Blackstone Edge Wind Farm Limited

Directors' report and financial statements
Registered number 07474312
Year ended 31 March 2013

Contents

Directors' report

The directors (the "Directors") present the Directors report and audited financial statements for Blackstone Edge Wind Farm Limited (the "Company") for the year ended 31 March 2013

Principal activities

The principal activity of the Company is the generation of electricity from the 7 5MW three turbine Blackstone Edge wind farm located in South Yorkshire The Company commenced trading during March 2013

Review of business

The key performance indicators of the Company are the turnover and operating loss of its site which are £106,000 (2012 £nil) and £46,000 (2012 £111,000 loss) respectively The operating loss is 58 6% lower than the prior year

The non-financial key performance indicator is the level of electricity generation which was 1,187 MWh in the year (2012 nil)

The principal operational risks and uncertainties faced by the Company are in relation to lower wind speeds than anticipated resulting in less electricity generation and relationships with the site owners Financial risks are detailed in the section on financial risk management

Results and dividend

The loss for the financial year of £127,000 (2012 £258 000 loss) will be taken to reserves The Directors do not recommend the payment of a dividend (2012 £nil)

Future developments

No change in activities is anticipated in the future The leases on this site expire, at the earliest during 2039

Financial risk management

The group of companies of which the Company forms part has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs

(a) Market risk

The Company's profitability and potential growth is to a large extent determined by the prices received for electricity generated The market price of electricity is volatile and is affected by a variety of factors including global market demand and market supply

(b) Economic risk

The renewable energy sector is supported through the UK Government's renewable energy targets legislation Any amendments to Government support for renewable energy sources may, in wind particularly, be detrimental to or benefit the Company's profitability It is not possible for the Company to directly mitigate this risk, however it is felt that due to the continuing commitment of the EU to increase energy generation from renewable sources, any detrimental amendments are unlikely

(c) Liquidity including cash flow and interest rate risk

The Company is not exposed to significant liquidity risk

(d) Credit risk

Although the Company has two customers the credit risk is deemed to be low as both customers are UK utilities with a strong credit rating

Directors' report *(continued)*

Charitable and political donations

The Company made no political donations or incurred any political expenditure during the financial year (2012 £nil) There were no charitable donations made during the year (2012 £nil)

Directors

The Directors of the Company during the year and up to the date of signing the accounts were as follows

G A Boyd	
S N Hardman	
E P M Machiels	
P J Gregson	(appointed 26 March 2013)
S C Gibbins	(appointed 26 March 2013)

Directors' indemnity and insurance

An associated company has granted an indemnity to certain current Directors under which the associated company will indemnify them, subject to the terms of the deed of indemnity, against any liability or losses or expenses incurred by them in the performance of their duties These are qualifying third party indemnity provisions for the purposes of the Companies Act 2006

The Company has also arranged directors' and officers' liability insurance

Statement of disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

In accordance with section 487 of the Companies Act 2006 KPMG LLP (a) was deemed to be reappointed as auditor of the Company for the financial year ended 31 March 2013 at the end of the last period for appointing the auditor and (b) is expected to be deemed to be reappointed as auditor of the Company for the financial year ended 31 March 2014 at the end of the next period for appointing the auditor

On behalf of the board

G A Boyd
Director
23/9/13

First Floor, 500 Pavilion Drive, Northampton Business Park
Northampton, NN4 7YJ

Statement of Directors' responsibilities in respect of the Directors' report and financial statements

The Directors are responsible for preparing 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 year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 year In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Blackstone Edge Wind Farm Limited

We have audited the financial statements of Blackstone Edge Wind Farm Limited for the year ended 31 March 2013 set out on pages 5 to 12 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www frc org uk/auditscopeukprivate

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 31 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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

25 September 2013

Ian Griffiths
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom

Profit and loss account

for the year ended 31 March 2013

	Note	**2013**	2012
		£'000	£'000
Turnover		**106**	-
Operating expenses		**(152)**	(111)
Operating loss	3	**(46)**	(111)
Interest payable and similar charges	5	**(106)**	(239)
Loss on ordinary activities before taxation		**(152)**	(350)
Taxation credit on loss on ordinary activities	6	**25**	92
Loss for the financial year	13	**(127)**	(258)

The Company has no recognised gains and losses other than as shown above and therefore no separate statement of total recognised gains and losses has been presented

In the current and prior year the results relate to continuing activities

The notes on pages 7 to 12 form part of these financial statements

Balance sheet

at 31 March 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	7	**8,874**	1,845
Intangible assets	8	**1,870**	1.975
		10,744	3 820
Current assets			
Cash at bank		**636**	495
Debtors	9	**835**	328
Deferred tax asset	10	**116**	-
		1,587	823
Creditors: amounts falling due within one year	11	**(12,761)**	(4.946)
Net current liabilities		**(11,174)**	(4,123)
Total assets less current liabilities		**(430)**	(303)
Net liabilities		**(430)**	(303)
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	**(430)**	(303)
Equity shareholder's deficit	14	**(430)**	(303)

The financial statements were approved by the board of Directors on 23 September 2013 and were signed on its behalf by

G A Boyd
Director
Company registration no 07474312

Notes *(forming part of the financial statements)*

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom A summary of the more important accounting policies, which have been applied consistently throughout the year, is set out below

Cash flow statement

The Company is a wholly-owned subsidiary of the group headed by Infinis Holdings (the "Infinis Holdings Group") and is included in the consolidated financial statements of Infinis Holdings Consequently, in accordance with paragraph 5 (a) of FRS 1 (revised 1996) the Company is not required to publish a cash flow statement

Related party exemption

As the Company is a wholly-owned subsidiary of the Infinis Holdings Group, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Infinis Holdings Group The consolidated financial statements of Infinis Holdings can be obtained from the address given in note 17

Going concern

The financial statements have been prepared on the going concern basis notwithstanding net current liabilities of £11,174,000 (2012 £4,123,000) which the Directors believe to be appropriate for the following reasons The Company is dependent for its working capital on funds provided to it by other companies in the group comprising Infinis Energy Holdings Limited (the Intermediate Parent") and its subsidiaries (the "Intermediate Infinis Group") including specifically the benefit of loans between Maestro (Holdings 2) Limited (formerly named Blackstone Edge Wind Farm (Holdings) Limited) as lender and the Company as borrower under which there is as at 31 August 2013 £13,175,382 aggregate principal including capitalised interest outstanding (together with any additional principal amounts hereafter advanced and any interest capitalised and accrued from time to time, the "Loans") and which are, on the terms of such agreements, repayable on demand Infinis Energy Holdings Limited has indicated that for a period of 12 months from the date of approval of these financial statements, it will ensure that no call for repayment of the Loans is made by Maestro (Holdings 2) Limited if the effect of calling for such repayment would be likely to give rise to an inability of the Company to meet its financial liabilities and obligations as they fall due The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis

Tangible fixed assets

Assets under construction are not depreciated until they are commissioned The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition Depreciation is provided on tangible fixed assets so as to write off the cost, less estimated residual value, of those assets on a straight-line basis over their estimated useful economic lives as follows

Operating wind farms	20 years
Operating wind farm equipment	5 years

Taxation

The credit for taxation is based on the loss for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment

The value of fixed assets is reviewed for impairment where there is an indication that an impairment has occurred An impairment is recorded where the carrying value exceeds the value in use of the underlying assets

Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and impairment

Amortisation

Amortisation is provided on a straight line basis to allocate the cost of the asset over its useful life The Directors expect the useful life to be 20 years

Turnover

Turnover is the amount derived from the sale of electricity and associated renewable certificates and embedded benefits in the normal course of business, measured at the fair value of consideration received or receivable, net of value added tax and trade discounts

2 Auditor's remuneration

	2013	2012
	£'000	£'000
Auditor's remuneration	6	6

Audit fees for the year ended 31 March 2013 and 31 March 2012 were borne by another group company

3 Operating loss

	2013	2012
	£'000	£'000
Operating loss is stated after charging		
Amortisation	105	105

4 Directors' emoluments and employees

None of the Directors received any remuneration or benefits from the Company during the current or prior year, nor are they employees of the Company The Company had no employees during the current or prior year

5 Interest payable and similar charges

	2013	2012
	£'000	£'000
Interest payable to group companies	(106)	(239)

Notes *(continued)*

6 Taxation

	2013 £'000	2012 £'000
Current tax credit on loss for the year	-	(91)
Adjustment in respect of prior year	91	(17)
Total current tax charge/(credit)	91	(108)
Analysis of deferred tax (credit)/charge		
Origination/reversal of timing differences	(37)	-
Adjustment in respect of prior period	(84)	16
Adjustment in respect of rate change	5	-
Total deferred taxation (credit)/charge	(116)	16
Total taxation credit	(25)	(92)

The tax assessed for the year is different from the standard rate of corporation tax in the UK 24% (2012 26%) The difference is explained below

	2013 £'000	2012 £'000
Loss on ordinary activities before taxation	(152)	(350)
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 24% (2012 26%)	(36)	(91)
Effects of		
Adjustment in respect of prior period	91	(17)
Losses arising in year recognised as a deferred tax asset	36	-
Current tax charge/(credit)	91	(108)

The 2011 Budget on 23 March 2011 announced a reduction in the main rate of Corporation Tax rate of 28% over a period of 4 years from 1 April 2011 The rate was expected to reduce from 28% to 23% over this period The first reduction from 28% to 26% was substantively enacted on 29 March 2011 and was reflected in the deferred tax figures used in the Company's 2011 financial statements

A reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012 and was reflected in the deferred tax figures used in the Company s 2012 financial statements

A further reduction to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012 and this rate change has therefore been reflected in the deferred tax figures of these financial statements

The March 2013 Budget announced that the main rate of Corporation Tax of 23% will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the Company's future current tax rate and reduce the Company's deferred tax balances accordingly

Notes *(continued)*

7 Tangible assets

	Assets under construction £'000
Cost	
At 1 April 2012	1,845
Additions	**7,029**
At 31 March 2013	**8,874**
Accumulated depreciation at 1 April 2012 and 31 March 2013	**-**
Net book value at 31 March 2013	**8,874**
Net book value at 31 March 2012	1,845

Included in tangible assets is £433,000 of capitalised interest (2012 £nil)

8 Intangible assets

	Wind usage rights £'000
Cost	
At 1 April 2012 and 31 March 2013	**2,100**
Amortisation	
At 1 April 2012	125
Charge for the year	**105**
At 31 March 2013	**230**
Net book value at 31 March 2013	**1,870**
Net book value at 31 March 2012	1,975

9 Debtors

	2013 £'000	2012 £'000
Corporation tax debtor	**19**	108
Amounts owed by group undertaking	**165**	-
Prepayments	**511**	-
Other debtors	**140**	220
	835	328

The corporation tax debtor includes £19,000 (2012 £108,000) group relief receivable

Notes *(continued)*

10 Deferred tax asset

	Deferred tax £'000
At 1 April 2012	-
Credit to the profit and loss account	**116**
At 31 March 2013	**116**

The elements of the deferred taxation are as follows

	2013 £'000
Losses carried forward	116

11 Creditors - amounts falling due within one year

	2013 £'000	2012 £'000
Accruals and deferred income	483	63
Amounts owed to group undertakings	12,278	4,883
	12,761	4,946

12 Called up share capital

	2013 Number	2012 Number	2013 £'000	2012 £'000
Allotted, called up and unpaid				
Ordinary shares of £1 each	1	1	-	-

13 Reserves

	Profit and loss account £'000
At 31 March 2012	(303)
Loss for the financial year	**(127)**
At 31 March 2013	**(430)**

14 Reconciliation of movements in equity shareholder's deficit

	2013 £'000	2012 £'000
Opening equity shareholder's deficit	(303)	(45)
Loss for the financial year	(127)	(258)
Closing equity shareholder's deficit	(430)	(303)

Notes *(continued)*

15 Capital commitments

During the year the Company entered into various contracts relating to the development of generation of electricity from onshore wind The commitment outstanding at 31 March 2012 was £307,178 (2012 £4,823,000)

16 Related parties

Terra Firma Investments (GP) 2 Limited, acting as a general partner of the six limited partnerships which constitute the Terra Firma Capital Partners II Fund, Terra Firma Capital Partners II L P – H and TFCP II Co-Investment I L P (Terra Firma'), has the ability to exercise a controlling influence through the holding of shares in a parent company The Directors therefore consider Terra Firma to be a related party

Infinis Holdings has the ability to exercise a controlling influence over the Company and other subsidiary undertakings Consequently the Directors also consider these subsidiary undertakings to be related parties

17 Ultimate and immediate controlling undertaking

The Directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate controlling entity The ultimate controlling party is Guy Hands

There were no transactions between the Company and Terra Firma Holdings Limited during the year

Maestro (Holdings 2) Limited (formerly known as Blackstone Edge Wind Farm (Holdings) Limited) is the immediate parent company and does not produce consolidated accounts

The head of the largest and smallest group for which consolidated financial statements are prepared and of which the Company is a member is Infinis Holdings The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary, First Floor 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ