

Financial statements Aikengall Community Wind Company Limited

For the year ended 30 November 2010

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COMPANIES HOUSE

Company No. SC313596

Officers and professional advisers

Company registration number	SC313596
Registered office	BTO Solicitors 45/51 Hanover Street Edinburgh EH2 2JP
Directors	D A Wood R M H Wood
Secretary	R M H Wood
Bankers	HSBC Bank plc 8 Canada Square London EH14 5HQ
Solicitors	BTO Solicitors 45/51 Hanover Street Edinburgh Midlothian EH2 2JP
Auditors	Ernst & Young LLP The Paragon Building Counterslip Bristol BS1 6BX

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Report of the Directors

The directors present their report and the financial statements of the company for the year ended 30 November 2010.

Principal activity

The principal activity of the company during the year was that of the operation of community renewable energy projects.

Directors

The directors who served the company during the year were as follows:

D A Wood
R M H Wood

Results for the year

During the year the company made a profit of £3,473,573 (2009 £3,012,768).

The company has paid a dividend during the year of £750,000 (2009 £nil)

Future Developments

The directors expect that the company will continue to operate its existing community renewable energy projects for the foreseeable future. There are no other future developments planned.

Principal Risks & Uncertainties

The principal risks to the business are managed via established contractual relationships which provide a long term off-take arrangement for electricity generated and servicing of plant to meet expected generation targets. There are no material uncertainties.

The other key risks within the business can be summarised as follows:

- Interest Rate Risk – the Company has a loan facility that attracts a floating interest rate; this exposes the Company to higher interest charges should LIBOR rates move adversely. The Company has reduced its exposure on its debt by executing interest rate swaps. Management currently considers interest rate risk to be minimal.
- Credit Risk – is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is indicated by the carrying amount of its assets which consist principally of bank balances and receivables. Management believes that because the counter parties are mainly banks and other major corporations that the credit risk is minimal.
- Liquidity Risk – the Company limits its liquidity risk with respect to financing of the project by ensuring that conditions to loan agreements are complied with and loans are drawn down and repaid on due dates to enable the Company to meet its project obligations as they fall due.

Report of the Directors (continued)

- **Currency Risk** – is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency exposure. However, management is of the opinion that the Company's exposure to currency risk is minimal as the majority of the transactions are executed in GBP.

Going Concern

The directors consider the company's performance on a semi-annual basis, in particular, liquidity, cash-flows, forecasted turnover, borrowings and business risks. The reviews performed during the year have confirmed that the business has successfully navigated one of the lowest wind periods on record and is well placed to manage future business risks despite the current economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (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 company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

Auditor Statement

In so far as each of the directors is aware:

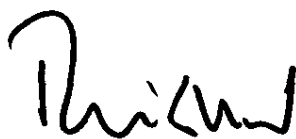
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Report of the Directors (continued)

Auditor

Following the resignation of Grant Thornton LLP, Ernst & Young LLP have been appointed as auditors of the company for the year ended 30 November 2010.

BY ORDER OF THE BOARD



R M H Wood /
Director

Date: 29.3.2011

Independent Auditor's Report to the Members of Aikengall Community Wind Company Limited

We have audited the financial statements of Aikengall Community Wind Company Limited for the year ended 30 November 2010 which comprise the Profit and Loss Account, Statement of total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 19. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

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 30 November 2010 and of its profit 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

Independent Auditor's Report to the Members of Aikengall Community Wind Company Limited

- 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

Ernst & Young LLP

Paul Mapleston (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date: *30th March 2011*

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable UK accounting standards.

The accounting policies have remained unchanged from the previous year and are set out below.

Going Concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Cash flow statement

The company is exempt from the requirements of Financial Reporting Standard (FRS) 1 Cash Flow Statements to prepare a cash flow statement as it is a wholly owned subsidiary.

The largest and smallest group in which this company is consolidated is Community Windpower Holdings Limited and copies of its annual report are available from Dundas & Wilson CS LLP, Saltire Court, 20 Castle Terrace, Edinburgh, Midlothian, Scotland.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Turnover is recognised at the point at which the electricity is provided.

Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery - 5% straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in future, or a right to pay less tax in future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. The company has not adopted a policy of discounting deferred tax.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Profit and loss account

	Note	2010 £	2009 £
Turnover		11,687,741	9,758,846
Cost of sales		<u>3,459,967</u>	<u>2,575,269</u>
Gross profit		8,227,774	7,183,577
Other operating income		199,374	-
Other operating charges		<u>(1,087,130)</u>	<u>(1,287,028)</u>
Operating profit	1	7,340,018	5,896,549
Interest receivable		6,724	30,420
Interest payable and similar charges		<u>(2,634,374)</u>	<u>(2,247,701)</u>
Profit on ordinary activities before taxation		4,712,368	3,679,268
Tax on profit on ordinary activities	3	1,238,795	666,500
Profit for the financial year	14	<u>3,473,573</u>	<u>3,012,768</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	4	<u>45,990,302</u>	<u>48,502,902</u>
Current assets			
Debtors	5	<u>3,500,520</u>	6,050,303
Cash at bank		<u>13,856,530</u>	<u>9,359,268</u>
		<u>17,357,050</u>	<u>15,409,571</u>
Creditors: amounts falling due within one year	6	<u>8,210,047</u>	<u>8,260,404</u>
Net current assets/(liabilities)		<u>9,147,003</u>	<u>7,149,167</u>
Total assets less current liabilities		<u>55,137,305</u>	<u>55,652,069</u>
Creditors: amounts falling due after more than one year	7	<u>43,125,666</u>	<u>47,624,017</u>
Provisions for liabilities			
Deferred taxation	9	<u>2,621,417</u>	<u>1,361,403</u>
		<u>9,390,222</u>	<u>6,666,649</u>
Capital and reserves			
Called-up equity share capital	12	<u>100,000</u>	100,000
Revaluation reserve	13	<u>4,441,579</u>	4,688,333
Profit and loss account	14	<u>4,848,643</u>	<u>1,878,316</u>
Shareholders' funds/(deficit)	15	<u>9,390,222</u>	<u>6,666,649</u>

These financial statements were approved by the directors and authorised for issue on 29 March 2011, and are signed on their behalf by:


 R M H Wood
 Director

Company Registration Number: SC313596

Other primary statements

Statement of total recognised gains and losses

	2010	2009
	£	£
Profit/(loss) for the financial year	3,473,573	3,012,768
Unrealised profit on revaluation		
Of tangible fixed assets:		
Plant & machinery	-	4,850,000
Total gains and losses recognised for the year	<u>3,473,573</u>	<u>7,862,768</u>

Notes to the financial statements

1 Operating profit

Operating profit is stated after charging:

	2010	2009
	£	£
Depreciation of owned fixed assets	2,512,600	1,664,021
Auditor's fees	5,389	7,350
Operating lease costs:		
- Land and buildings	189,522	173,671
Net loss on foreign currency translation	-	207,017
	<u> </u>	<u> </u>

2 Particulars of employees

During the year the company had nil (2009 nil) employees.

Remuneration in respect of directors was as follows:

	2010	2009
	£	£
Remuneration	120,000	90,000

The remuneration of the Directors disclosed above relates to their services to this and other companies in the Community Windpower Holdings Limited Group. Remuneration of the directors was paid by Community Windpower Limited during the period.

No director accrued benefits towards pension entitlements during the period (2009 no directors).

3 Taxation on profit on ordinary activities

3a) Analysis of charge in the year:

	2010	2009
	£	£
Current tax:		
Corporation tax	-	-
Amounts payable by group companies for group relief	1,883	(694,903)
Adjustments in respect of previous periods	(23,102)	-
Total current tax	(21,219)	(694,903)
Deferred tax:		
Origination and reversal of timing differences (note 9)		
Capital allowances	1,260,014	2,022,650
Losses	-	(661,247)
Total deferred tax (note 9)	1,260,014	1,361,403
Tax on profit on ordinary activities	<u>1,238,795</u>	<u>666,500</u>

Notes to the financial statements

3 Taxation on ordinary activities (continued)

3b) Factors affecting current tax charge:

The tax assessed on the profit/(loss) on ordinary activities for the year is lower (2008:higher) than the standard rate of corporation tax in the UK of 28% (2008 - 28%).

	2010	2009
	£	£
Profit/(loss) on ordinary activities before taxation	<u>4,712,368</u>	<u>3,679,268</u>
Profit/(loss) on ordinary activities by rate of tax	1,319,463	1,030,195
Expenses not deductible for tax purposes	72,213	(387)
Capital allowances for period in excess of depreciation	(751,648)	(2,014,750)
Group relief	-	694,903
Adjustment in respect of previous periods	(23,102)	-
Unrelieved tax losses	(638,145)	290,039
Amounts paid by group companies for group relief	-	(694,903)
Total current tax (note 3(a))	<u>(21,219)</u>	<u>(694,903)</u>

3c) Factors affecting future tax charge:

Announcements were made during and after the year end by the Chancellor of the Exchequer of proposed changes to corporation tax rates that will have an effect on future tax charges of the company. The change in the corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010, whereas further reductions to 26% from 1 April 2011 and 1% thereafter to 23% on 1 April 2014 have been announced but not substantively enacted.

Notes to the financial statements

4 Tangible fixed assets

	Plant & Machinery £	Total £
Cost or valuation		
At 1 December 2009	50,166,923	50,166,923
Additions	-	-
Revaluation	-	-
Transfers	-	-
At 30 November 2010	<u>50,166,923</u>	<u>50,166,923</u>
Depreciation		
At 1 December 2009	1,664,021	1,664,021
Charge for the year	2,512,600	2,512,600
At 30 November 2010	<u>4,176,621</u>	<u>4,176,621</u>
Net book value		
At 30 November 2010	<u>45,990,302</u>	<u>45,990,302</u>
At 30 November 2009	<u>48,502,902</u>	<u>48,502,902</u>

If certain fixed assets had not been revalued, they would have been included on the historical cost basis, at cost of £45,316,923, less depreciation of £3,768,200 and net book value of £41,548,723.

5 Debtors

	2010 £	2009 £
Trade debtors	332,374	1,452,263
Amounts owed by group undertakings	816,122	797,297
Other debtors	2,352,024	3,800,743
	<u>3,500,520</u>	<u>6,050,303</u>

6 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank loan	4,543,864	3,082,073
Less deferred arrangement costs	(85,702)	(82,009)
Trade creditors	439,857	528,975
Amounts owed to group undertakings	1,150,000	1,163,210
Other taxation	397,013	298,676
Other creditors	1,765,015	3,269,479
	<u>8,210,047</u>	<u>8,260,404</u>

Notes to the financial statements

6 Creditors: amounts falling due within one year (continued)

Included within amounts owed to group undertakings are loan notes 2025 totalling £1,150,000. The loan notes pay a rate of interest on the principal amount outstanding at the rate of the HSBC Bank plc base rate and are redeemable at the option of the Noteholder in any of the years commencing 30 November 2008 up to 30 June 2025, at which time any outstanding balance will be redeemed by the company.

The bank loan is secured by a fixed and floating charge over all of the assets held by the company by HSBC Bank plc. Repayments commenced on 30 June 2009 and amounts are based on the repayment schedule. Interest is charged on the loan balance outstanding amounting to the average of: LIBOR, the appropriate margin and mandatory cost.

The company has entered into an interest rate swap agreement in respect to £39,727,566 of its long term borrowings. At 30 November 2010, there was an unrecognised loss on this of approximately £3,484,000 (2009 £4,531,000).

The following liabilities disclosed under creditors falling due within one year are secured over the fixed assets by the company:

	2010	2009
	£	£
Bank loan	<u>4,543,864</u>	<u>3,082,073</u>

7 Creditors: amounts falling due after more than one year

	2010	2009
	£	£
Bank loan	44,161,229	48,717,471
Less deferred arrangement costs	<u>(1,035,563)</u>	<u>(1,093,454)</u>
	<u>43,125,666</u>	<u>47,624,017</u>

The following liabilities disclosed under creditors falling due after more than one year are secured over the fixed assets by the company:

	2010	2009
	£	£
Bank loan	<u>44,161,229</u>	<u>48,717,471</u>

Notes to the financial statements

8 Creditors - bank borrowings

Creditors include borrowings which are due for repayment as follows:

	2010	2009
	£	£
Amounts repayable:		
In one year or less or on demand	4,543,864	3,082,073
In more than one year but not more than two years	4,734,156	4,527,280
In more than two years but not more than five years	12,161,831	12,778,948
In more than five years	27,265,242	31,411,243
	<u>48,705,093</u>	<u>51,799,544</u>

9 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2010	2009
	£	£
At 1 December	1,361,403	-
Profit and loss account movement arising during the year	1,188,145	1,361,403
Adjustments in respect of previous periods	71,869	-
Provision carried forward	<u>2,621,417</u>	<u>1,361,403</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2010	2009
	£	£
Excess of taxation allowances over depreciation on fixed assets	2,621,417	2,022,650
Tax losses available	-	(661,247)
	<u>2,621,417</u>	<u>1,361,403</u>

10 Commitments under operating leases

At 30 November 2010 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2010	2009
	£	£
Operating leases which expire:		
After more than 5 years	<u>169,000</u>	<u>169,000</u>

Notes to the financial statements

11 Related party transactions

The company has taken the exemption available in FRS8 Related Parties to not disclose transactions with other group companies as it is a wholly owned subsidiary of Community Windpower Holdings Ltd which prepares consolidated group accounts.

12 Share capital

Authorised share capital:

	2010	2009
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted and called up:

	2010		2009	
	No	£	No	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

The amounts of paid up share capital for the following categories of shares differed from the called up share capital stated above due to unpaid calls and were as follows:

	2010	2009
	£	£
Ordinary shares	<u>-</u>	<u>-</u>

13 Revaluation reserve

	2010	2009
	£	£
Revaluation of fixed assets	4,688,333	4,850,000
Transfer to the Profit and Loss Account	<u>(246,754)</u>	<u>(161,667)</u>
Balance carried forward	<u>4,441,579</u>	<u>4,688,333</u>

14 Profit and loss account

	2010	2009
	£	£
Balance brought forward	1,878,316	(1,296,119)
Profit for the financial year	3,473,573	3,012,768
Transfer from revaluation reserve	246,754	161,667
Dividends Paid	<u>(750,000)</u>	<u>-</u>
Balance carried forward	<u>4,848,643</u>	<u>1,878,316</u>

Notes to the financial statements

15 Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Profit for the financial year	3,473,573	3,012,768
Other net recognised gains and losses	-	4,850,000
Transfer from revaluation reserve	(246,754)	(161,667)
Transfer to profit and loss account	246,754	161,667
Dividends Paid	(750,000)	-
Net addition to shareholders' funds	2,723,573	7,862,768
Opening shareholders' funds / (deficit)	6,666,649	(1,196,119)
Closing shareholders' funds	9,390,222	6,666,649

16 Dividends on shares classed as equity

	2010	2009
	£	£
Paid during the year:		
Final dividend of £7.50 per share (2009: £nil per share)	750,000	-
Proposed after the year-end (not recognised as a liability):		
Dividend of £nil per share (2009: £nil per share)	-	-

17 Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 30 November 2010 or 30 November 2009.

18 Capital commitments

The company had no capital commitments at 30 November 2010 or 30 November 2009.

19 Ultimate parent company

The immediate parent undertaking of this company is Aikengall Community Wind Company (Holdings) Limited, a company incorporated in England & Wales. The ultimate parent undertaking of this company is Community Windpower (Holdings) Limited, a company incorporated in Scotland.