Company Registration No. 07508897

REG Braich Ddu Limited

Annual Report and Financial Statements

30 June 2012

REG Braich Ddu Limited

Annual report and financial statements 2012

Contents

REG Braich Ddu 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 Braich Ddu 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 ended 30 June 2012

The Company was incorporated on 28 January 2011 and is wholly owned by REG Tranche 1 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 of the operating wind farm on 30 June 2011, the principal activity of the company in the period under review was that of the operation of the 3 9MW wind farm at Braich Ddu in Wales

Results and dividends

The profit for the period after taxation was £243,968

The directors do not recommend the payment of a dividend

Directors

The directors who served throughout the year, except as noted, were as follows

A Whalley
N Harris
D Crockford

Independent auditor and statement of provision of information to the independent auditor

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

Each of the persons who is a director at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor are unaware, and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Approved by the Board of Directors
and signed on behalf of the Board

D Crockford
Director

19 October 2012

REG Braich Ddu 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 Braich Ddu Limited

We have audited the financial statements of REG Braich Ddu Limited for the period ended 30 June 2012 which comprise the Profit and Loss Account, the Balance Sheet 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 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

19 October 2012

REG Braich Ddu Limited

Profit and loss account
For the period ended 30 June 2012

	Notes	28 January 2011 – 30 June 2012 £
Turnover	2	815,394
Cost of sales		(415,736)
Gross profit		399,658
Other operating income	4	44,219
Operating profit	3	443,877
Interest payable and similar charges	5	(179,564)
Profit on ordinary activities before taxation		264,313
Tax charge on profit on ordinary activities	7	(20,345)
Profit on ordinary activities after taxation		243,968

The Company commenced trade on 30 June 2011 All items in the above statement derive from continuing operations

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

REG Braich Ddu Limited

Balance sheet
30 June 2012

	Notes	2012
		£
Fixed assets		
Tangible assets	8	3,753,211
Current assets		
Debtors	9	292,088
Cash at bank and in hand		185,567
Restricted cash		201,851
		679,506
Creditors: amounts falling due within one year	10	(2,037,367)
Net current (liabilities)		(1,357,861)
Creditors: amounts falling due after one year	11	(2,130,037)
Provisions for liabilities	12	(20,345)
Net assets		244,968
Capital and reserves		
Called up share capital	13	1,000
Profit and loss account	14	243,968
Shareholder's funds		244,968

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime

The financial statements of REG Braich Ddu Limited, registered number 07508897 were approved by the board of directors and authorised for issue on 19 October 2012

D Crockford
Director

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 Braich Ddu Limited

Notes to the accounts
For the year ended 30 June 2012

1. Accounting policies (continued)

Revenue recognition (continued)

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

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

Depreciation is provided on all tangible fixed assets, other than freehold land, at the following annual rates in order to write off each asset over its estimated useful life

Operating wind sites	-	20 years
Other equipment	-	5 years

Cash at bank and in hand

Cash at bank and in hand on the balance sheet comprise cash in hand and deposits held at call with banks

Restricted cash amounts comprise of cash balances held with the banks that are not available to the Company The funds are used to provide collateral against future debt service costs and scheduled operating costs as part of the Company's finance facilities

Accrued income

Accrued income represents accruals for electricity income not yet billed

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

Other borrowing costs are generally expensed as incurred

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of each transaction Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the balance sheet date, with movements in the sterling equivalent of the balance being taken to the profit and loss account

Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements The company does not hold derivative financial instruments for speculative purposes Hedge accounting has not been adopted in these financial statements

REG Braich Ddu Limited

Notes to the accounts
For the year ended 30 June 2012

2. Turnover

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

3. Profit on ordinary activities before taxation

	2012
	£
Profit on ordinary activities before taxation is stated after charging:	
Depreciation	244,926
Rentals under operating leases	
Other operating leases	10,537
Auditor's remuneration	
Audit fees	5,000

4. Other operating income

	2012
	£
Insurance claim	44,219

5. Interest payable and similar charges

	2012
	£
Loan interest paid	154,652
Amortisation of finance costs	24,912
	179,564

6. Information regarding directors and employees

The company has no employees

Notes to the accounts
For the year ended 30 June 2012

7. Tax charge on profit on ordinary activities

(a) Tax charge on profit on ordinary activities

The tax charge is made up as follows

	2012
	£
Current tax	
United Kingdom corporation tax at 25 5% based on the profit for the year	-
Total current tax	-
Deferred tax	
Deferred tax credit recognised on acquisition	(50,759)
Deferred tax charge in relation to capital allowances exceeding depreciation	71,104
Total deferred tax (note 12)	20,345
Total tax in profit and loss	20,345

(b) Factors affecting current tax charge

The tax assessed for the period is lower 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	264,313
Theoretical tax at UK corporation tax rate of 25 5%	67,400
Effects of	
Expenses not deductible for taxation purposes	3,704
Capital allowances in excess of depreciation	(71,104)
Total current tax	-

(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

Notes to the accounts
For the year ended 30 June 2012

8. Tangible fixed assets

	Operating wind sites £	Total £
Cost		
At 28 January 2011	-	-
Additions	3,998,137	3,998,137
At 30 June 2012	3,998,137	3,998,137
Depreciation		
At 28 January 2011	-	-
Charge for period	244,926	244,926
Net book value		
At 30 June 2012	3,753,211	3,753,211
At 28 January 2011	-	-

Operating wind sites includes the acquired cost of £3,976,369 for the 3 9MW Braich Ddu wind farm in Wales These assets were acquired on 30 June 2011 from REG Windpower Limited, a group company at book value Subsequent to the acquisition a further £21,768 has been incurred

9. Debtors

	2012 £
Trade debtors	17,685
Prepayments and accrued income	145,552
Amounts owed by group undertakings	6,318
Other debtors	122,533
	292,088

10 Creditors: amounts falling due within one year

	2012 £
Bank loans and overdrafts	139,065
Trade creditors	32,530
Amounts owed to group companies	1,851,234
Accruals	14,538
	2,037,367

Notes to the accounts
For the year ended 30 June 2012

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

	2012 £
Between one and two years	117,386
Between two and five years	515,654
Over five years	1,496,997
	2,130,037

The borrowing facilities have a term which runs until 30 June 2023 and carry interest at 6% They are secured against the tangible fixed assets of the company and cross collaterlised against the share capital of REG Tranche 1 Holdings Limited, a company which owns the share capital of four other wind farms

12. Deferred tax

	2012 £
Deferred tax liability included as a provision falling due in more than one year	20,345
The gross movement on the deferred tax account is:	
Balance at 28 January 2011	-
Charge to the profit and loss account	20,345
Impact of change in tax rate	-
Balance at 30 June 2012	20,345
Deferred tax is provided as follows:	
Depreciation in advance of capital allowances	20,345

13. Share capital

	2012 £
Allotted, called up and fully paid	
1,000 Ordinary shares of £1 each at par	1,000

Notes to the accounts
For the year ended 30 June 2012

14. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total
	£	£	£
At 28 January 2011	-	-	-
Issue of ordinary shares at par	1,000	-	1,000
Profit for the period	-	243,968	243,968
At 30 June 2012	1,000	243,968	244,968

15 Derivatives not included at fair value

	Principal	Fair value
	£	£
Interest rate swap contracts	2,269,102	(256,737)

An interest rate swap contract with a nominal value of £2,269,102 have fixed interest payments at a rate of 6% for the 12 year period of the debt, ending on 30 June 2023 and have floating interest receipts at 3 month LIBOR plus 2 50%

16. 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	10,537

17. 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

18. Capital commitments

As at the year end there were no capital commitments

19. 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

The immediate parent company is REG Tranche 1 Holdings Limited A company registered in England & Wales The financial statements are available from the registered office given on page 1