

Company Registration No. 04956455 (England and Wales)

SCOUT MOOR WIND FARM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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SCOUT MOOR WIND FARM LIMITED

COMPANY INFORMATION

Directors	David Muir Miller Robert de Laszlo Emma Tinker Steven Underwood A C A
Secretary	Neil Lees A C I S
Company number	04956455
Registered office	Peel Dome The Trafford Centre Manchester M17 8PL
Auditors	Deloitte LLP Chartered Accountants and Statutory Auditor Manchester United Kingdom
Bankers	Barclays Bank plc
Valuers	JWH Ross & Co Ltd

SCOUT MOOR WIND FARM LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Profit and loss account	5
Statement of total recognised gains and losses	6
Note of historical cost profits and losses	6
Balance sheet	7
Notes to the financial statements	8 - 16

SCOUT MOOR WIND FARM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2012

The directors present their annual report and audited financial statements for the year ended 31 March 2012

Principal activities and review of the business

The principal activity of the company is to operate Scout Moor Wind Farm

Electricity income generated by the wind turbines at Scout Moor Wind Farm for the year ended 31 March 2012 was £16.78 million (2011 £11.56 million). Profit before tax for the year to 31 March 2012 was £5.81 million, an increase of £5.31 million compared with the prior year (2011 £0.50 million). Average wind speed for the 12 months to 31 March 2012 was 7.70 m/s (2011 7.63 m/s). Future income is dependent upon output of electricity. Management monitor and seek to maximise the key performance indicators of turbine availability and site availability.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 of the financial statements.

Risks and uncertainties

The principal aim of the company is to maximise long term results whilst minimising risks. Responsibility for the management of each key risk is clearly identified and delegated by the directors to specific senior staff within the company. The directors consider the following to be the major risks affecting the company:

- economic cycles, including contracts with customers,
- availability of finance,
- interest rates,
- wind resource,
- electricity prices, and
- ability to provide electricity generation services

Risks are mitigated by the use of an interest swap and fixed price contracts for electricity generation.

Results and dividends

The results for the year are set out on page 5.

The financial position at 31 March 2012 is set out on page 7.

No dividend has been paid for the year (2011 £nil).

Directors

The following directors have held office since 1 April 2011:

David Muir Miller

Robert de Laszlo

Emma Tinker

Steven Underwood A C A

SCOUT MOOR WIND FARM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2012

Auditor

A resolution to re-appoint the auditor, Deloitte LLP, will be submitted to the Annual General Meeting

Statement of directors' responsibilities

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 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the board



Steven Underwood A C A

Director

30 May 2012

SCOUT MOOR WIND FARM LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SCOUT MOOR WIND FARM LIMITED

We have audited the financial statements of Scout Moor Wind Farm Limited for the year ended 31 March 2012 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profit and losses, the balance sheet and the related notes 1 to 16. 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 set out on page 2, 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. 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 company's affairs as at 31 March 2012 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.

SCOUT MOOR WIND FARM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SCOUT MOOR WIND FARM 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, 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



Alan Fendall (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

31 May 2012

SCOUT MOOR WIND FARM LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £'000	2011 £'000
Turnover		16,776	11,556
Direct costs		(6,832)	(6,430)
Operating profit	2	9,944	5,126
Interest receivable and similar income	3	8	7
Interest payable and similar charges	4	(4,146)	(4,633)
Profit on ordinary activities before taxation		5,805	500
Tax on profit on ordinary activities	5	(1,950)	(1,925)
Profit/(loss) for the year	12	3,855	(1,425)

All of the above results derive from continuing activities

SCOUT MOOR WIND FARM LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £'000	2011 £'000
Profit/(loss) for the financial year		3,855	(1,425)
Unrealised surplus on revaluation of properties	6	21,730	2,614
Total recognised gains and losses relating to the year		25,585	1,189

Note of historical cost profits and losses

	2012 £'000	2011 £'000
Reported profit on ordinary activities before taxation	5,805	500
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	1,875	1,761
Historical cost profit on ordinary activities before taxation	7,680	2,261
Historical cost profit for the year retained after taxation, extraordinary items and dividends	5,730	336


SCOUT MOOR WIND FARM LIMITED

BALANCE SHEET

AS AT 31 MARCH 2012

		2012		2011	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	6		125,000		108,000
Current assets					
Debtors	7	5,841		3,699	
Cash at bank and in hand		8,663		9,841	
		14,504		13,540	
Creditors: amounts falling due within one year	8	(20,044)		(23,068)	
Net current liabilities			(5,540)		(9,528)
Total assets less current liabilities			119,460		98,472
Creditors: amounts falling due after more than one year	9		(37,276)		(42,939)
Provisions for liabilities	10		(4,511)		(3,445)
Net assets			77,673		52,088
Capital and reserves					
Called up share capital	11		1,400		1,400
Revaluation reserve	12		62,896		43,041
Profit and loss account	12		13,377		7,647
Shareholders' funds	13		77,673		52,088

Approved by the Board and authorised for issue on 30 May 2012



Steven Underwood A C A
Director

Company Registration No. 04956455

SCOUT MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of operational fixed assets

The directors have received confirmation that Scout Moor Group Limited ("Group"), the group's holding company, will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future. In considering the ability of Group to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of Group's forecasts, the continuing availability of its facilities and its strategic and contingent plans.

Taking all these factors into account the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the annual report and accounts.

As permitted by Financial Reporting Standard No. 1 (revised) "Cash Flow Statements", the company has not prepared a cash flow statement as the company is a wholly owned subsidiary undertaking of Scout Moor Group Limited. Scout Moor Group Limited is a company incorporated and registered in England and Wales which produces group financial statements in accordance with the Companies Act 2006, which include a consolidated group cash flow statement.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Law and Accounting Standards, which have been applied consistently throughout the year and preceeding year.

1.3 Turnover

The turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom. Turnover is recognised on supply of electricity generated by the wind farm.

1.4 Tangible fixed assets and depreciation

Land, buildings and wind turbines held for use in the production or supply of goods or services, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the unrealised revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously charged to the profit and loss account, in which case the increase is credited to the profit and loss account to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to the profit and loss account to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued wind turbines is charged to the profit and loss account over 25 years. The excess of depreciation charged to the profit and loss account over the historical cost depreciation charge is transferred from the revaluation reserve to the profit and loss reserve on an annual basis. On the subsequent disposal of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to the profit and loss reserve.

SCOUT MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

1 Accounting policies

(continued)

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Taxation

Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax 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 periods 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements

Deferred tax is measured on a non-discounted basis

1.7 Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes. The interest is accounted for on an accruals basis

1.8 Interest

Interest is calculated on a simple interest basis without allowing for any tax relief thereon. Interest is charged to profit during the period to which it relates

Interest directly attributable to both fixed assets in the course of development and other fixed assets is included in the cost thereof. Interest is capitalised on a simple interest basis without allowing for any tax relief thereon

Capitalisation of interest ceases at the point at which construction is completed

1.9 Related party disclosures

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard No. 8 "Related party disclosures" and has not disclosed details of transactions with fellow wholly owned undertakings within the Scout Moor Group Limited group of companies

SCOUT MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

2	Operating profit	2012	2011
		£'000	£'000
	Operating profit is stated after charging		
	Depreciation of tangible assets	4,729	4,614
	Operating lease rentals	419	322
	Fees payable to the company's auditor for the audit of the company's annual accounts	-	10
	Fees payable to the company's auditor in respect of non audit services		
	- Taxation	5	-
		<u>5</u>	<u>-</u>

The auditor's remuneration of £10,000 for audit work was borne by another group company for the year ended 31 March 2012

3	Interest receivable and similar income	2012	2011
		£'000	£'000
	Bank interest	8	7
		<u>8</u>	<u>7</u>

4	Interest payable and similar charges	2012	2011
		£'000	£'000
	On amounts payable to group companies	1,295	1,383
	On loans repayable after five years	2,851	3,250
		<u>4,146</u>	<u>4,633</u>

SCOUT MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

5	Taxation	2012 £'000	2011 £'000
	Domestic current year tax		
	U K corporation tax	175	-
	Adjustment for prior years	(226)	25
	Payment in respect of group relief	935	-
	Receipt in respect of group relief	-	(135)
	Total current tax charge/(credit)	884	(110)
	Deferred tax		
	Origination and reversal of timing differences	827	782
	Deferred tax adjustments arising in previous periods	239	1,253
		1,066	2,035
		1,950	1,925
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	5,805	500
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2011 - 28.00%)	1,509	140
	Effects of		
	Non-deductible expenses	805	772
	Capital allowances in excess of depreciation	(887)	(1,304)
	Tax losses utilised	(317)	-
	Adjustments to previous periods	(226)	25
	Tax losses carried forward	-	257
		(625)	(250)
	Current tax charge/(credit) for the year	884	(110)

SCOUT MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

6 Tangible fixed assets

	Wind Farm £'000
Cost or valuation	
At 1 April 2011	115,418
Revaluation	21,730
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At 31 March 2012	137,148
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Depreciation	
At 1 April 2011	7,418
Charge for the year	4,730
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At 31 March 2012	12,148
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Net book value	
At 31 March 2012	125,000
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At 31 March 2011	108,000
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A professional valuation was carried out at 31 March 2012 by JWH Ross & Co Ltd, Property Consultants and Surveyors, on the basis of open market value on the operational fixed asset which the directors believe is equivalent to the current replacement cost

The historical cost of the asset at 31 March 2012 is £71.36 million (2011 £71.36 million). The company's wind farm has been revalued in accordance with FRS 15. It is the company's intention to retain the property for the foreseeable future. No deferred tax has been provided on the gains arising from the revaluation as such tax would only become payable if the property were sold without rollover relief being obtained. The tax which would be payable in such circumstances is estimated to be £10,482,550.

Capitalised interest of £4.25 million (2011 £4.25 million) is included in the net book value.

7 Debtors

	2012 £'000	2011 £'000
Trade debtors	1,163	394
Amounts owed by parent and fellow subsidiary undertakings	226	199
Other debtors	65	65
Prepayments and accrued income	4,387	3,041
	<hr/>	<hr/>
	5,841	3,699
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SCOUT MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

8	Creditors: amounts falling due within one year	2012	2011
		£'000	£'000
	Bank loans and overdrafts	5,644	5,683
	Trade creditors	3	48
	Amounts owed to parent and fellow subsidiary undertakings	12,492	15,299
	Corporation tax	175	-
	Accruals and deferred income	1,730	2,038
		<u>20,044</u>	<u>23,068</u>
9	Creditors: amounts falling due after more than one year	2012	2011
		£'000	£'000
	Bank loans	<u>37,276</u>	<u>42,939</u>
	Loan maturity analysis		
	In more than one year but not more than two years	5,657	5,663
	In more than two years but not more than five years	11,290	13,397
	In more than five years	<u>20,329</u>	<u>23,879</u>

The bank loans are secured by a legal charge on Scout Moor Wind Farm and bear interest at LIBOR plus an applicable margin of 0.95% per annum.

The company has an interest rate swap contract of £42.9 million (2011: £64.4 million) at the fixed rate of 5.13%, the agreement matures on 31 December 2022. The fair value of the company's interest rate swap at 31 March 2012 was a liability of £6.57 million (2011: £4.59 million).

SCOUT MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

10 Provisions for liabilities

	Deferred tax liability £'000
Balance at 1 April 2011	3,445
Profit and loss account	1,066
	<u>4,511</u>
Balance at 31 March 2012	<u>4,511</u>

The deferred tax liability is made up as follows:

	2012 £'000	2011 £'000
Accelerated capital allowances	3,532	2,940
Other timing differences	979	(556)
Tax losses available	-	1,061
	<u>4,511</u>	<u>3,445</u>

The Government announced in June 2010 that it intended to reduce the rate of corporation tax from 28% to 24% over four years, and the Finance Act 2010, which was substantively enacted in July 2010, included provisions to reduce the rate of corporation tax to 26% with effect from 1 April 2011

On 21 March 2012 the government announced that the main rate of corporation tax will reduce by 2% to 24% with effect from the 1 April 2012. The previously announced series of 1% cuts will also be preserved, resulting in a 22% main rate by 2014. The reduction of the rate to 24% was substantively enacted on 29 March 2012 and accordingly, deferred tax balances have been revalued to the lower rate of 24% in these accounts

11 Share capital

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
1,400,002 Ordinary shares of £1 each	<u>1,400</u>	<u>1,400</u>

SCOUT MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

12 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£'000	£'000
Balance at 1 April 2011	43,041	7,647
Profit for the year	-	3,855
Transfer from revaluation reserve to profit and loss account	(1,875)	1,875
Revaluation during the year	21,730	-
Balance at 31 March 2012	62,896	13,377

13 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit/(Loss) for the financial year	3,855	(1,425)
Other recognised gains and losses	21,730	2,614
Net addition to shareholders' funds	25,585	1,189
Opening shareholders' funds	52,088	50,899
Closing shareholders' funds	77,673	52,088

14 Financial commitments

The company has financial commitments under non-cancellable operating leases for land rentals. The land rentals payable are variable and linked to the level of electricity generation. The average rate in the year to 31 March 2012 was a land rental cost of 2.5% of electricity income, (2011: 2.8%).

15 Employees

There were no employees during the year or the prior year apart from the directors.

No director received any remuneration for their services to the company (2011: £nil).

SCOUT MOOR WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2012

16 Control

The company is a wholly owned subsidiary of Scout Moor Group Limited, whose share capital is owned equally under a joint venture agreement between Peel Holdings Wind Power (IOM) Limited and Scout Moor Acquisitions Limited. Scout Moor Acquisitions Limited is 100% owned by Manchester Wind S a r l, a company registered in Luxemburg. Peel Holdings Wind Power (IOM) Limited is a wholly owned subsidiary of Peel Holdings Group Limited.

The largest and smallest group of companies, of which the company is a member, that produces consolidated accounts is Scout Moor Group Limited, a company incorporated in England. Its group accounts are available from the Company Secretary, Peel Dome, The Trafford Centre, Manchester, M17 8PL.