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COMPANY REGISTRATION NUMBER: 06917667

Banks Renewables (Kype Muir Wind Farm) Limited

Financial Statements

30 September 2017

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Banks Renewables (Kype Muir Wind Farm) Limited

Financial Statements

Year ended 30 September 2017

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Banks Renewables (Kype Muir Wind Farm) Limited

Corporate Information

The board of directors

C Anderson
R J Dunkley
S Fisher

Company secretary

D J Martin

Registered office

Inkerman House
St John's Road
Meadowfield Industrial Estate
Durham
DH7 8XL

Independent auditor

Ernst & Young LLP
Citygate
St James Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Santander
Bridle Road
Bootle
Merseyside
L30 4GB

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Strategic Report

Year ended 30 September 2017

The directors present the Strategic Report for the year ended 30 September 2017.

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 26 turbine, 88MW wind farm commenced during the year and is expected to be completed in early 2019. Operations have not yet started, therefore only small operating costs were incurred during the period.

No dividend has been paid in the current or prior year.

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.

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.

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.

By order of the Board:


D J Martin
Company Secretary
Date: 27 March 2018

Banks Renewables (Kype Muir Wind Farm) Limited

Directors' Report

Year ended 30 September 2017

The directors present their report and the Financial Statements of the company for the year ended 30 September 2017.

Principal activity

The principal activity of the company throughout the year is the development of a windfarm for operation.

Directors

The directors who served the company during the year, and up to the date of approval of the financial statements, were as follows:

C Anderson
R J Dunkley
S Fisher

Dividends

The directors do not recommend the payment of a dividend (2016 £nil).

Financial Management Risks

The company's financial instruments, comprise cash and cash equivalents and various items, such as *trade creditors, that arise directly from its operations.*

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 cash flows to repay any debt obligations as they fall due.

Interest rate cash flow risk

The company has interest bearing liabilities and has entered into interest rate hedging agreements with its bankers. The company has a policy of maintaining a significant proportion of long term debt at a fixed rate to ensure certainty of future interest cash flows. Other principal risks and uncertainties are explained in the Strategic Report.

Banks Renewables (Kype Muir Wind Farm) Limited

Directors' Report *(continued)*

Year ended 30 September 2017

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 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), including FRS 102 "The Financial Reporting standard applicable in the UK and the Republic of Ireland". 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- 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.

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Directors' Report *(continued)*

Year ended 30 September 2017

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Ernst and Young LLP were auditors of the Group during the year and have expressed their willingness to continue in office.

By order of the Board:



D J Martin
Company Secretary
Company registration number: 06917667
Date 27 March 2018

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Banks Renewables (Kype Muir Wind Farm) Limited

Independent Auditor's Report to the Members of Banks Renewables (Kype Muir Wind Farm) Limited

Year ended 30 September 2017

Opinion

We have audited the financial statements of Banks Renewables (Kype Muir Wind Farm) for the year ended 30 September 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 September 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

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.

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Banks Renewables (Kype Muir Wind Farm) Limited

Independent Auditor's Report to the Members of Banks Renewables (Kype Muir Wind Farm) Limited (continued)

Year ended 30 September 2017

Conclusion relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which financial statements are prepared is consistent with the financial statements and,
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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Banks Renewables (Kype Muir Wind Farm) Limited

Independent Auditor's Report to the Members of Banks Renewables (Kype Muir Wind Farm) Limited (continued)

Year ended 30 September 2017

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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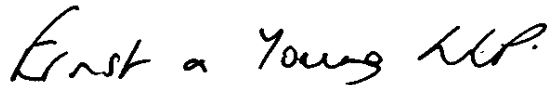
Independent Auditor's Report to the Members of Banks Renewables (Kype Muir Wind Farm) Limited (continued)

Year ended 30 September 2017

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Sandra Thompson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
Date: 27 March 2018

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Banks Renewables (Kype Muir Wind Farm) Limited

Income Statement

Year ended 30 September 2017

	Note	2017 £'000	unaudited 2016 £'000
Cost of sales		(37)	–
Gross loss		(37)	–
Administrative expenses		(2)	–
Operating loss	4	(39)	–
Finance cost	5	7	–
Loss before taxation		(32)	–
Taxation	6	(1)	–
Loss for the financial year		(33)	–

All the activities of the company are from continuing operations.

The notes on pages 14 to 20 form part of these Financial Statements.

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Banks Renewables (Kype Muir Wind Farm) Limited

Statement of Comprehensive Income

Year ended 30 September 2017

	2017	unaudited
	£'000	2016
		£'000
Loss for the financial year	(33)	–
Movement in derivative financial instruments	1,782	–
Deferred tax on movement in derivative financial instruments	(303)	–
Other comprehensive income for the year	1,479	–
Total comprehensive income for the year	1,446	–

The notes on pages 14 to 20 form part of these Financial Statements.

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Banks Renewables (Kype Muir Wind Farm) Limited

Statement of Financial Position

30 September 2017

		2017	unaudited 2016
	Note	£'000	£'000
Fixed assets			
Tangible fixed assets	7	46,979	8,509
		<u>46,979</u>	<u>8,509</u>
Current assets			
Debtors	8	2,591	–
Cash at bank and in hand		4,423	–
		<u>7,014</u>	<u>–</u>
Creditors: amounts falling due within one year	9	(30,748)	(8,509)
Net current liabilities		(23,734)	(8,509)
Total assets less current liabilities		23,245	–
Creditors: amounts falling due after more than one year	10	(21,496)	–
Provisions	11	(303)	–
Net assets		<u>1,446</u>	<u>–</u>
Capital and reserves			
Called up share capital	14	–	–
Hedging reserve	16	1,479	–
Profit and loss reserve		(33)	–
Shareholder's funds		<u>1,446</u>	<u>–</u>

These Financial Statements were approved by the board of directors and authorised for issue on 27 March 2018, and are signed on behalf of the board by:



S Fisher
Director

The notes on pages 14 to 20 form part of these Financial Statements.

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Banks Renewables (Kype Muir Wind Farm) Limited

Statement of Changes in Equity

Year ended 30 September 2017

	Share Capital £'000	Hedging reserve £'000	Profit and loss reserve £'000	Share- holder's funds £'000
At 30 September 2015	–	–	–	–
Result for the year	–	–	–	–
Total comprehensive income for the year	–	–	–	–
At 30 September 2016	–	–	–	–
Loss for the year	–	–	(33)	(33)
Other comprehensive income/(loss) for the year:				
Movement in derivative financial instruments	–	1,782	–	1,782
Deferred tax on movement in derivative financial instruments	–	(303)	–	(303)
Total comprehensive income for the year	–	1,479	(33)	1,446
At 30 September 2017	–	1,479	(33)	1,446

The notes on pages 14 to 20 form part of these Financial Statements.

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Banks Renewables (Kype Muir Wind Farm) Limited

Notes to the Financial Statements

Year ended 30 September 2017

1. General information

Banks Renewables (Kype Muir Wind Farm) Limited is a limited company incorporated in England. The Registered Office is Inkerman House, St. John's Road, Meadowfield Industrial Estate, Durham, DH7 8XL.

2. Statement of compliance

The company's Financial Statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The financial statements are prepared in GBP sterling which is the functional currency of the company.

(b) Disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 7 Statement of Cashflows
- the requirement of Section 11 Basic Financial Instruments paragraphs 1.39 to 11.48
- the requirement of Section 33.7 and 33.1A Related Party Disclosures

The group in which the results of the Company are consolidated is the Banks Group Limited. Copies of The Banks Group accounts can be obtained from its registered office, Inkerman House, St. John's Road, Meadowfield Industrial Estate, Durham, DH7 8XL.

(c) Leasing contracts

Costs of acquiring operating leases are added to fixed assets as they accrue. Rentals payable under operating leases are charged to the income statement as they accrue.

(d) 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.

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Banks Renewables (Kype Muir Wind Farm) Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

(e) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements and areas of uncertainty (apart from those involving estimates) could have the most significant effect on amounts recognised in the financial statements:

- Assets in the course of construction

Each area and its risks, are discussed in more detail in their individual accounting policies (see accounting policies on tangible fixed assets).

(f) Deferred tax

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the statement of financial position 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 tax. Deferred taxation 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 taxation 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 substantially enacted at the statement of financial position.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

(g) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position 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.

(h) Tangible fixed assets

Assets in course of development comprise options for leases and directly associated costs for wind farm developed sites. No depreciation is charged until the wind farm is commissioned. There is uncertainty over the life of the assets which could result in plant and machinery being over or under depreciated

(i) Cash flow statement

The company is a wholly owned subsidiary and is included in the consolidated financial statements of The Banks Group Limited which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a Statement of Cash Flows under the terms of FRS 102, section 7.

Banks Renewables (Kype Muir Wind Farm) Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

(j) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(k) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand.

(l) Financial instruments

The company uses derivative financial instruments to hedge part of its exposure to fluctuations in interest and exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a contract is entered into. For cash flow hedges, the effective portion of the gain or loss is subsequently measured at fair value through the statement of other comprehensive income and the hedging reserve, while any ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when a forecast sale or purchase occurs. If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss.

(m) 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. As at the year end amounts owed to KMH Finance Limited were £25,716,000. KMH Finance Limited will only seek repayment of the intercompany loan as and when funds become available.

4. Operating loss

The company has no employees.

The directors of the company are also directors of the ultimate parent company and fellow subsidiaries. The remuneration the directors received was paid by the ultimate parent company. The directors do not believe it is practicable to apportion this amount between their services as directors of the company and their services as directors of the immediate parent company and/or fellow subsidiary companies.

5. Finance cost

	2017	unaudited 2016
	£'000	£'000
Other Interest	7	—
	<u> </u>	<u> </u>

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Banks Renewables (Kype Muir Wind Farm) Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

6. Taxation

Analysis of the tax charge

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

	2017 £'000	unaudited 2016 £'000
Current tax:		
UK corporation tax at 19.5% (2016: 20%)	1	-

Reconciliation of tax expense

The tax charge in the year represents UK current tax expense. The tax assessed on the loss on ordinary activities for the year is higher than (2016: the same as) the standard rate of corporation tax in the UK of 19.50% (2016: 20%).

	2017 £'000	unaudited 2016 £'000
Loss before taxation	(32)	-
Loss at 19.5%	(6)	-
Other	7	-
Tax on loss	1	-

Factors affecting future tax charges:

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantially enacted on 15 September 2016. A rate of 17% has therefore applied to the deferred tax liability at the statement of financial position date.

7. Tangible fixed assets

	Assets in course of construction £'000
Cost	
At 1 October 2016	8,509
Additions	38,470
At 30 September 2017	46,979
Depreciation	
At 1 October 2016 and 30 September 2017	-
Carrying amount	
At 30 September 2017	46,979
At 30 September 2016	8,509

Included in the total costs of assets in the course of construction is £829,000 in respect of capitalised interest.

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Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

8. Debtors

	2017 £'000	unaudited 2016 £'000
Prepayments and accrued income	27	–
Derivative financial assets	1,782	–
Other debtors	782	–
	<u>2,591</u>	<u>–</u>

9. Creditors: amounts falling due within one year

	2017 £'000	unaudited 2016 £'000
Trade creditors	4,616	–
Amounts owed to Group undertakings	25,716	8,509
Accruals and deferred income	415	–
Corporation tax	1	–
	<u>30,748</u>	<u>8,509</u>

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

	2017 £'000	unaudited 2016 £'000
Bank loans and overdrafts	21,496	–

11. Provisions

	Deferred tax (note 12) £'000
At 1 October 2016	–
Recognised in other comprehensive income	303
At 30 September 2017	<u>303</u>

12. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £'000	unaudited 2016 £'000
Included in provisions	<u>303</u>	<u>–</u>

The deferred tax account consists of the tax effect of timing differences in respect of movement on derivative financial instruments through the hedging reserve.

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Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

13. Financial instruments

The company has the following derivatives:-

Interest rate swaps to manage interest rate risk volatility. Forward foreign currency hedge contracts to hedge currency exposure on firm future commitments.

The fair values of the derivatives held at the statement of financial position date, determined by reference to their market values, are as follows:-

	2017 £'000	unaudited 2016 £'000
Financial assets at fair value through reserves:		
Interest rate swaps	171	—
Foreign exchange contracts	1,611	—
	<u>1,782</u>	<u>—</u>

All other financial assets and financial liabilities are measured at amortised cost.

14. Called up share capital

Issued, called up and fully paid

	No.	2017 £'000	No.	unaudited 2016 £'000
Ordinary shares of £1 each	<u>1</u>	<u>—</u>	<u>1</u>	<u>—</u>

15. Loans

An analysis of the maturity of bank loans is given below:

	2017 £'000	unaudited 2016 £'000
Repayable in one year or less	—	—
Repayable within one to two years	2,357	—
Repayable between three and five years	12,962	—
Repayable after five years	6,177	—
	<u>21,496</u>	<u>—</u>

Bank loans are repayable in variable instalments over 17 years. Interest rates on these loans are charged at between 1.7% and 2.3%.

Figures shown are net of unamortised issue costs of £3,056,000 (2016: £nil).

Bank loans are secured on the future income due under the power purchasing agreement dated 28 February 2017.

Banks Renewables (Kype Muir Wind Farm) Limited

Notes to the Financial Statements *(continued)*

Year ended 30 September 2017

16. Reserves

Hedging reserve

This reserve is used to record increases and decreases in the fair value of derivative financial instruments. These are used by the company to manage interest rate and exchange rate volatilities.

17. Operating leases

The total future minimum lease payments, relating to land, under non-cancellable operating leases are as follows:

	2017 £'000	unaudited 2016 £'000
Not later than one year	340	—
Later than one year and not later than five years	2,083	—
Later than five years	13,240	—
	<u>15,663</u>	<u>—</u>

18. 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.

19. Related party disclosures

The company has not disclosed transactions with other Group companies, as it has taken advantage of the exemption contained within FRS 102.33.1A on the grounds that its subsidiaries are wholly owned.

20. Ultimate parent company

The company is a wholly owned subsidiary of KMH Finance Limited which is itself ultimately wholly owned by 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.