

Company Registration No. 03404639

REG Sancton Hill Limited

Annual Report and Financial Statements

30 June 2012

(NOW KNOWN AS SANCTON HILL
LIMITED)

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REG Sancton Hill Limited

Annual report and financial statements 2012

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REG Sancton Hill Limited

Officers and professional advisers

Directors

A Whalley
N Harris
D Crockford
M Partridge
S Wannop

Secretary

D Crockford

Bankers

The Co-Operative Bank
Balloon Street
Manchester
M60 4EP

Registered Office

2 Station View
Guildford
Surrey
GU1 4JY

Independent auditor

Deloitte LLP
Chartered Accountants
Global House
Crawley
RH10 1DL

REG Sancton Hill Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 30 June 2012. 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 development assets from a fellow group company, the principal activity of the company in the year under review was that of the development, construction and operation of the 10.0MW wind farm at Sancton Hill, East Yorkshire. Construction was completed in June 2012 and the company commenced energy generation.

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 £53,124. The directors do not recommend the payment of a dividend (2011: £nil).

Directors

The directors who served throughout the year were as follows:

A Whalley
N Harris
D Crockford
M Partridge
S Wannop

Risks and uncertainties

As outlined in note 1 to these financial statements, the company uses non-derivative financial instruments to manage the risk of foreign exchange movements on costs incurred during construction.

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

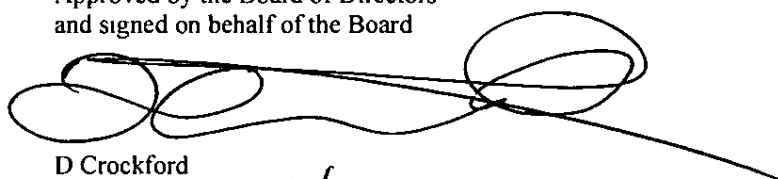
Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

14 December 2012

REG Sancton Hill Limited

Statement of Directors' responsibilities

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 Sancton Hill Limited

We have audited the financial statements of REG Sancton Hill Limited for the year ended 30 June 2012 which comprise the Profit and Loss account, the Balance Sheet and the related notes 1 to 16. 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 year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

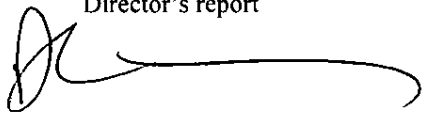
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

14 December 2012

REG Sancton Hill Limited

Profit and loss account For the year ended 30 June 2012

	Notes	2012 £	2011 £
Turnover	2	134,206	-
Cost of sales		(11,000)	-
Gross profit		123,206	-
Administration expenses		(40,512)	-
Profit on ordinary activities before taxation	3	82,694	-
Tax charge on profit on ordinary activities	5	(29,570)	-
Profit on ordinary activities after taxation		53,124	-

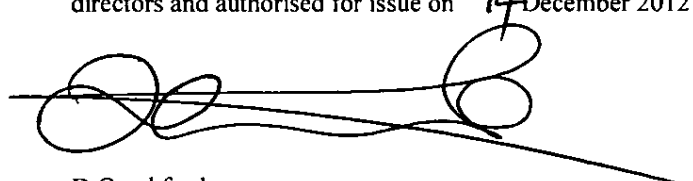
There are no further recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given

REG Sancton Hill Limited

Balance sheet As at 30 June 2012

	Notes	2012 £	2011 £
Fixed assets			
Intangible assets	6	-	504,448
Tangible assets	7	11,104,378	-
		<u> </u>	<u> </u>
Current assets			
Debtors	8	259,266	1
Restricted cash		443,572	-
		<u> </u>	<u> </u>
Total assets less current liabilities		11,807,216	504,449
Creditors: amounts falling due after more than one year	9	(11,724,521)	(504,448)
Provisions for liabilities	10	(29,570)	-
		<u> </u>	<u> </u>
Net assets		53,125	1
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	53,124	-
		<u> </u>	<u> </u>
Shareholder's funds		53,125	1
		<u> </u>	<u> </u>

The financial statements of REG Sancton Hill Limited, registered number 03404639 were approved by the board of directors and authorised for issue on 14 December 2012


D Crockford
Director

REG Sancton Hill 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. This includes a formal review of covenant compliance for the life of the loans drawn down after the balance sheet date against our forecasts and there is significant headroom within the key variables before any breaches would arise.

The directors acknowledge that the directors of the ultimate parent undertaking, Renewable Energy Generation Limited, are considering the sale of the Company to a third party. The Company has received confirmation from the directors of Renewable Energy Generation Limited that whilst the Company remains a member of the Group, they will continue to support the Company for a period of not less than 12 months from the date of signing of these accounts. The directors of Renewable Energy Generation Limited have confirmed that they understand that should the sale proceed, the potential buyer intends to continue to develop/operate the wind farm within the Company.

Turnover

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

Revenue recognition

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

a) Generation revenue

Revenue from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parties and is recognised when electricity is generated.

b) TRIADS revenue

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

REG Sancton Hill Limited

Notes to the accounts

For the year ended 30 June 2012

1. Accounting policies (cont.)

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.

Intangible fixed assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Development costs

Costs capitalised as development wind intangibles represent the costs incurred in bringing individual wind farm projects to the consented stage. Costs associated with reaching the consent stage include options over land rights, planning application costs and environment impact studies. These may be costs incurred directly or acquisition of a controlling interest in a project.

The point of capitalization occurs following a site review by the Board, ensuring the key planning, construction and financing risks have been mitigated to a level where the Board considers it probable that the site will deliver future economic benefits in the future. This includes demonstration of technical feasibility, intention to complete, availability of resources, how the asset will generate future economic benefits and the ability to reliably measure expenditure.

Development wind assets are not amortised until the asset is substantially complete and ready for its intended use. The asset is subjected to impairment testing on an annual basis until this time. At the point the project reaches consented stage and is approved by the Board, the carrying value is transferred to Property, Plant & Equipment as assets under construction. Amortisation is over the expected useful life of the related operating asset. The asset is derecognised on disposal, or when no future economic benefits are expected from their use. The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year.

Accrued income

Accrued income represents accruals for electricity income not yet billed.

Operating leases

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

REG Sancton Hill Limited

Notes to the accounts For the year ended 30 June 2012

1. Accounting policies (cont.)

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.

Operating wind sites - 20 years

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.

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.

Non derivative financial instruments

The company uses non derivative financial instruments to reduce exposure to exchange rate movements. These comprise of cash balances held in a letter of credit facility as collateral against construction obligations and are presented as restricted cash.

The company does not hold financial instruments for speculative purposes. Hedge accounting has not been adopted in these financial statements.

REG Sancton Hill 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 £	2011 £
Profit on ordinary activities before taxation is stated after charging:		
Losses on foreign exchange	40,512	-
Rentals under operating leases		
Other operating leases	7,000	-
Auditor's remuneration		
audit fees	4,000	-
	<u>4,000</u>	<u>-</u>

The analysis of auditor's remuneration is as follows:

	2012 £	2011 £
Fees payable to the company's auditor for the audit of the company's annual accounts	4,000	-
	<u>4,000</u>	<u>-</u>

In the prior year auditor's remuneration was borne by another group company

4. Information regarding directors and employees

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

REG Sancton Hill Limited

Notes to the accounts For the year ended 30 June 2012

5. 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 charge	29,570
Total deferred tax (note 10)	29,570
Total tax in profit and loss	29,570

(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	82,694
Theoretical tax at UK corporation tax rate of 25.5%	21,087
Effects of	
Expenses not deductible for taxation purposes	10,331
Capital allowances in excess of depreciation	(31,418)
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.

REG Sancton Hill Limited

Notes to the accounts For the year ended 30 June 2012

6. Intangible fixed assets

	Development costs £
Cost and net book value	
At 1 July 2011	504,448
Additions	24,269
Transfer to tangible fixed assets	(528,717)
	<hr/>
At 30 June 2012	-
	<hr/>

All development expenditure was transferred to tangible fixed assets following the signing of a Turbine Supply Agreement on 12 August 2011

7. Tangible fixed assets

	Operating wind sites £	Assets in the course of construction £	Total £
Cost and net book value			
At 1 July 2011	-	-	-
Transfers from intangibles	-	528,717	528,717
Additions	-	10,575,661	10,575,661
Transfers	11,104,378	(11,104,378)	-
	<hr/>	<hr/>	<hr/>
At 30 June 2012	11,104,378	-	11,104,378
	<hr/>	<hr/>	<hr/>

The 10MW Sancton Hill Wind Farm in the East Riding of Yorkshire entered commercial electricity production on 12 June 2012. Included within additions is £15,760 of internal costs related to construction.

8. Debtors

	2012 £	2011 £
Accrued income	134,206	-
Prepayments	125,059	-
Amounts owed by group undertakings	1	1
	<hr/>	<hr/>
	259,266	1
	<hr/>	<hr/>

REG Sancton Hill Limited

Notes to the accounts For the year ended 30 June 2012

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

	2012 £	2011 £
Amounts owed to group companies	11,713,521	504,448
Accruals	11,000	-
	<u>11,724,521</u>	<u>504,448</u>

10. Deferred tax

	2012 £	2011 £
Deferred tax liability included as a provision falling due in more than one year	29,570	-
	<u>29,570</u>	<u>-</u>
The gross movement on the deferred tax account is:		
Balance at 1 July	-	-
Current year movement through profit & loss	31,418	-
Impact of change in tax rate	(1,848)	-
	<u>29,570</u>	<u>-</u>
Balance at 30 June	29,570	-
	<u>29,570</u>	<u>-</u>
Deferred tax is provided as follows:		
Capital allowances in advance of depreciation	29,570	-
	<u>29,570</u>	<u>-</u>

11. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
1 Ordinary share of £1 at par	1	1
	<u>1</u>	<u>1</u>

REG Sancton Hill Limited

Notes to the accounts For the year ended 30 June 2012

12. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total
	£	£	£
At 1 July 2011	1	-	1
Movement for the year	-	53,124	53,124
At 30 June 2012	1	53,124	53,125

13. Obligations under operating leases

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

	2012 £	2011 £
Expiry date		
- between two and five years	-	-
- between two and five years	-	-
- after five years	119,000	-

14. 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

15. 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 accounts.

The immediate parent company is REG Tranche 3 Holdings Limited. A company registered in England & Wales. The financial statements are available from the registered office given on page 1.

16. Events subsequent to the balance sheet date

On 3 October 2012 it was announced that the Group had completed the project financing of two wind farms, Sancton Hill (10MW) and South Sharpley (6MW).

The project financing is for £16m repayable over 10 years at a fixed rate of 5.7% and is provided by The Co-operative Bank. Funds from the loan are drawn down in two tranches, £9.7m on 3 October 2012, and £6.3m on the commercial operation date of the South Sharpley wind farm, expected to be by the end of the calendar year.