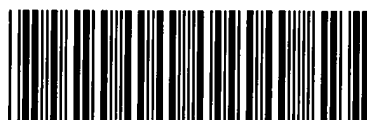


Company Registration No. 09178687 (England and Wales)

NEW ALBION WIND (HOLDINGS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015

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NEW ALBION WIND (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	J M Linney R McArthur	(Appointed 1 September 2015) (Appointed 1 September 2015)
Secretary	T S Hedges	
Company number	09178687	
Registered office	1 Kingsway London WC2B 6AN	
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom	
Bankers	Norddeutsche Landesbank One Wood Street London EC2V 7WT	

NEW ALBION WIND (HOLDINGS) LIMITED

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NEW ALBION WIND (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the period ended 31 December 2015.

The Directors' report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal activities

The Company was incorporated on 15 August 2014. The Company operates as a holding company for New Albion Wind Limited. The principal activity of the Group is the design, build, financing and operation of a 7 turbine (14.35MW) wind farm in Kettering, Northants.

The Company acquired 100% of the shares in New Albion Wind Limited on 22 August 2014, from the previous shareholders Infinergy Limited. Financial close took place on 15 December 2014 (see note 11). The Group entered into a Facility Agreement with Nord LB for a term loan facility of £12,759,862.

The operating period is 25 years. Construction was completed in December 2015. Commissioning took place during December 2015 and January 2016. Full operations was achieved in on 18 January 2016.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

J S Peart	(Appointed 15 August 2014 and resigned 1 September 2015)
T Brooks	(Appointed 15 August 2014 and resigned 1 September 2015)
J M Linney	(Appointed 1 September 2015)
R McArthur	(Appointed 1 September 2015)

Results and dividends

The results for the period are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors' insurance

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

Financial instruments

Liquidity risk

The Group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Group has sufficient liquid resources to meet the operating needs of the business. At the start of the project, the Group negotiated debt facilities with an external party to ensure that the Group has sufficient funds over the life of the project.

Interest rate risk

The Group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The Group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

NEW ALBION WIND (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

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.

Credit risk

The Group's principal financial assets are cash, financial assets and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables and accrued income which are with one counterparty. The Group monitors the financial standing of that counterparty in order to manage its credit risk.

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 Bank's 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 would not materially jeopardise the project. The Group will continue to monitor performance against the modelled plan.

Future developments

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

Auditor

Deloitte LLP were appointed auditor to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

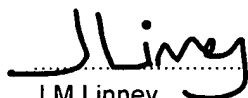
Statement of disclosure to auditor

Each of the directors in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

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

On behalf of the board



J M Linney
Director

13 May 2016

NEW ALBION WIND (HOLDINGS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2015

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 Group and parent company financial statements in accordance with United Kingdom 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 Group and parent company and of the profit or loss of the Group for that period. 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;
- 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 Group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent 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 Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NEW ALBION WIND (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NEW ALBION WIND (HOLDINGS) LIMITED

We have audited the financial statements of New Albion Wind (Holdings) Limited for the period ended 31 December 2015 which comprise the Consolidated Statement of Total Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 24. 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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Group's and the parent 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 the parent company's affairs as at 31 December 2015 and of its profit for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

NEW ALBION WIND (HOLDINGS) LIMITED

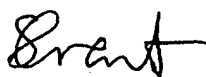
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NEW ALBION WIND (HOLDINGS) LIMITED

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 by the parent company, or returns adequate for our have not been received from branches not visited by us; or
- the parent company 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.



13/05/2016

Simon Grant (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London

United Kingdom

NEW ALBION WIND (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2015

		Period ended 31 December 2015 £
	Notes	
Turnover	3	224,675
Cost of sales		(21,936)
Gross profit		202,739
Administrative expenses		(97,861)
Operating profit	4	104,878
Interest receivable and similar income	8	9,416
Interest payable and similar charges	9	(38,440)
Profit on ordinary activities before taxation		75,854
Taxation	10	(19,546)
Profit for the financial period		56,308
Other comprehensive loss		
Cash flow hedges loss arising in the period	17	(387,464)
Tax relating to other comprehensive loss	19	69,744
Total comprehensive loss for the period		(261,412)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NEW ALBION WIND (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £	£
Fixed assets			
Intangible assets	11	237,044	
Tangible assets	12	16,958,398	
			<u>17,195,442</u>
Current assets			
Debtors falling due after one year	14	139,488	
Debtors falling due within one year	14	1,238,664	
Cash at bank and in hand		1,321,616	
		<u>2,699,768</u>	
Creditors: falling due within one year	16	<u>(1,610,393)</u>	
Net current assets			<u>1,089,375</u>
Total assets less current liabilities			<u>18,284,817</u>
Creditors: amounts falling due after more than one year	17	(18,147,356)	
Provisions for liabilities	18	(397,873)	
Net liabilities			<u><u>(260,412)</u></u>
Capital and reserves			
Called up share capital	20	1,000	
Hedging reserve	20	(317,720)	
Profit and loss reserves	20	56,308	
Total equity			<u><u>(260,412)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 13 May 2016 and are signed on its behalf by:


J M Linney
Director

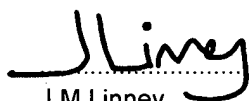
NEW ALBION WIND (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £	£
Fixed assets			
Investments			250,920
Current assets			
Debtors falling due after one year	14	6,514,531	
Debtors falling due within one year	14	209,204	
		<u>6,723,735</u>	
Creditors: falling due within one year	16	<u>(188,402)</u>	
Net current assets			6,535,333
Total assets less current liabilities			<u>6,786,253</u>
Creditors: amounts falling due after more than one year	17		(6,795,113)
Deferred income			<u>(20,228)</u>
Net liabilities			<u><u>(29,088)</u></u>
Capital and reserves			
Called up share capital	20		1,000
Profit and loss reserves			<u>(30,088)</u>
Total equity			<u><u>(29,088)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 13 May 2016 and are signed on its behalf by:



J M Linney
Director

Company Registration No. 09178687

NEW ALBION WIND (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2015

	Notes	Share capital £	Hedging reserve £	Profit and loss reserves £	Total £
Balance at 15 August 2014		-	-	-	-
Period ended 31 December 2015:					
Profit and total comprehensive income for the period		-	-	56,308	56,308
Other comprehensive loss:					
Cash flow hedge losses arising in the period		-	(387,464)	-	(387,464)
Tax relating to other comprehensive loss		-	69,744	-	69,744
Total comprehensive loss for the period		-	(317,720)	56,308	(261,412)
Issue of share capital	20	1,000	-	-	1,000
Balance at 31 December 2015		1,000	(317,720)	56,308	(260,412)

NEW ALBION WIND (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2015

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 15 August 2014		-	-	-
Period ended 31 December 2015:				
Loss and total comprehensive loss for the period		-	(30,088)	(30,088)
Issue of share capital	20	1,000	-	1,000
Balance at 31 December 2015		1,000	(30,088)	(29,088)

NEW ALBION WIND (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2015

	Notes	2015 £	£
Cash flows from operating activities			
Cash absorbed by operations	24		(454,848)
Investing activities			
Purchase of intangible assets		(249,920)	
Purchase of tangible fixed assets		(15,476,359)	
Interest received		9,416	
Net cash used in investing activities			(15,716,863)
Financing activities			
Proceeds from issue of shares		1,000	
Proceeds from borrowings		6,232,890	
Proceeds of new bank loans		11,611,134	
Interest paid		(351,697)	
Net cash generated from/(used in) financing activities			17,493,327
Net increase in cash and cash equivalents			1,321,616
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			1,321,616

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

New Albion Wind (Holdings) Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is 1 Kingsway, London, WC2B 6AN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's loss for the period was £30,088.

1.2 Going concern

The Group is in a net current liability position as at 31 December 2015. The directors have reviewed the Group's forecasts and projections, taking into account reasonable possible changes in environmental conditions, in addition to asset and counterparty performance which show that the Group can continue to meet its debts as they fall due.

The directors therefore, at the time of approving the financial statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Licences	26.4 years
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NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	25 years
---------------------	----------

Residual value represents the estimated amount which would currently be obtained from disposal of a asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

1.6 Borrowing costs related to fixed assets

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.

1.7 Impairment of fixed assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.9 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligation specified in the contract is discharged, cancelled, or expires.

1.10 Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

The Group does not hold or issue derivative financial instruments for speculative purposes.

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Hedge accounting

The Group designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives, as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line in this item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the profit or loss in the same line as of the income statement as the recognised hedged item. However when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.13 Provisions

Decommissioning

Provisions for future decommissioning costs is made in full when the Group has an obligation to dismantle and remove a facility and to restore the site on which it is located, and when a reasonable estimate of that liability can be made.

The amount recognised is the present value of the estimated future expenditure. An amount equivalent to the discounted initial provision for decommissioning costs is capitalised as part of the underlying fixed asset and depreciated over the life of that asset. Any change in the present value of the estimated expenditure resulting from changes in expected cash flows, inflation or discount rate is reflected as an adjustment to the provision and the underlying asset.

The unwinding of the discount is recognised as a finance cost in or in the period it arises.

Other

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2015

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Hedge accounting

The directors consider the Group to have met the criteria for hedge accounting and the Group has therefore recognised fair value movements on derivatives in effective hedging relationships through other comprehensive income as well as the deferred tax thereon.

Power Purchase Agreement

The directors have considered whether the Power Purchase Agreement entered into by the Group meets the definition of a derivative under FRS 102 in the context of characteristics of derivative contracts set out within the definition and concluded that it does not.

Capitalisation of borrowing costs

As disclosed in Note 1, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Borrowing costs were capitalised to the cost of the fixed asset up to the point that the asset was brought to its intended use. This date is deemed to be the date of full commissioning of all turbines on the wind farm site.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Recoverability of tangible fixed asset

During the year, management reconsidered the recoverability of the tangible fixed assets included in the balance sheet of £16,958,398. The project continues to perform in a satisfactory manner, however, due to a reduction in expected future floating power prices received and historical performance against budget, management has reconsidered the power price and generation assumptions reflected in its long-term projections. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the tangible fixed assets will be recovered in full through use. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that adjustments are appropriate.

Decommissioning provision

The Group has a decommissioning provision resulting from its obligation at the end of the licence period to return the wind farm site to its original state and condition. The calculation used to estimate the future expected cost of decommissioning the site is based on a historic estimate of per turbine costs plus anticipated fixed cost overheads provided by a qualified third party consultant, discounted back to present value at a suitable discount rate. The net present value of the provision at the balance sheet date was £397,873. Details of the provision are set out in Note 18. The directors will continue to monitor market prices for decommissioning works for indications of material changes to the assumptions underlying the decommissioning provision calculation.

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

2 Critical accounting judgements and key sources of estimation uncertainty (Continued)

Valuation of derivative financial instruments

The directors use their judgement in selecting a suitable valuation technique for derivative financial instruments. All derivative financial instruments are valued at the mark to market valuation provided by the derivative counterparty. In these cases, the Group uses valuation techniques to assess the reasonableness of the valuation provided by the derivative counterparty. These techniques use a discounted cash flow analysis based on market observable inputs derived from similar instruments in similar and active markets. The fair value of derivative financial instruments at the balance sheet date was £387,464. The directors do not consider the impact of own credit risk to be material.

3 Turnover and other revenue

An analysis of the Group's turnover is as follows:

	2015 £
Turnover	
Power Purchase Agreement	105,725
Renewable Obligation Certificates	118,950
	<u>224,675</u>

Turnover analysed by geographical market

	2015 £
Germany	224,675
	<u>224,675</u>

Turnover is derived from the sale of electricity and the sale of renewable energy certificates to a sole third party energy supplier in Germany. Turnover is recognised at the point of generation.

4 Operating (loss)/profit

	2015 £
Operating (loss)/profit for the period is stated after charging/(crediting):	
Exchange losses/(gains)	510
Amortisation of intangible assets	12,876
Operating lease charges	<u>29,005</u>

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

5 Auditors' remuneration

	2015 £
Fees payable to the Company's auditor and its associates:	
For audit services	
Audit of the financial statements of the Group and Company	2,762
Audit of the Company's subsidiaries	11,008
	<u>13,770</u>

6 Employees

The Group had no employees during the current period.

7 Directors' remuneration

No directors received any remuneration for services to the Group during the current period. The Group is managed by secondees from the shareholders under a management services contract.

8 Interest receivable and similar income

	2015 £
Interest income	
Interest on bank deposits	9,416
	<u>9,416</u>
Investment income includes the following:	
Interest on financial assets not measured at fair value through profit or loss	9,416
	<u>9,416</u>

9 Interest payable and similar charges

	2015 £
Interest on financial liabilities measured at amortised cost:	
Interest on bank overdrafts and loans	285,672
Interest payable to group undertakings	816,649
Capitalised interest	(1,063,881)
	<u>38,440</u>

10 Taxation

	2015 £
Current tax	
Current Tax	19,546
	<u>19,546</u>
Total current tax	<u>19,546</u>

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

10 Taxation

(Continued)

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2015 £
Profit before taxation	75,854
Expected tax charge based on a corporation tax rate of 20.44%	15,505
Tax effect of expenses that are not deductible in determining taxable profit	4,338
Tax effect of utilisation of tax losses not previously recognised	(6,122)
Unutilised tax losses carried forward	6,149
Effect of change in corporation tax rate	(324)
Tax expense for the period	19,546

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2015 £
Deferred tax arising on:	
Deferred tax on interest rate swap fair value	(76,799)
Effect of change in tax rate on opening liability	7,055
Total tax recognised in other comprehensive income	(69,744)

For the period ended 31 December 2015, the blended UK rate of 20.44% is applied due to the change in the UK corporation tax rate from 21% to 20% with effect from 1 April 2015.

In the Summer Finance Bill 2015, which was substantively enacted on 26 October 2015, it was announced that the main rate of corporation tax for UK companies would reduce to 19% from 1 April 2017, and then reduce further to 18% from 1 April 2020. The reduced rate of 18% has therefore been reflected in the calculation of deferred tax at the balance sheet date.

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

11 Intangible fixed assets

Group	Licences £
Cost	
At 15 August 2014	-
Additions - separately acquired	249,920
At 31 December 2015	249,920
Amortisation and impairment	
At 15 August 2014	-
Amortisation charged for the period	12,876
At 31 December 2015	12,876
Carrying amount	
At 31 December 2015	237,044

The intangible fixed assets arose when the Company subscribed to 1 share in New Albion Wind Farm Limited for a premium of £249,920. Intangible fixed assets are amortised on a straight line basis over the 26.4 year period, being the length of the licence period.

12 Tangible fixed assets

Group	Plant and equipment £
Cost	
Additions	16,958,398
At 31 December 2015	16,958,398
Carrying amount	
At 31 December 2015	16,958,398
At 15 August 2014	-

Following a review of the the estimated costs anticipated on decommissioning the wind farm site a decommissioning provision of £397,873 has been recognised as part of the addition in the period (see Note 18). There was no provision for decommissioning recognised in 2014 as construction had not yet started.

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

13 Financial instruments

	Group 2015 £	Company 2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,347,237	6,703,998
Equity instruments measured at cost less impairment	-	250,920
	<u>2,347,237</u>	<u>6,954,918</u>
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
Measured at amortised cost	19,239,604	6,983,515
	<u>19,239,604</u>	<u>6,983,515</u>
Amounts relating to cash flow hedges reclassified from equity to profit or loss in the period	-	-

Valuation of derivative financial instruments

The directors use their judgement in selecting a suitable valuation technique for derivative financial instruments. All derivative financial instruments are valued at the mark to market valuation provided by the derivative counterparty. In these cases, the Group uses valuation techniques to assess the reasonableness of the valuation provided by the derivative counterparty. These techniques use a discounted cash flow analysis based on market observable inputs derived from similar instruments in similar and active markets. The directors do not consider the impact of own credit risk to be material.

14 Debtors

	Group 2015 £	Company 2015 £
Amounts falling due within one year:		
Amounts due from subsidiary undertakings	-	180,622
Other debtors	1,025,621	8,845
Prepayments and accrued income	282,787	19,737
	<u>1,308,408</u>	<u>209,204</u>
Amounts falling due after one year:		
Amounts due from subsidiary undertakings	-	6,514,531
Deferred tax asset (note 19)	69,744	-
	<u>69,744</u>	<u>6,514,531</u>
Total debtors	<u>1,378,152</u>	<u>6,723,735</u>

For details of the movement in deferred tax refer to note 19.

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

15 Loans and overdrafts

	Group 2015 £	Company 2015 £
Bank loans	11,631,418	-
Loans from parent undertaking	6,795,113	6,795,113
	<u>18,426,531</u>	<u>6,795,113</u>
Payable within one year	666,639	-
Payable after one year	<u>17,759,892</u>	<u>6,795,113</u>
Amounts included above which fall due after five years:		
Payable by instalments	17,009,982	6,795,113
	<u>17,009,982</u>	<u>6,795,113</u>

The loans are secured by a fixed and floating charge over all the assets of the Group and a charge over the shares of the Group.

Bank loans

The Group has a term loan facility of £12,759,862, which is repayable in instalments by 18 January 2023 based on a fixed repayment schedule. Repayments commence on 30 September 2016. Interest on the term loan is charged at a variable interest rate of LIBOR plus a margin, initially at 2.30%, stepping down to 2.20% at the point of commercial operations.

The Group has a VAT facility of £1,390,000 of which £689,744 (2014: £403,803) remains outstanding at 31 December 2015. The outstanding amounts are repaid as of when refunds are received from HMRC. The final repayment date for the VAT facility is 18 July 2016. Interest is charged at LIBOR plus 1.80%.

Subordinated Debt

The Group also has a £6,795,113 unsecured subordinated debt fixed rate loan facility due 18 January 2041 bearing an interest rate of 11% per annum. The repayments are made in instalments over the life of the loan.

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

16 Creditors: falling due within one year

	Notes	Group 2015 £	Company 2015 £
Loans and overdrafts	15	666,639	-
Corporation tax payable		19,546	-
Trade creditors		134,213	-
Amount due to parent undertaking		188,402	188,402
Other creditors		102,994	-
Accruals and deferred income		498,599	-
		<u>1,610,393</u>	<u>188,402</u>

Amount due to parent undertaking

The amount due to parent undertaking comprises accrued interest outstanding on the subordinated debt (see Note 15). Default interest is charged on the unpaid interest balance at a rate of 5% above the coupon rate.

17 Creditors: amounts falling due after more than one year

	Notes	Group 2015 £	Company 2015 £
Loans and overdrafts	15	17,759,892	6,795,113
Derivative financial instruments		387,464	-
		<u>18,147,356</u>	<u>6,795,113</u>

Hedging arrangements

In December 2014, as part of its interest rate management and in accordance with the terms of its credit agreement, the Group entered into an interest rate swap maturing on 17 January 2031. Under the swap, the Group receives interest on a variable basis and pays interest at a fixed rate of 2.362%.

The fair value of the derivative financial instruments comprises the fair of the interest rate swap designated in an effective hedging relationship. The interest rate swap contract was designated as a cash flow hedge of variable interest rate risk of the Group's floating rate borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swap. The hedge was highly effective in the current period and 100% of the change in fair value of the interest rate swap of £247,976 was recognised in other comprehensive income in the period.

18 Provisions for liabilities

	Group 2015 £	Company 2015 £
Decommissioning provision	<u>397,873</u>	<u>-</u>

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

18 Provisions for liabilities

(Continued)

Movements on provisions:

	Decommissioning provision
Group	£
Recognition of initial provision	397,873

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 Group has estimated the net present value of the decommissioning provision to be £397,873 based on an undiscounted total future liability of £782,814. The discount factor, being the risk free rate related to the liability, was 2.64% as at 31 December 2015.

19 Deferred taxation

Deferred tax assets and liabilities are offset where the Group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2015 £
Group	
Deferred tax on interest rate swap fair value	69,744
	Group 2015 £
	Company 2015 £
Movements in the period:	
(Asset)/liability at 15 August 2014	-
Charge to other comprehensive income	(76,799)
Effect of change in tax rate - other comprehensive income	7,055
(Asset) at 31 December 2015	(69,744)

The deferred tax asset in relation to the interest rate swap liability is expected to affect profit or loss over the period to maturity of the interest rate swap.

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

20 Share capital and other reserves

	Group and company 2015 £
Ordinary share capital	
Issued and fully paid	
1,000 Ordinary Shares of £1 each	1,000

Other Reserves

The Group's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses.

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

21 Operating lease commitments

Lessee

The Group has entered into lease agreements with land owners expiring on 15 December 2041 such that the rent payable is contingent on certain conditions relating to gross income received by the Group.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2015 £	Company 2015 £
Within one year	183,800	-
Between two and five years	778,836	-
In over five years	5,625,821	-
	<u>6,588,457</u>	<u>-</u>

22 Related party transactions

No guarantees have been given or received.

As a wholly owned subsidiary of John Laing Investments Limited, the Company has taken advantage of the exemption under FRS 102 Section 33 not to provide information on related party transactions with other undertakings in the John Laing Investments Limited group. A copy of the published financial statements of John Laing Investments Limited can be obtained from Companies House.

NEW ALBION WIND (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2015

23 Subsidiaries

Details of the Company's subsidiaries at 31 December 2015 are as follows:

Name of undertaking	Country of incorporation or residency	Class of shareholding	% Held Direct
New Albion Wind Limited	Great Britain	Ordinary shares	100.00

The subsidiary's accounting period was 1 January 2015 to 31 December 2015.

24 Cash generated from operations	2015 £
Profit for the period	56,308
Adjustments for:	
Income tax expense recognised in profit or loss	19,546
Finance costs recognised in profit or loss	38,440
Investment income recognised in profit or loss	(9,416)
Amortisation and impairment of intangible assets	12,876
Movements in working capital:	
(Increase) in debtors	(1,308,408)
Increase in creditors	735,806
Cash absorbed by operations	(454,848)