	11,531
		<b>11,569</b>	<b>11,721</b>

# BILSTHORPE WIND FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 13 Loans and overdrafts

(Continued)

The loans are secured by a fixed and floating charge over all the assets of the Company and a charge over the shares of the Company.

##### Senior debt

On 16 March 2016, the Company entered into a loan agreement with its parent company, JLEAG Wind Limited, for an amount of £7,307,000 bearing an interest rate of 2.5% per annum. On the same day, the parent company fully repaid the existing senior loan of £8,536,000 and outstanding interest of £98,000 on behalf of the Company.

During the year the Company made repayments of £111,000 (2016: £121,000) against the new loan principal. The principal balance at 31 December 2017 was £7,075,000 (2016: £7,186,000) and the outstanding interest was £1,000 (2016: £1,000). There are also unamortised finance fees attributed of £60,000 (2016: £79,000). These costs have been pushed down by the parent company. The loan is repayable by instalments based on an agreed repayment profile and will terminate on 16 March 2021.

##### Subordinated debt

On 16 March 2016, the Company entered into a loan agreement with its parent company, JLEAG Wind Limited, for an amount of £5,324,000, bearing a fixed interest rate of 10.5% per annum. On the same day, the parent company fully repaid the existing subordinated loan of £3,435,000 and outstanding interest of £174,000 on behalf of the Company.

During the year the Company made repayments of £60,000 (2016: £710,000) against the new loan principal. The principal balance at 31 December 2017 was £4,554,000 (2016: £4,614,000) and the outstanding interest was £241,000 (2016: £Nil). The loan is repayable on demand, however, the parent company has no intention of demanding repayment until such time as the Company has sufficient funds.

#### 14 Provisions for liabilities

	2017 £'000	2016 £'000
Decommissioning provision	372	350
Movements on provisions:		
		Decommissioning provision £'000
At 1 January 2017		350
Unwinding of discount		6
Adjustment for change in discount rate		16
At 31 December 2017		372

The Company's decommissioning provision results from its obligation at the end of the lease period to return the wind farm site to its original state and condition. The Company has estimated the net present value of the decommissioning provision to be £372,000 as at 31 December 2017 (2016: £350,000) based on an undiscounted total future liability of £521,000 (2016: £520,000). The discount factor, being the risk free rate related to the liability, was 1.70% as at 31 December 2017 (2016: 1.79%).



# BILSTHORPE WIND FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

#### 15 Deferred taxation

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2017 £'000	Assets 2016 £'000
<b>Balances:</b>		
Accelerated capital allowances	(761)	(607)
Tax losses	997	806
	<u>236</u>	<u>199</u>
<b>Movements in the year:</b>		2017 £'000
Liability/(Asset) at 1 January 2017		(199)
Credit to profit or loss		(30)
Effect of change in tax rate - profit or loss		(7)
Liability/(Asset) at 31 December 2017		<u>(236)</u>

The deferred tax asset in relation to tax losses set out above is expected to reverse after more than five years and relates to the utilisation of tax losses against future expected profits over the project life.

#### 16 Share capital

	2017 £'000	2016 £'000
<b>Ordinary share capital</b>		
Issued and fully paid		
4,132,309 Ordinary shares of £1 each	<u>4,132</u>	<u>4,132</u>

The Company has one class of ordinary shares which carry no right to fixed income.

#### Other reserves

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses.

# BILSTHORPE WIND FARM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 17 Operating lease commitments

#### Lessee

The Company has entered into lease agreements with land owners expiring on 21 October 2041 such that the rent payable is contingent on certain conditions relating to gross income received by the Company.

At the reporting end date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017 £'000	2016 £'000
Within one year	1	1
Between two and five years	4	4
In over five years	16	17
	<u>21</u>	<u>22</u>

### 18 Related party transactions

No guarantees have been given or received.

As a wholly owned subsidiary of JLEAG Wind Limited, which is indirectly a wholly owned subsidiary of John Laing Environmental Assets Group (UK) Limited, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the John Laing Environmental Assets Group (UK) Limited group. A copy of the published financial statements of John Laing Environmental Assets Group (UK) Limited can be obtained from Companies House.

### 19 Controlling party

The Company's ultimate parent and controlling entity is John Laing Environmental Assets Group Limited, a company incorporated in Guernsey, Channel Islands, with a registered address of Sarnia House, Le Truchot, St. Peter Port, Guernsey, GY1 4NA.

Copies of the financial statements of John Laing Environmental Assets Group Limited are available from the website [www.jlen.com](http://www.jlen.com).

On 16 March 2016, the Company's immediate parent company Bilsthorpe Wind Farm Holdings Limited, sold all of its shares in the Company to JLEAG Wind Limited, a company incorporated in Great Britain and registered in England & Wales. The smallest group in which its results are consolidated is JLEAG Wind Limited and the largest group in which its results are consolidated is JLEAG Wind Holding Limited. Both of these parent companies have a registered office of 1 Kingsway, London, WC2B 6AN and copies of the consolidated financial statements are available from Companies House.