

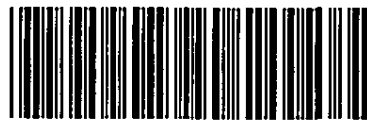
Company Registration No. 07708636

REG Goonhilly Limited

Annual Report and Financial Statements

30 June 2012

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REG Goonhilly Limited

Annual report and financial statements 2012

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REG Goonhilly 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 Goonhilly Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the period from 18 July 2011 to 30 June 2012. The company was incorporated on 18 July 2011 and is wholly owned by REG Tranche 2 Holdings Limited. This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

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

Principal activity

Following the purchase from a fellow group company of the operating wind farm in December 2011, 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.

Future developments

The company will continue to operate the wind farm and associated trading activities. However, the company is not expecting to undertake any significant future capital developments.

Results and dividends

The profit for the period after taxation was £173,453. The directors do not recommend the payment of a dividend.

Directors

The directors who served throughout the year were as follows:

A Whalley
N Harris
D Crockford

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

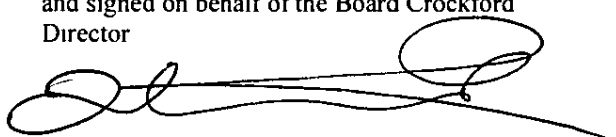
Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution to reappoint them will be proposed as the forthcoming Annual General Meeting.

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 Crockford
Director



14

December 2012

REG 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 REG Goonhilly Limited

We have audited the financial statements of REG Goonhilly Limited for the period ended 30 June 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

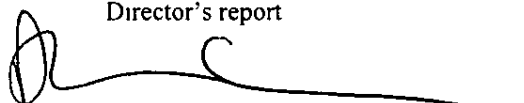
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Director's report.



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

14 December 2012

REG Goonhilly Limited

Profit and loss account For the period ended 30 June 2012

	Notes	18 July 2011 – 30 June 2012 £
Turnover	2	1,527,829
Cost of sales		(693,223)
Gross and operating profit		834,606
Interest payable and similar charges	4	(495,402)
Profit on ordinary activities before taxation	3	339,204
Tax charge on profit on ordinary activities	6	(165,751)
Profit on ordinary activities after taxation		173,453

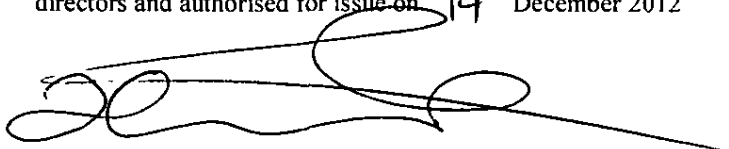
There are no further recognised gains and losses for the current financial period other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given

REG Goonhilly Limited

Balance sheet 30 June 2012

	Notes	2012 £
Fixed assets		
Tangible assets	7	13,336,792
Current assets		
Debtors	8	1,205,045
Cash at bank and in hand		1,057,757
Restricted cash		959,209
		3,222,011
Creditors: amounts falling due within one year	9	(1,947,972)
Net current assets		1,274,039
Creditors: amounts falling due after one year	10	(14,436,378)
Net Assets		174,453
Capital and reserves		
Called up share capital	12	1,000
Profit and loss account	13	173,453
Shareholder's funds		174,453

The financial statements of REG Goonhilly Limited, registered number 07708636 were approved by the board of directors and authorised for issue on 14 December 2012



D Crockford
Director

REG Goonhilly Limited

Notes to the accounts For the year ended 30 June 2012

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 per cent or more of the voting rights are controlled within the group.

Basis of preparation

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

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

This includes a formal review of covenant compliance for the life of the loan against our forecasts and there is significant headroom within the key variables before any breaches would arise.

Turnover

Turnover represents the value of power generated during the year, excluding value added tax, in the UK.

Revenue recognition

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

- a) **Generation revenue**
Revenue from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parties and is recognised when electricity is generated.
- b) **TRIADS revenue**
Revenue from the sale of TRIADS (bonus for generating at peak demand times during the winter months) represents the invoice value, before sales tax, of TRIADS provided to third parties and is recognised when eligible electricity is generated.

REG Goonhilly Limited

Notes to the accounts For the year ended 30 June 2012

1. Accounting policies (continued)

Revenue recognition

c) ROCs, LECs revenue

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

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

Interest income

Revenue is recognised as interest accrues.

Tangible fixed assets

Plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

Assets in the course of construction are stated at cost and are recognised only when it is probable that a project under development will be constructed by the Company. This decision is based on management judgement when the project meets key criteria required for its successful development, including planning permission and grid access.

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 income not yet billed.

REG Goonhilly Limited

Notes to the accounts For the year ended 30 June 2012

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period which they arise.

Borrowing costs

Borrowing costs are generally expensed as incurred

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 Goonhilly Limited

Notes to the accounts For the year ended 30 June 2012

3. Profit on ordinary activities before taxation

	2012
	£
Profit on ordinary activities before taxation is stated after charging:	
Depreciation	363,105
Rentals under operating leases	
Other operating leases	51,441
Auditor's remuneration	
Audit fees	5,000
	<u>5,000</u>

4. Interest payable and similar charges

	2012
	£
Loan interest paid	457,058
Amortisation of finance costs	38,344
	<u>495,402</u>

5. Information regarding directors and employees

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

REG Goonhilly Limited

Notes to the accounts For the year ended 30 June 2012

6. Tax charge on profit on ordinary activities

(a) Tax credit on profit on ordinary activities

The tax credit is made up as follows

	2012 £
Current tax	
United Kingdom corporation tax at 25.5% based on the profit for the year	178,500
Total current tax	178,500
Deferred tax	
Deferred tax credit	(12,749)
Total deferred tax (note 11)	(12,749)
Total tax in profit and loss	165,751

(b) Factors affecting current tax charge

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

	2012 £
Profit on ordinary activities before taxation	339,204
Theoretical tax at UK corporation tax rate of 25.5%	86,497
Effects of	
Depreciation in excess of capital allowances	92,003
Total current tax	178,500

(c) Factors which may affect future tax charges

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

The Government intends to enact further reductions in the main tax rate of 1% each year, down to 23% effective from 1 April 2013 and to 22% by 1 April 2014. As these tax rates were not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21, as it is a non-adjusting event occurring after the reporting period.

REG Goonhilly Limited

Notes to the accounts For the year ended 30 June 2012

7. Tangible fixed assets

	Operating wind sites £
Cost	
At 18 July 2011	-
Additions	13,699,897
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At 30 June 2012	13,699,897
	<hr/>
Depreciation	
At 18 July 2011	-
Charge for period	363,105
	<hr/>
Net book value	
At 30 June 2012	13,336,792
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At 18 July 2011	-
	<hr/> <hr/>

Operating wind sites includes the acquired cost of £13,699,897 for the 12MW Goonhilly wind farm in Cornwall. These assets were acquired on 31 December 2011 from REG Windpower Limited, a group company at book value.

8. Debtors

	2012 £
Trade debtors and accrued income	955,469
Prepayments	236,827
Deferred tax asset (note 11)	12,749
	<hr/>
	1,205,045
	<hr/> <hr/>

9 Creditors: amounts falling due within one year

	2012 £
Bank loans and overdrafts	555,325
Trade creditors	105,898
Amounts owed to group companies	938,337
Accruals	315,008
Other creditors	33,404
	<hr/>
	1,947,972
	<hr/> <hr/>

REG Goonhilly Limited

Notes to the accounts For the year ended 30 June 2012

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

	2012 £
Bank loans	
Between one and two years	574,062
Between two and five years	2,213,495
Over 5 years	11,648,821
	<u>14,436,378</u>

The borrowing facilities have a term which runs until 30 September 2026 and carry interest at 6%. They are secured against the tangible fixed assets of the company and cross collateralised against the share capital of REG Tranche 2 Holdings Limited, a company which owns the share capital of 2 other wind farms.

11. Deferred tax

	2012 £
Deferred tax asset	12,749
	<u>12,749</u>
The gross movement on the deferred tax account is:	
Balance at 18 July 2011	-
Current year movement through profit & loss	13,811
Impact of change in tax rate	(1,062)
	<u>12,749</u>
Balance at 30 June 2012	<u>12,749</u>
Deferred tax is provided as follows:	
Depreciation in advance of capital allowances	12,749
	<u>12,749</u>

12. Share capital

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

Subscriber shares issued on incorporation amount to £1,000 at par

REG Goonhilly Limited

Notes to the accounts For the year ended 30 June 2012

13. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total £
At 18 July 2011	-	-	-
Issue of ordinary shares at par	1,000	-	1,000
Profit for the period	-	173,453	173,453
	<hr/>	<hr/>	<hr/>
At 30 June 2012	1,000	173,453	174,453
	<hr/>	<hr/>	<hr/>

14. Derivatives not included at fair value

	Principal £	Fair value £
Interest rate swap contracts	14,991,703	(900,527)
	<hr/>	<hr/>

An interest rate swap contract with a nominal value of £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%

15. Obligations under operating leases

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

	2012 £
Expiry date	
- between two and five years	-
- between two and five years	-
- after five years	158,000
	<hr/>

16. Related party disclosures

The company has taken advantage of the exemption under Financial Reporting Standard 8 from providing details of related party transactions with group related parties

17. 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.