

Company Registration No. 07708636

Goonhilly Limited
(formerly REG Goonhilly Limited)

Report and Financial Statements
Period from 1 July 2012 to 31 December 2013



Goonhilly Limited

Report and Financial Statements for period from 1 July 2012 to 31 December 2013

Contents	Page
Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8

Goonhilly Limited

Officers and professional advisers

Directors

C Reid
P Raftery

Bankers

The Co-Operative Bank
Balloon Way
Manchester

Registered Office

12 Throgmorton Avenue
London
EC2N 2DL

Independent auditor

Deloitte LLP
Chartered Accountants
Global House
High Street
Crawley

Goonhilly Limited

Directors' report

The directors present their report on the affairs of the Company, together with the financial statements and auditor's report, for the 18 month period from 1 July 2012 to 31 December 2013.

On 6 September 2013, the Company's entire share capital was purchased by Blackrock Renewables UK Limited and subsequently a number of resolutions were passed. New directors were appointed on the date of the transaction and following this, the accounting reference date was changed from 30 June to 31 December to bring it into line with the new parent company's accounting reference date. Finally the name was changed from REG Goonhilly Limited to Goonhilly Limited.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Further information on the basis of preparation of these financial statements can be found in note 1.

Principal activity

The principal activity of the Company in the period under review was that of the operation of the 12MW wind farm at Goonhilly in Cornwall. This will continue to be the principal activity of the Company.

Results and dividends

The profit for the period after taxation was £1,228,000 (2012: £173,453).

The directors approved and paid dividend payments on 25 October 2013 and 19 December 2013, which totalled £1,392,558 (2012: £nil).

Directors

The directors, who served during the period and up to the date of this report, were as follows:

A Whalley	(resigned 6 September 2013)
N Harris	(resigned 6 September 2013)
D Crockford	(resigned 6 September 2013)
C Reid	(appointed 6 September 2013)
P Raftery	(appointed 6 September 2013)

Risks and uncertainties

As outlined in note 1 to these financial statements the Company uses derivative financial instruments to manage the risk of interest rate movements on variable rate bank borrowings.

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 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



C Reid
Director

3 June 2014

Goonhilly 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 Goonhilly Limited

We have audited the financial statements of Goonhilly Limited for the period from 1 July 2012 to 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cash flow statement and the related notes 1 to 19. 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 31 December 2013 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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.



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

3 June 2014

Goonhilly Limited

Profit and loss account For the period ended 31 December 2013

	Notes	1 July 2012 to 31 December 2013 £	18 July 2011 to 30 June 2012 £
Turnover	2	5,184,250	1,527,829
Cost of sales		(2,446,723)	(688,223)
Gross profit		<u>2,737,527</u>	<u>839,606</u>
Administration expenses		(10,000)	(5,000)
Operating profit	3	<u>2,727,527</u>	<u>834,606</u>
Interest payable and similar charges	4	(1,400,817)	(495,402)
Profit on ordinary activities before taxation		<u>1,326,710</u>	<u>339,204</u>
Tax charge on profit on ordinary activities	6	(98,710)	(165,751)
Profit on ordinary activities after taxation	13	<u><u>1,228,000</u></u>	<u><u>173,453</u></u>

All the results 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.

Goonhilly Limited

Balance sheet 31 December 2013

	Notes	31 December 2013 £	30 June 2012 £
Fixed assets			
Tangible assets	7	12,249,560	13,336,792
Current assets			
Debtors	8	1,256,188	1,205,045
Restricted cash		1,020,293	959,209
Cash at bank and in hand		779,679	1,057,757
		3,056,160	3,222,011
Creditors: amounts falling due within one year	9	(1,469,596)	(1,947,972)
Net current assets		1,586,564	1,274,039
Creditors: amounts falling due after more than one year	10	(13,561,769)	(14,436,378)
Provisions for liabilities	11	(264,460)	-
Net assets		9,895	174,453
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	8,895	173,453
Shareholder's funds		9,895	174,453

The financial statements of Goonhilly Limited, registered number 07708636 were approved by the board of directors and authorised for issue on 3 June 2014.



C Reid
Director

Goonhilly Limited

Cash flow statement For the period ended 31 December 2013

	Notes	1 July 2012 to 31 December 2013 £	18 July 2011 to 30 June 2012 £
Net cash inflow from operating activities	14	4,215,964	154,220
Investing activities			
Purchases of tangible fixed assets		(92,407)	(13,610,391)
Net cash used in investing activities		(92,407)	(13,610,391)
Financing activities			
Proceeds from issue of shareholder loans		-	759,836
Repayment of shareholder loans		(759,836)	-
Proceeds from borrowings		-	14,991,703
Repayments of borrowings		(2,188,157)	(279,402)
Dividends paid		(1,392,558)	-
Issue of share capital		-	1,000
Movement in restricted cash		(61,084)	(959,209)
Net cash (outflow) / inflow from financing activities		(4,401,635)	14,513,928
Net (decrease) / increase in cash and cash equivalents	15	(278,078)	1,057,757
Cash and cash equivalents at beginning of period		1,057,757	-
Cash and cash equivalents at the end of the period		779,679	1,057,757

Goonhilly Limited

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation

The accounts have been prepared on the basis the Company is a going concern, which the directors' consider appropriate for the following reasons:

The directors have separately reviewed integrated forecasts for the Company, for a period in excess of 12 months from the date that these financial statements were approved, which indicate that the Company will be able to meet its cash flow demands and liabilities as they fall due for the foreseeable future from cash flows from operations and existing working capital.

This includes a formal review of covenant compliance for the life of the loan against the Company 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 period, excluding value added tax, in the UK.

Revenue recognition

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

- a) **Generation revenue**
Revenue from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parties and is recognised when electricity is generated.
- b) **TRIADS revenue**
Revenue from the sale of TRIADS (bonus for generating at peak demand times during the winter months) represents the invoice value, before sales tax, of TRIADS provided to third parties and is recognised when eligible electricity is generated.
- c) **ROCs, LECs revenue**
Renewable Obligation Certificates (ROCs) are issued to qualifying renewable generators as evidence that a licensed electricity supplier has supplied qualifying electricity to their customers in Great Britain. These certificates may be traded separately from the electricity to which they relate. The ROCs are recorded as accrued income at cost when the electricity to which they relate is generated, and then are re-valued to fair value. This revaluation is recorded in the profit and loss account in revenue due to the linked nature of the generation of electricity to the issue of ROCs. As a result of the fact that these certificates may be traded separately from the electricity to which they relate, revenue may include an amount relating to un-realised ROC sales.

Renewable energy generators who meet Customs & Excise conditions for exemption will be issued with Levy Exemption Certificates (LECs) for their generation. The LECs transfer along with the electricity and can be used by business consumers to claim levy exemption.

Interest income

Revenue is recognised as interest accrues.

Goonhilly Limited

Notes to the financial statements For the period ended 31 December 2013

1. Accounting policies (continued)

Tangible fixed assets

Operating wind sites are 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

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 at the balance sheet date. The funds are used to provide collateral against future debt service costs and scheduled operating costs as part of the Company's finance facilities.

Accrued income

Accrued income represents accruals for electricity income not yet billed.

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.

Goonhilly Limited

Notes to the financial statements For the period ended 31 December 2013

1. Accounting policies (continued)

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.

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 period has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating profit

	1 July 2012 to 31 December 2013 £	18 July 2011 to 30 June 2012 £
Operating profit is stated after charging:		
Depreciation	1,090,132	363,105
Rentals under operating leases:		
Other operating leases	173,937	51,441
Auditor's remuneration:		
Audit fees	10,000	5,000
	<u>1,274,069</u>	<u>420,546</u>

4. Interest payable and similar charges

	1 July 2012 to 31 December 2013 £	18 July 2011 to 30 June 2012 £
Loan interest	1,271,021	457,058
Amortisation of finance costs	112,238	38,344
Bank charges	17,558	-
	<u>1,400,817</u>	<u>495,402</u>

Goonhilly Limited

Notes to the financial statements For the period ended 31 December 2013

5. Information regarding directors and employees

The Company had no employees in the current or prior period. No directors received any remuneration from the Company during the current or prior period. Services are provided through an asset management agreement.

6. Tax charge on profit on ordinary activities

(a) Tax charge on profit on ordinary activities

The tax charge is made up as follows:

	1 July 2012 to 31 December 2013 £	18 July 2011 to 30 June 2012 £
Current tax		
United Kingdom corporation tax at 23.5% (2012: 25.5%) based on the profit for the period	-	178,500
Adjustment in respect of prior periods	(178,500)	-
Total current tax (credit) / charge	(178,500)	178,500
Deferred tax		
Deferred tax charge / (credit)	280,630	(12,749)
Adjustment in respect of prior periods	(3,420)	-
Total deferred tax charge / (credit) (note 11)	277,210	(12,749)
Total tax charge in profit and loss	98,710	165,751

(b) Factors affecting current tax charge

The tax assessed for the period is lower (2012: lower) than that resulting from applying the standard rate of corporation tax in the UK 23.5% (2012: 25.5%). The differences are explained below:

	1 July 2012 to 31 December 2013 £	18 July 2011 to 30 June 2012 £
Profit on ordinary activities before taxation	1,326,710	339,204
Theoretical tax at UK corporation tax rate of 23.5% (2012: 25.5%).	311,777	86,497
Effects of:		
Capital allowances in excess of depreciation	(311,777)	92,003
Adjustments in respect of prior periods	(178,500)	-
Total current tax	(178,500)	178,500

Goonhilly Limited

Notes to the financial statements For the period ended 31 December 2013

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

(c) Factors which may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions 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 liability at 31 December 2013 has been calculated based on the substantively enacted rates at the balance sheet date.

7. Tangible fixed assets

	Operating wind sites £
Cost	
At 1 July 2012	13,699,897
Additions	2,900
	<hr/>
At 31 December 2013	13,702,797
	<hr/>
Depreciation	
At 1 July 2012	363,105
Charge for period	1,090,132
	<hr/>
At 31 December 2013	1,453,237
	<hr/>
Net book value	
At 31 December 2013	12,249,560
	<hr/> <hr/>
At 30 June 2012	13,336,792
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Goonhilly Limited

Notes to the financial statements For the period ended 31 December 2013

8. Debtors

	31 December 2013 £	30 June 2012 £
Trade debtors and accrued income	867,724	955,469
Prepayments	313,279	236,827
Deferred tax asset (note 11)	-	12,749
VAT	75,185	-
	<u>1,256,188</u>	<u>1,205,045</u>

9. Creditors: amounts falling due within one year

	31 December 2013 £	30 June 2012 £
Bank loans and overdrafts (note 10)	653,351	555,325
Trade creditors	506,268	105,898
Amounts owed to group companies	-	938,337
Accruals	300,461	315,008
Other creditors	9,516	33,404
	<u>1,469,596</u>	<u>1,947,972</u>

Amounts owed to group companies related to the former Group.

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

	31 December 2013 £	30 June 2012 £
Bank loans		
Between one and two years	709,130	574,062
Between two and five years	2,503,412	2,213,495
Over 5 years	10,349,227	11,648,821
	<u>13,561,769</u>	<u>14,436,378</u>

The bank loans 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 15). They are secured against the tangible fixed assets of the company.

Goonhilly Limited

Notes to the financial statements For the period ended 31 December 2013

11. Provision for liabilities / deferred tax asset

	31 December 2013 £	30 June 2012 £
Deferred tax (liability) / asset	(264,460)	12,749
The gross movement on the deferred tax account is:		
Balance at 1 July	12,749	-
Current period movement through profit & loss	(311,777)	13,811
Adjustment in respect of prior periods	3,420	-
Impact of change in tax rate	31,148	(1,062)
Balance at 31 December / 30 June	(264,460)	12,749
Deferred tax is provided as follows:		
Accelerated capital allowances	(264,460)	12,749

12. Share capital

	31 December 2013 £	30 June 2012 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 at par	1,000	1,000

13. Reconciliation of shareholders' funds and movement in profit and loss account

	Share capital £	Profit and loss account £	Total £
At 18 July 2011	-	-	-
Issue of ordinary shares at par	1,000	-	1,000
Profit for the period	-	173,453	173,453
At 30 June 2012	1,000	173,453	174,453
Profit for the period	-	1,228,000	1,228,000
Dividends	-	(1,392,558)	(1,392,558)
At 31 December 2013	1,000	8,895	9,895

Goonhilly Limited

Notes to the financial statements For the period ended 31 December 2013

14. Net cash inflow from operating activities

	1 July 2012 to 31 December 2013 £	18 July 2011 to 30 June 2012 £
Operating profit	2,727,527	834,606
Adjustments for:		
Depreciation	1,090,132	363,106
Increase in debtors	(63,892)	(1,192,296)
Increase in creditors	462,197	148,804
	<u>4,215,964</u>	<u>154,220</u>

15. Analysis and reconciliation of net debt

	1 July 2012 £	Cash flow £	Other non- cash changes £	31 December 2013 £
Cash at hand and in bank and restricted cash	<u>2,016,966</u>	<u>(216,995)</u>	<u>-</u>	<u>1,799,971</u>
Debt due after 1 year	(14,436,378)	-	874,610	(13,561,768)
Debt due within 1 year	<u>(555,325)</u>	<u>776,584</u>	<u>(874,610)</u>	<u>(653,351)</u>
	<u>(14,991,703)</u>	<u>776,584</u>	<u>-</u>	<u>(14,215,119)</u>
Net debt	<u>(12,974,737)</u>	<u>559,589</u>	<u>-</u>	<u>(12,415,148)</u>

Goonhilly Limited

Notes to the financial statements For the period ended 31 December 2013

15. Analysis and reconciliation of net debt (continued)

	31 December 2013 £	30 June 2012 £
(Decrease) / increase in cash in the year	(216,995)	2,016,966
Cash outflow / (inflow) from decrease / increase in debt	776,584	(14,991,703)
Decrease / (increase) in net debt in year	559,589	(12,974,737)
Net debt at 1 July 2012 / 18 July 2011	(12,974,737)	-
Net debt at 31 December 2013 / 30 June 2012	<u>(12,415,148)</u>	<u>(12,974,737)</u>

16. Derivatives not included at fair value

	31 December 2013 Principal £	31 December 2013 Fair value £	30 June 2012 Principal £	30 June 2012 Fair value £
Interest rate swap contracts	14,758,148	(75,060)	14,991,703	(900,527)

An interest rate swap contract with a nominal value of £14,758,148 (2012: £14,991,703) has fixed interest payments at a rate of 5.5% 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%.

17. Obligations under operating leases

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

	31 December 2013 £	30 June 2012 £
Expiry date		
- after five years	95,000	95,000

Goonhilly Limited

Notes to the financial statements For the period ended 31 December 2013

18. Related party disclosures

During the period, the Company repaid the loan of £938,337 that was owed as at 30 June 2012 to related companies and therefore no longer holds any related company loans.

Following the loan repayment, the Company started paying dividends to the new Parent company and during the period amounts paid were £1,392,558 (2012: £nil).

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

19. Ultimate parent undertaking

The Company is a wholly owned subsidiary of Blackrock Renewables UK Limited, a company registered in England & Wales. The financial statements of Blackrock Renewables UK Limited are available from the registered office given on page 1.

The ultimate controlling party is considered to be BlackRock NTR Renewable Power Fund which is a limited partnership.