DREACHMHOR WIND FARM (HOLDINGS) LIMITED

DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS FOR THE YEAR
TO 31 DECEMBER 2014

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR TO 31 DECEMBER 2014

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DIRECTORS AND ADVISORS

Directors

D R Bradbury	(appointed 31 January 2015)
A Harmer	(apptonted 30 October 2014, resigned 31 January 2015)
R McArthur	
J E Stephens	

Company secretary and registered office
Philip Naylor
1 Kingsway
London
WC2B 6AN

Auditor
Deloitte LLP
Chartered Accountants and registered auditor
London

Principal bankers
Bank of Tokyo-Mutsubishi UJF Ltd
Ropemaker Place
25 Ropemaker Street
London
EC2Y 9AN

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited financial statements for the year ended 31 December 2014

The Director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption

No strategic report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

The Company is a wholly owned subsidiary of John Laing Investments Limited, which in turn is a wholly owned subsidiary of John Laing Group plc

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company was incorporated on 17 April 2013 The Company operates principally as a holding company to Dreachmhor Wind Farm Limited In April 2014, the Company issued a further 999 shares for a consideration of £999

The principal activity of the Group is the design, build, financing and operation of a 13 turbine, 26 MW wind farm in South Lanarkshire,

There have not been any significant changes in the Group's activities in the year under review

Financial close took place on 4 April 2014 The Group entered into a Facility Agreement with Bank of Tokyo-Mitsubishi for a term loan facility of £30,722,000

The operating period is 24 years Construction is expected to be completed in August 2015 and full operations are expected to commence in September 2015

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of current market conditions and concluded that it is appropriate More information is provided in note 1 to the financial statements

FUTURE DEVELOPMENTS

The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a number of financial risks including credit risk and cash flow risk

Cash flow risk The Group's borrowings expose it to cash flow risk primarily due to the financial risks of changes in interest rates The Group uses interest rate swap contracts to mitigate these exposures

Credit Risk The Group's principal financial assets are cash and trade and other receivables The Group's credit risk is primarily attributable to its trade receivables which are with one counterparty

Exposure to market prices The Group is exposed to long term electricity market prices We are currently monitoring the electricity market and a 15 year Purchase Power Agreement has been entered into, effective from the start of commercial operations We continue to monitor the market

Wind / energy yield risk The Group has in preparing the project engaged consultants to assess long term wind predictions and consequent energy yield for the given turbines It is recognised that while best practice methodologies were used to the Banks satisfaction, there still remains a risk that wind and energy yield may be less (or more) than modelled The project was financed on an assumption that realistic downsides when modelled would not materially jeopardise the project The Group will monitor performance against plan from start of operations

DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are 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 to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with provisions of Section 418 of the Companies Act 2006

DIRECTORS

The Directors who served throughout the year, except as noted, are shown on page 1

DIRECTORS' REPORT (continued)

EMPLOYEES

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 12

AUDITOR

Pursant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office

On behalf of the Board

D R Bradbury
Director
2 June 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,

- make judgements 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 DREACHMHOR WIND FARM (HOLDINGS) LIMITED

We have audited the financial statements of Dreachmhor Wind Farm (Holdings) Limited for the year to 31 December 2014, which comprise the consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cashflow statement and the related notes 1 to 21 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 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 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 Group's and Parent Company's affairs as at 31 December 2014 and the Group's 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 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 from preparing a Strategic Report or in preparing the Directors' report

RH

Ross Howard (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
2 June 2015

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	Period 17 April 2013 to 31 December 2013 £
Administration costs		(469,003)	(26,156)
Operating loss	2	(469,003)	(26,156)
Net interest receivable	5	545	1,291
Loss on ordinary activities before taxation		(468,458)	(24,865)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	15	(468,458)	(24,865)

A reconciliation of movements in shareholder's funds is given in note 16

All items in the profit and loss account relate to continuing operations

There is no material difference between the results stated in the consolidated profit and loss account and their historical cost equivalents

All gains and losses are recognised in the profit and loss account in both the current year and preceding period, and therefore no separate statement of total recognised gains and losses has been presented

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible fixed assets	7	**31,095,757**	17,776,358
Current assets			
Debtors		**2,757,214**	1,506,265
- due within one year	9	**332,011**	726,265
- due after more than one year	9	**2,425,203**	780,000
Cash at bank and in hand		**581,411**	-
		3,338,625	1,506,265
Current liabilities			
Creditors amounts falling due within one year	10	**(745,154)**	(1,363,959)
Net current assets		**2,593,471**	142,306
Total assets less current liabilities		**33,689,228**	17,918,664
Creditors amounts falling due after more than one year	10	**(33,439,943)**	(17,943,528)
Provision for liabilities	13	**(741,608)**	-
Net liabilities		**(492,323)**	(24,864)
Capital and reserves			
Called up share capital	14	**1,000**	1
Profit and loss account	15	**(493,323)**	(24,865)
Shareholders' deficit	16	**(492,323)**	(24,864)

The consolidated financial statements of Dreachmhor Wind Farm (Holdings) Limited, registered number 08493202, were approved by the Board of Directors and authorised for issue on 2 June 2015 They were signed on its behalf by

D R Bradbury
Director
2 June 2015

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
Fixed assets			
Investments	8	**1,000**	1
Current assets			
Debtors		**27,675,560**	18,270,652
- due within one year	9	**-**	327,124
- due after more than one year	9	**27,675,560**	17,943,528
Current liabilities			
Creditors amounts falling due within one year	10	**-**	(327,124)
Net current assets		**27,675,560**	17,943,528
Total assets less current liabilities		**27,676,560**	17,943,529
Creditors amounts falling due after more than one year	10	**(27,675,560)**	(17,943,528)
Net assets		**1,000**	1
Capital and reserves			
Called up share capital	14	**1,000**	1
Profit and loss account	15	**-**	-
Shareholder's funds	16	**1,000**	1

The financial statements of Dreachmhor Wind Farm (Holdings) Limited, registered number 08493202, were approved by the Board of Directors and authorised for issue on 2 June 2015 They were signed on its behalf by

D R Bradbury
Director
2 June 2015

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Net cash (outflow)/inflow from operating activities	18	**(620,379)**	367,943
Returns on investments and servicing of finance			
Interest received		**545**	1,291
Interest and other financing costs paid		**(162,370)**	-
Issue costs of new bank loan		**(808,681)**	-
Net cash (outflow)/inflow from returns on investments and servicing of finance		**(970,506)**	1,291
Capital expenditure and financial investment		**(10,237,864)**	(17,449,235)
Net cash outflow before use of liquid resources and financing		**(11,828,749)**	(17,080,001)
Management of liquid resources			
Financial assets		**(1,561,675)**	(863,528)
Financing			
Issue of ordinary share capital		**999**	1
Secured loans raised		**13,970,836**	17,943,528
Net cash inflow from financing		**13,971,835**	17,943,529
Increase in cash in the year	19	**581,411**	-

Notes to the financial statements for the year ended 31 December 2014

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards A summary of the principal accounting policies adopted by the Directors, which have been applied consistently throughout the current year and preceding period, is shown below

The Company exists to hold an investment in its subsidiary In the event of default of the subsidiary, the exposure is limited to the extent of the investment it has made Having reviewed the Company's investment portfolio including the associated future cash requirements and forecast receipts, the Directors are satisfied that they have a reasonable expectation that the Company will have access to adequate resources to continue in existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Basis of consolidation

The Company is no longer exempt under section 400 of the Companies Act 2006 from any requirement to prepare consolidated financial statements for its group As a result consolidated financial statements have been prepared and comparative information has been presented The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking drawn up to 31 December each year The company is no longer exempt from the preparation of a cash flow statement and accordingly a consolidated cash statement, including comparatives, has been presented As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company The profit for the financial year recognised for the parent was £nil (2013 £nil)

b) Taxation

Current tax, including United Kingdom Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

In accordance with FRS19 'Deferred Tax', deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the year in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date Deferred tax assets are not discounted

c) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Plant and machinery 24 years

d) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line

e) Finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete

Notes to the financial statements for the year ended 31 December 2014 (continued)

1 ACCOUNTING POLICIES (continued)

f) Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

g) Cash

Cash comprise cash at bank and in hand and short term deposits with original maturity of less than three months

h) Financial Instruments

The Group uses financial instruments to reduce exposure to interest rate movements The Group does not hold or issue derivative financial instruments for speculative purposes

i) Debt issue costs

Costs incurred following the issue of debt are held on the balance sheet and charged to the profit and loss account over the period that the relevant debt is held

j) Decommissioning costs

The Group is liable for decommissioning costs at the end of the licence period to return the wind farm site to its original state and condition The key assumptions for the value in use calculations are those regarding the discount rates, inflation rates and expected costs There is uncertainty at the present time about the exact timing and quantum of these costs A provision for decommission has been recognised based on the Director's best estimate of the becoming obligation The estimated future cash outflows are discounted to their present value using a pre-tax discounted to their present value using a pre-tax discount arte that reflects current market assessments of the time value of money

Notes to the financial statements for the year ended 31 December 2014 (continued)

2 OPERATING RESULTS

	2014	Period 17 April 2013 to 31 December 2013
	£	£
Operating results is stated after charging		
Fees payable to the Company's auditors for the audit of the Company and the Company's subsidiary	6,407	6,220

There were no fees for non-audit services in the current year or previous period

3 DIRECTORS' REMUNERATION

No Directors received any remuneration for services to the Company during the current year or previous period The Company is managed by secondees from the shareholders under a management services contract

4 STAFF NUMBERS

The Group had no employees during the year (period to 31 December 2013 - nil)

5 NET INTEREST

	Group 2014	Group Period 17 April 2013 to 31 December 2013	Company 2014	Company Period 17 April 2013 to 31 December 2013
	£	£	£	£
Interest receivable and similar income				
Interest receivable on bank deposits	545	1,291	-	-
Interest receivable on amounts due from group undertaking	-	-	2,426,117	327 123
	545	1,291	2,426,117	327,123
Interest payable and similar charges				
Interest payable on bank loans and overdrafts	(230,845)	-	-	-
Interest payable to parent undertaking	(2,426,117)	(327 123)	(2,426,117)	(327,123)
Amortised debt issue costs	(10,088)	-	-	-
Capitalised interest	2,667,050	327 123	-	-
	-	-	(2,426,117)	(327,123)
Net interest	545	1 291	-	-

6 TAX ON LOSS ON ORDINARY ACTIVITIES

	Group 2014	Group Period 17 April 2013 to 31 December 2013
	£	£
Analysis of charge for the year		
Current tax		
UK corporation tax	-	-
Total current tax	-	-
Total tax charge on results on ordinary activities	-	-

Factors affecting the tax charge for the current year

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the results before tax are as follows

	£	£
Loss for the financial year	(468,458)	(24 865)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21 5% (2013 - 23%)	100,718	5,719
Effects of		
Tax losses not recognised for deferred tax purposes	(100,718)	(5 719)
Total current tax for the year	-	-

For the year ended 31 December 2014 , the UK rate of 21 5% is applied due to the change in the UK corporation tax rate from 23% to 21% with effect from 1 April 2014

In the 2013 Budget (delivered on 20 March 2013), it was announced that the main rate of corporation tax for UK companies would reduce to 21% from 1 April 2014, and then reduce further to 20% from 1 April 2015 These future reductions in the main rate of corporation tax to 21% and then to 20% were substantively enacted for financial reporting purposes on 2 July 2013 The reduced rate of 20% has therefore been reflected in the calculation of any deferred tax at the balance sheet date

Notes to the financial statements for the year ended 31 December 2014 (continued)

7 TANGIBLE FIXED ASSETS

	Group Plant and Equipment	Company Plant and Equipment
	£	£
Cost		
At 1 January 2014	17,776,358	-
Additions	13,319,399	-
At 31 December 2014	31,095,757	-
Net book value		
At 31 December 2014	31,095,757	-
At 31 December 2013	17,776,358	-

The fixed assets includes cumulative capitalised interest costs of £2 994 173 (2013 - £327,123)

8 INVESTMENTS

	Shares in group undertaking
	£
Cost	
At 1 January 2014	1
Additions	999
At 31 December 2014	1,000
Cost and Net book value	
At 31 December 2014	1,000

Dreachmhor Wind Farm (Holdings) Limited subscribed to the entire share capital of Dreachmhor Wind Farm Limited, which is incorporated in Great Britain During the year a further 999 shares were issued by Dreachmhor Wind Farm Limited

In the opinion of the Directors the value of the investment in this subsidiary undertaking is not less than the amount stated in the balance sheet

9 DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Due within one year				
Amounts owed from group undertaking	-	-	-	327 123
Amounts owed by parent undertaking	-	1	-	1
Other debtors	290	419,798	-	-
Escrow deposit	-	83,528	-	-
Other taxation and social security	-	185 966	-	-
Prepayments and accrued income	331,721	36 972	-	-
	332,011	726,265	-	327,124
Due after more than one year				
Amounts owed from group undertaking	-	-	27,675,560	17,943,528
Escrow deposits	2,425,203	780,000	-	-
	2,425,203	780,000	27,675,560	17,943,528

10 CREDITORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts falling due within one year				
Bank Loan (note 11)	227,599	-	-	-
Less unamortised debt issue costs	(71,042)	-	-	-
Amounts owed to parent undertaking (note 11)	-	327,123	-	327,123
Amounts owed to group undertakings	-	919,042	-	1
Trade creditors	94,289	-	-	-
Other taxation and social security	267,247	-	-	-
Other creditors	15,147	-	-	-
Accruals and deferred income	211,914	117,794	-	-
	745,154	1 363,959	-	327,124

Notes to the financial statements for the year ended 31 December 2014 (continued)

10 CREDITORS (continued)

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Amounts falling due after more than one year				
Bank Loan (note 11)	**6,464,445**	-	-	-
Less unamortised debt issue costs	**(727,551)**	-	-	-
Amounts owed to parent undertaking (note 11)	**27,675,560**	17,943,528	**27,675,560**	17,943,528
Other creditors incl contractor retentions	**27,489**	-	-	-
	33,439,943	17,943,528	**27,675,560**	17,943,528
Analysis of debt				
In one year or less	**227,599**	327,123	-	327 123
Between one and two years	**1,374,083**	-	-	-
Between two and five years	**5,284,953**	-	**772,625**	-
In five years or more	**27,480,969**	17 943 528	**26,902,935**	17 943 528
	34,367,604	18 270,651	**27,675,560**	18,270,651
Less unamortised debt issue costs	**(798,593)**	-	-	-
	33,569,011	18,270 651	**27,675,560**	18 270 651

11 LOANS

Bank loans

The Group has a term loan facility of £30,722,000, of which £6 567,043 was drawn and outstanding at 31 December 2014 The term loan is repayable in instalments by 30 June 2030 based on an agreed percentage of the aggregate amount of the term loan outstanding at close of business on the final day of the interest period Repayments commence on 31 December 2015 Interest on the term loan is charged at a variable interest rate of LIBOR plus a margin initially at 2 75% stepping up to 3 25% over the period of the loan

In April 2014, as part of its interest rate management strategy and in accordance with the terms of its credit agreement the Group entered into an interest rate swap maturing on 30 June 2030 The maximum notional amount of the interest rate swap is £27 772 748 and the notional amount at 31 December 2014 was £23 185,349 Under this swap the Group receives interest on a variable basis and pays interest at a fixed rate of 3 298%

The fixed interest rate swap, which was entered into to mitigate the interest exposure of the Company, has a positive fair value at 31 December 2014 of £2,714,755 89

The Group has a VAT facility of £1,625,230 of which £125,000 has been drawn down during the period The VAT facility is repayable by 24 March 2016 Interest is charged at LIBOR plus 2 75%

Subordinated debt

Subordinated debt of £7 278,791 was injected by the immediate parent company during the year, via the issue of £7 278,791 unsecured subordinated debt fixed rate loan notes due December 2039 bearing an interest rate of 10% per annum The principal amount of the Group's unsecured subordinated debt fixed rate loan notes is limited to £25 424 481 plus any unpaid interest added to the loan at the option of the borrower under the terms of the facility At 31 December 2014 the amounts owed to the parent undertaking is £27,675,560 which includes £2,453,240 of rolled up interest (2013 - £327,123) Loan repayments are made in instalments over the life of the loan During the year the maximum principal amount was increased by £1 500 000 to a limit of £26,924,481

12 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

At 31 December 2013 the Group is committed to a remaining amount of £14 2 million payable to Vestas-Celtic Wind Technology Limited under the Turbine Supply Agreement and £6 2 Million payable to R J McLeods Contractors Limited under the Balance Of Plant Agreement relating to the construction of the wind farm

At the balance sheet date, the Company has annual commitments in respect of land for minimum lease payments under a non-cancellable operating lease, which fall due as follows

	Group	Group
	2014	2013
	£	£
More than 5 years	**154,570**	150 800

Fixed rent is payable semi annually and indexation is calculated at each payment date

13 PROVISIONS FOR LIABILITIES

	Group	Company
	2014	**2014**
	£	**£**
Decommissioning		
At 1 January 2014	-	-
Recognition of initial provision	**741,608**	-
At 31 December 2014	**741,608**	-

The Group's decommissioning provision results from its obligation at the end of the licence period to return the wind farm site to its original state and condition The Company has estimated the net present value of the decommissioning provision to be £741 608 as at 31 December 2014 (2013 - £nil) based on an undiscounted total future liability of £1,358,000 The discount factor being the risk free rate related to the liability was 2 45% as at 31 December 2014

Notes to the financial statements for the year ended 31 December 2014 (continued)

14 CALLED UP SHARE CAPITAL

	Group/Company 2014 £	2013 £
Allotted, called up and fully paid		
1 ordinary share of £1	1,000	1

On 17 April 2013 the Company issued 1 ordinary share for consideration of £1 On 7 February 2014 the Company issued a further 999 ordinary shares of £1

15 MOVEMENT IN RESERVES

	Group Profit and loss account £	Company Profit and loss account £
At 1 January 2014	(24,865)	-
Loss for the financial year	(468,458)	-
At 31 December 2014	(493,323)	-

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Results for the financial year	(468,458)	-	-	-
Shares issued	999	1	999	1
Net increase in shareholder's funds	(467,459)	1	999	1
Opening shareholder's funds	(24,864)	-	1	-
Closing shareholder's funds	(492,323)	1	1,000	1

17 TRANSACTIONS WITH RELATED PARTIES

There were related party transactions between the Group and the following parties

	2014 £	2013 £
John Laing Investments Limited		
Details of payment made/accrued are as follows		
Subordinated debt interest charged	2,426,117	327,123
Accrual outstanding	-	327,123
Details of balances outstanding at 31 December		
Subordinated Debt	27,675,560	17,943,528
Laing Investments Management Services		
Details of payment made/accrued are as follows		
MSA Fee	63,276	-
Bid Service Agreement	-	919 042

18 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating loss	(469,003)	(26 156)
Decrease in debtors	310,726	(642,737)
Decrease in creditors	(462,102)	1,036,836
Net cash (outflow)/inflow from operating activities	(620,379)	367 943

19 RECONCILIATION OF MOVEMENT IN NET DEBT

	At 1 January 2014 £	Cash flow £	Other non-cash changes £	At 31 December 2014 £
Cash in hand and at bank	-	581 411	-	581,411
Long term deposits	863,528	1 561,675	-	2,425,203
Debt due within one year	(327,123)	-	170 566	(156,557)
Debt due after one year	(17,943,528)	(13,162,155)	(2,306 771)	(33,412,454)
Net Group Debt	(17,407,123)	(11,019,069)	(2,136,205)	(30,562,397)

Notes to the financial statements for the year ended 31 December 2014 (continued)

20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014
	£
Increase in cash in hand and at bank	581,411
Increase in Financial Asset	1,561,675
Cash inflow from increase in debt	(13,162,155)
Other non cash movements	(2,136,205)
Increase in net debt	(13,155,274)
Net debt at 1 January 2014	(17,407,123)
Net debt at 31 December 2014	(30,562,397)

21 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is John Laing Investments Limited, a company incorporated in Great Britain

The smallest group and largest group in which its results are consolidated is Dreachmhor Wind Farm (Holdings) Limited The Company's ultimate parent and controlling enitity, is John Laing Group PLC, a company incorporated in Great Britain