

BANKSRenewables

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Banks Renewables (Hook Moor Wind Farm) Limited
Company Number 6111462

Report and Financial Statements

Year ended 30 September 2015

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Company Number 6111462

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Company Number 6111462

Officers

Directors	R J Dunkley S Fisher
Secretary	D J Martin
Registered office	Inkerman House St John's Road Meadowfield DH7 8XL
Auditors	Ernst & Young LLP Citygate St James' Boulevard Newcastle upon Tyne NE1 4JD
Bankers	HSBC Bank Plc Team Valley Trading Estate Maingate Gateshead Tyne and Wear NE11 0BE

Strategic Report

The directors present the Strategic Report and their Directors' Report together with the financial statements for the year ended 30 September 2015.

Results, trading and dividend

The results of the year and the financial position of the company are shown in the attached financial statements. Construction of a 5 turbine (10MW) wind farm commenced during the year and was substantially completed in December 2015. Electricity generation commenced post year end. The state of the company's affairs at 30 September 2015 was satisfactory. No dividend has been paid.

Going concern

Under Company Law, the directors are required to consider whether it is appropriate to prepare financial statements on the basis that the company is a going concern. As part of its normal business practice, cash flow forecasts, longer term financial projections and sensitivity analysis are prepared and in reviewing this information the Board has a reasonable expectation that, as part of the Banks Group Limited, the company and Group has adequate resources to continue in operational existence for the foreseeable future and for this reason the going concern basis continues to be adopted in preparing the financial statements. See accounting policies on page 9 for further details.

Principal risks and uncertainties

The company's risk profile reflects the principal activities of the business, and is summarised below together with details of the steps taken to mitigate each major risk. The main risks facing the business are:

Safety

Given the nature of the company's activities in developing, constructing and operating the wind farm, the health and safety of employees, contractors and the general public is of paramount importance to the company. The company's policy is to adopt a systematic approach to health and safety management in order to create and maintain a safe working environment, and to comply with all relevant legal and regulatory requirements.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Financial

The main financial risk facing the company is ensuring that energy generated can be sold in the market. This risk is mitigated through the use of a long term power purchase agreement. Other financial risks include cash flow, liquidity and interest rate risks. These issues are dealt with in the directors' report.

Contractual

In the course of its normal trading activities the company has entered into a contract to provide energy to an electricity supply company operating in the UK energy market. This contract has been reviewed and approved from a legal, insurance and financial perspective to ensure that no undue contractual risk exposure is created for the company. Adequate and appropriate insurance cover is maintained at all times in respect of all activities undertaken by the company.

On behalf of the Board


D J Martin
Company Secretary

24 March 2016

Directors' Report

Principal Activity

The principal activity of the company is the development and operation of a wind farm.

Directors

The directors of the company during the year were

- R J Dunkley
- P L Dyke (resigned 30 Nov 2015)
- S Fisher (appointed 18 June 2015)

Financial Management Risks

The company's financial instruments, comprise cash and cash equivalents and various items, such as trade receivables, and trade payables, that arise directly from its operations. It is the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are credit, liquidity, commodity and interest rate risks. The directors review and agree policies for managing each of these risks and they are summarised below.

Credit Risk

The company has entered into a contractual agreement with a client to provide electricity that it generates. It is company policy to investigate the credit worthiness of all customers prior to entering any contracts. In order to mitigate the credit risk, the directors of the company satisfy themselves of the customer's ability to fulfil their financial obligations under the contract on a regular basis and act swiftly in the event of any issues arising.

Liquidity Risk

The company's principal assets are financed by borrowings from its parent company. The liquidity risk for the company will be mitigated by maintaining sufficient available cash resources to meet its ongoing and expected needs. The directors expect that the wind farm will continue to generate sufficient cashflows to repay any debt obligations as they fall due.

Commodity Risk

The company is exposed to fluctuating market electricity prices. It mitigates this risk by entering into fixed power supply arrangements with its customers.

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Directors' Report (continued)

Responsibility of the directors

The directors are responsible for preparing the Strategic Report, the Directors Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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). The financial statements are required by law to 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 those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) prepare the financial statements on the going concern basis unless inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

On behalf of the Board


D. J. Martin
Company Secretary

24 March 2016

Independent auditor's report to the members of Banks Renewables (Hook Moor Wind Farm) Limited

We have audited the company's financial statements for the year ended 30 September 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. 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 director and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 (APB'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 Report and financial statements 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 became aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its loss 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.

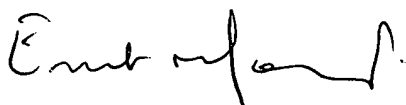
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.



Mark Hatton (Senior statutory auditor)
Ernst & Young LLP, Statutory auditor
Newcastle upon Tyne

24 March 2016

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Profit and loss account for the year ended 30 September 2015

	Notes	2015 £'000	2014 £'000
Turnover		-	-
Cost of sales		(41)	-
Loss on ordinary activities before taxation		(41)	-
Tax on loss on ordinary activities	3	-	-
Loss for the financial year	11	(41)	-

The company had no recognised gains or losses in the year other than those included in the profit and loss account set out above.

All operations are continuing.

The notes form part of these financial statements

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Balance Sheet as at 30 September 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Intangible fixed assets	4	14	-
Tangible fixed assets	5	7,571	424
		7,585	424
Current assets			
Debtors	6	359	-
			-
Creditors			
Amounts falling due within one year	7	(51)	(424)
Net current assets/(liabilities)		308	(424)
Total assets less current liabilities		7,893	-
Creditors: amounts falling due after one year	8	(7,934)	-
Net liabilities		(41)	-
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	(41)	-
Equity shareholder's deficit	12	(41)	-

The financial statements were approved and authorised for issue by the directors on 24 March 2016 and were signed on its behalf by:



S Fisher
Director

The notes form part of these statements

Notes to the financial statements for the year ended 30 September 2015

1. Accounting policies

a. Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

b. Fundamental accounting concept

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due. At the balance sheet date the company has a shareholder's deficit of £41,000 (2014: £nil). The directors have considered the strong recent performance of the Group and thus the ability of the Group to provide the necessary ongoing financial facilities to the company to support it in its operations. The directors have satisfied themselves that The Banks Group Limited will provide the necessary level of ongoing financial support. Accordingly, the directors are satisfied that it is appropriate for the going concern basis to be used in preparing these financial statements.

c. Cash flow statement

The company is a wholly owned subsidiary of Banks Renewables Limited and is included in the consolidated financial statements of The Banks Group Limited which are publically available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1.

d. Intangible fixed assets

Amortisation is provided on a straight line basis to write off the cost of the asset over the length of the Power Purchasing Agreement which is 15 years commencing from the date of commissioning the wind turbines.

e. Tangible fixed assets

Assets in course of development comprise options for leases and directly associated costs for wind farm development sites. No depreciation is charged until the wind farm is commissioned.

f. Leasing contracts

Costs of acquiring operating leases are added to fixed assets as they accrue.

g. Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Notes to the financial statements for the year ended 30 September 2015 (continued)

1. Accounting policies (continued)

h. Leasing contracts

Costs of acquiring operating leases are added to fixed assets as they accrue. Operating lease rentals are charged to the profit and loss account as they accrue.

i. Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction or if hedged, at the rate of exchange under the related forward currency contract. Exchange differences are taken into account in arriving at the operating result.

j. Capitalisation of finance costs and interest

Finance costs incurred on borrowing that specifically funded progress payments on assets under construction, principally wind turbines are capitalised up to the date of commissioning and included as part of the asset.

k. Derivative financial instruments and hedging activities

The company uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange and interest rates. The changes in value arising from such activities are included as part of the related cost and either capitalised or charged to the profit and loss account as appropriate.

l. Debt issue costs

Costs incurred in connection with the issue of bank loans are deducted from the proceeds of such borrowings and released to the profit and loss account over the term of the debt.

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Notes to the financial statements for the year ended 30 September 2015 (continued)

2. Operating expenses

The operating loss is stated after charging:

	2015	2014
	£'000	£'000
Operating lease rental for land	41	-

The company has no employees.

The directors of the company are also directors of the ultimate parent company, The Banks Group Limited, and are directors of the immediate parent company and of certain fellow subsidiary companies. All of the directors' remuneration was paid by The Banks Group Limited and is disclosed within the accounts of that company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the ultimate parent and/or fellow subsidiary companies.

The audit fee of £1,000 (2014: £1,000) was borne by the Banks Group Limited.

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Notes to the financial statements for the year ended 30 September 2015 (continued)

3. Taxation

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	2015	2014
	£'000	£'000
Current taxation	-	-

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2015	2014
	£'000	£'000
Loss on ordinary activities before taxation	(41)	-
Loss on ordinary activities at 20.5% (2014:22%)	(8)	-
Short term timing differences	8	-
Current taxation	-	-

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Notes to the financial statements for the year ended 30 September 2015 (continued)

4. Intangible assets

	Power purchasing agreement costs
	£'000
Cost	
1 October 2014	-
Additions	14
30 September 2015	14
Net book value	
30 September 2015	14
30 September 2014	-

5. Tangible fixed assets

	Assets in course of development
	£'000
Cost	
1 October 2014	424
Additions	7,147
30 September 2015	7,571
Net book value	
30 September 2015	7,571
30 September 2014	424

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Notes to the financial statements for the year ended 30 September 2015 (continued)

6. Debtors

	2015	2014
	£'000	£'000
Other debtors	348	-
Prepayments and accrued income	11	-
	359	-

7. Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	51	424
	51	424

8. Creditors: amounts falling due after one year

	2015	2014
	£'000	£'000
Amounts owed to group undertakings	7,934	-
	7,934	-

9. Obligations under operating leases

At the balance sheet date, the company had annual rental obligations under non-cancellable operating leases as follows:

Land and Buildings

	2015	2014
	£'000	£'000
Expiring between one and five years	80	26

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Notes to the financial statements for the year ended 30 September 2015 (continued)

10. Called up share capital

	Allotted issued and fully paid 2015 £	Allotted issued and fully paid 2014 £
Ordinary shares of £1 each	1	1
	Number	Number
Ordinary shares of £1 each	1	1

11. Reserves

	Profit and loss account £'000
1 October 2014	-
Loss for the financial year	(41)
30 September 2015	(41)

12. Equity shareholder's deficit

	2015 £'000	2014 £'000
Loss for the financial year	(41)	-
Shareholder's funds at 1 October	-	-
Shareholder's deficit at 30 September	(41)	-

Notes to the financial statements for the year ended 30 September 2015 (continued)

13. Ultimate parent company

The company is a wholly owned subsidiary of Banks Renewables Limited which is itself a wholly owned subsidiary of The Banks Group Limited, the ultimate parent company. The Banks Group Limited is the only group of undertakings for which group financial statements are drawn up. The Group financial statements can be obtained from Companies House, Cardiff. Mr H J Banks is the controlling party by virtue of his controlling interest in the equity share capital of The Banks Group Limited.

14. Contingent liabilities

For VAT purposes a group registration scheme is in operation. Under these arrangements there is a joint and several liability among the companies in the group for amounts owed to H M Revenue & Customs.

The directors consider that it is not practicable to estimate the financial effects of these liabilities on the company as at the balance sheet date.

15. Related party transactions

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with The Banks Group Limited and its subsidiaries.