Company Registration No. 04956455 (England and Wales)

SCOUT MOOR WIND FARM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

SCOUT MOOR WIND FARM LIMITED
COMPANY INFORMATION
YEAR ENDED 31 DECEMBER 2014

Directors	Barbara Saller Ralph Altenburger Ian Gentles Nils Klatt
Secretary	Sanjit Eliatamby
Company Number	04956455
Registered Office	c/o Great Lakes Reinsurance (UK) plc Plantation Place 30 Fenchurch Street London United Kingdom EC3M 3AJ
Auditor	KPMG LLP 6 Lower Brook Street Ipswich United Kingdom IP4 1AP
Bank	Barclays Bank plc

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YEAR ENDED 31 DECEMBER 2014

Contents

Strategic report

The directors present their strategic report and financial statements for the year ended 31 December 2014.

Principal activities

The principal activity of the company during the year was the production of electricity through the wind farm known as Scout Moor Wind Farm.

Business review

The Directors were satisfied with the performance of Scout Moor Wind Farm and the results of the Company for the year. Electricity income generated by the wind turbines at Scout Moor Wind Farm for the year was £14.5 million (year *ended 31 December 2013 £15.59 million*). Profit before tax for the year was £6.37 million (year *ended 31 December 2013 £7.88 million*). Average wind speed for the year was 7.38 m/s (year *ended 31 December 2013 7.65 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.

The Directors do not consider it necessary to detail any key performance indicators for the purposes of this report other than those detailed within these financial statements.

Risks and uncertainties

The principal aim of the company is to maximise long term results whilst minimising risks. The directors have appointed a management team to ensure that key risks are clearly identified and to establish systems and processes to manage and mitigate those risks. The directors consider the following to be the major risks affecting the company:

- Interest rates;
- Wind resource;
- Technological or mechanical failure;
- Electricity prices; and
- Ability to provide electricity generation services.

Risks are mitigated by the use of an interest rate swap, insurance policies, and by entering into management services and maintenance contracts for on-going wind farm monitoring and servicing.

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.

On behalf of the board:

Barbara Saller
Director

Ian Gentles
Director

c/o Great Lakes Reinsurance (UK) PLC
Plantation Place, 30 Fenchurch Street
London EC3M 3AJ

22 June 2015

Directors' report

The directors present their directors' report for the year ended 31 December 2014.

Financial instruments

The company has entered into an interest rate swap contract in respect of the bank loan in place in order to reduce its exposure to interest rate risk (see Creditors note 9 page 14).

Results and proposed dividends

The results for the year are set out on page 5.
The financial position at 31 December 2014 is set out on page 6.

The directors have proposed a final ordinary dividend of £506,882 (31 Dec 2013: £nil). This has not been reflected within the financial statements for the year since the dividend was not approved before the year end.

Directors

The directors who held office during the period were as follows:

Barbara Saller
Ralph Altenburger
Ian Gentles (appointed 6th March 2014)
Nils Klatt (appointed 6th March 2014)

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year.

Disclosure of information to auditor

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

Auditor

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

On behalf of the board:

B. Saller
Barbara Saller
Director

Ian Gentles
Ian Gentles
Director

c/o Great Lakes Reinsurance (UK) PLC
Plantation Place, 30 Fenchurch Street
London EC3M 3AJ

22 June 2015

Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

The directors are responsible for preparing the strategic report, 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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Scout Moor Wind Farm Limited

We have audited the financial statements of Scout Moor Wind Farm Limited for the year ended 31 December 2014 set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities 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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Stephen Muncey

Stephen Muncey (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
6 Lower Brook Street
Ipswich
IP4 1AP

Date: 22 June 2015

Profit and loss account

for the year ended 31 December 2014

	Note	Year ended 31 Dec 2014 £	Year ended 31 Dec 2013 £
Turnover	1	**14,501,877**	15,591,048
Cost of sales		**(2,774,808)**	(1,832,929)
Gross profit		**11,727,069**	13,758,119
Administrative expenses		**(3,347,551)**	(3,323,375)
Operating profit	2	**8,379,518**	10,434,744
Other interest receivable and similar income	3	**10,055**	12,500
Interest payable and similar charges	4	**(2,023,925)**	(2,567,178)
Profit on ordinary activities before taxation		**6,365,648**	7,880,066
Tax on profit on ordinary activities	5	**(1,423,043)**	(1,455,834)
Profit on ordinary activities after taxation		**4,942,605**	6,424,232

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

There are no recognised gains and losses other than those passing through the profit and loss account. Accordingly, a separate statement of total recognised gains and losses has not been prepared.

The notes on pages 7 to 17 form part of these financial statements.

Balance sheet

At 31 December 2014

	Note		31 Dec 2014		31 Dec 2013
		£	£	£	£
Fixed assets					
Tangible assets	6		**54,600,998**		57,326,693
Current assets					
Debtors	7	**3,958,271**		4,179,289	
Cash at bank and in hand		**4,469,900**		6,816,980	
		8,428,171		10,996,269	
Creditors: amounts falling due within one year	8	**(6,315,245)**		(12,939,024)	
Net current assets / (liabilities)			**2,112,926**		(1,942,755)
Total assets less current liabilities			**56,713,924**		55,383,938
Creditors: amounts falling due after more than one year	9		**(23,878,583)**		(27,491,945)
Provisions for liabilities	10		**(4,362,753)**		(4,362,010)
Net assets			**28,472,588**		23,529,983
Capital and reserves					
Called up share capital	11		**1,400,002**		1,400,002
Profit and loss account	12		**27,072,586**		22,129,981
Shareholders' funds	13		**28,472,588**		23,529,983

These financial statements were approved by the board of directors on 22/6/ 2015 and were signed on its behalf by:

B. Saller Ian Gentles

Barbara Saller
Director

Ian Gentles
Director

Company registered number: 04956455

The notes on pages 7 to 17 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Accounting convention and basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 (revised) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking Münchner Rückversicherungsgesellschaft AG includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Münchner Rückversicherungsgesellschaft AG, the Company has taken advantage of the exemption in paragraph 3(c) of FRS 8 "Related party disclosures" and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Going Concern

As detailed in note 9 the company has debt of £27.5 million as at 31 December 2014, which is provided through a secured facility. Of this secured facility, £3.6 million is due for repayment within the next 12 months and the remaining £23.9 million is due for repayment in staged payments through to December 2022. To date there have been no breaches in the covenants relating to the company's facilities.

The company's cash flow forecasts do not project any breaches of covenants. However whilst the company has a sound business model based on long term electricity sales contracts, there remain a number of uncertainties which may affect the company's ability to remain within the covenants for its banking facilities. A summary of risks is included within the Strategic report and the company has a good track record of managing such uncertainties. Having considered these factors the Directors are confident that the company is well placed to manage its business risks satisfactorily.

Accordingly, based on the above and the understanding of the company's long term forecasts, 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.

Compliance with accounting standards

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

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Wind Farm turbines	- 25 years

Notes

1 Accounting policies (continued)

Leases

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

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Interest bearing borrowings

Interest is calculated on a daily compounded 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 with allowing for any tax relief thereon.

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

Interest rate swap contracts

Gains and losses on interest rate swap contracts are not recognised until the exposure that is being hedged is itself recognised.

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.

Notes *(continued)*

2 Operating Profit

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	**2,856,128**	2,854,441

Auditor's remuneration:

	£	£
Audit of these financial statements	**7,690**	7,500
Amounts receivable by the auditors and their associates in respect of:		
Other services relating to taxation	**4,157**	4,400

Notes *(continued)*

3 Other interest receivable and similar income

	Year ended 31 Dec 2014 £	Year ended 31 Dec 2013 £
Bank Interest Receivable	**10,055**	12,500
	10,055	12,500

4 Interest payable and similar charges

	Year ended 31 Dec 2014 £	Year ended 31 Dec 2013 £
On bank loans and overdrafts	**1,904,020**	2,184,324
On amounts due to group undertakings	**118,570**	382,854
Other interest payable	**1,335**	-
	2,023,925	2,567,178

Notes *(continued)*

5 Taxation

Analysis of charge in period:

	Year ended 31 Dec 2014 £	Year ended 31 Dec 2013 £
UK corporation tax		
Current tax on income for the period	**1,423,308**	1,763,798
Adjustments in respect of prior periods	**(1,008)**	(2,992)
Total current tax charge	**1,422,300**	1,760,806
Deferred tax		
Origination/reversal of timing differences	**161,571**	346,453
Effect of decreased tax rate	**-**	(654,293)
Adjustment in respect of previous years	**(160,828)**	2,868
Total deferred tax	**743**	(304,972)
Tax on profit on ordinary activities	**1,423,043**	1,455,834

Notes *(continued)*

Taxation (continued)

Factors affecting the tax charge for the current period:

The current tax charge for the year is higher *(31 Dec 2013: lower)* than the standard rate of corporation tax in the UK of 21.5% (*31 Dec 2013: 23.25%*). The differences are explained below.

	Year ended 31 Dec 2014 £	Year ended 31 Dec 2013 £
Current tax reconciliation		
Profit on ordinary activities before tax	**6,365,648**	7,880,066
Current tax at 21.5% *(31 Dec 2013 :23.25%)*	**1,368,614**	1,831,845
Effects of:		
Expenses not deductible for tax purposes	**259,652**	280,744
Capital allowances for period in excess of depreciation	**(204,958)**	(348,791)
Adjustments to tax charge in respect of previous periods	**(1,008)**	(2,992)
Total current tax charge (see above)	**1,422,300**	1,760,806

A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012, and further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes *(continued)*

6 Tangible fixed assets

	Wind Farm
	£
Cost	
At 1 Jan 2014	71,361,029
Additions	130,433
At 31 December 2014	71,491,462
Depreciation	
At 1 Jan 2014	14,034,336
Charge for year	2,856,128
At 31 December 2014	16,890,464
Net book value	
At 31 December 2014	**54,600,998**
At 31 December 2013	57,326,693

Included in the cost of tangible fixed assets is £4.25 million *(31 December 2013: £4.25 million)* in respect of capitalised interest. The net book value of the capitalised interest is £3,114,856 (*31 December 2013: £3,278,080*).

Notes *(continued)*

7 Debtors

	31 Dec 2014 £	31 Dec 2013 £
Trade debtors	-	636,764
Other debtors	**65,000**	65,000
Prepayments and accrued income	**3,893,271**	3,477,525
	3,958,271	4,179,289

8 Creditors: amounts falling due within one year

	31 Dec 2014 £	31 Dec 2013 £
Bank loans and overdrafts	**3,613,363**	4,127,272
Trade creditors	**127,446**	221,790
Amounts owed to group undertakings	**739,472**	5,985,777
Corporation tax payable	**595,414**	849,777
Other taxes and social security	**179,200**	-
Accruals and deferred income	**1,060,350**	1,120,225
Other creditors	-	634,183
	6,315,245	12,939,024

9 Creditors: amounts falling due after more than one year

	31 Dec 2014 £	31 Dec 2013 £
Bank loans and overdrafts	**23,878,583**	27,491,945
Loan maturity analysis		
Repayable in less than 1 year	**3,613,363**	4,127,272
Repayable in more than 1 year but not more than 2 years	**3,549,189**	3,613,363
Repayable in more than 2 years but not more than 5 years	**11,786,828**	11,250,482
Repayable in more than 5 years	**8,452,566**	12,628,100
Loan payable at 31 December 2014	**27,491,946**	31,619,217

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 £27,491,946 (*31 Dec 2013: £31,619,217*) in respect of the above loan, the agreement matures on 31 December 2022. The fair value of the company's interest rate swap at 31 December 2014 was a liability of £3,891,053 (*31Dec 2013: £3,825,531*).

Notes *(continued)*

10 Provisions for liabilities

	Deferred tax Liability £
Balance at 1 Jan 2014	4,362,010
Charge to the profit and loss for the year	743
Balance at 31 December 2014	4,362,753

The elements of deferred taxation are as follows:

	31 Dec 2014 £	31 Dec 2013 £
Difference between accumulated depreciation and capital allowances	**3,739,782**	3,545,890
Other timing differences (capitalised interest)	**622,971**	816,120
	4,362,753	4,362,010

11 Called up share capital

	31 Dec 2014 £	31 Dec 2013 £
Allotted, called up and fully paid		
1,400,002 Ordinary shares of £1 each	**1,400,002**	1,400,002

Notes *(continued)*

12 Statement of movement in reserves

	Profit and loss account £
At 1 January 2014	22,129,981
Profit for the year	4,942,605
At 31 December 2014	**27,072,586**

13 Reconciliation of movements in shareholders' funds

	31 Dec 2014 £	31 Dec 2013 £
Profit for the financial year	**4,942,605**	6,424,232
Net addition to shareholders' funds	**4,942,605**	6,424,232
Opening shareholders' funds	**23,529,983**	17,105,751
Closing shareholders' funds	**28,472,588**	23,529,983

Notes *(continued)*

14 Financial Commitments

The company has financial commitments under non-cancellable operating leases for land rentals (30 year terms expiring December 2036). The land rentals payable are variable and linked to the level of future income from electricity generation. The detailed conditions are not disclosed for reasons of commercial sensitivity.

The company has contracted capital commitments of £430,430 as at 31 December 2014 (31 Dec 13: nil) for which no provision has been made.

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 (*31 Dec 2013 : £nil*).

16 Control

The company is a wholly owned subsidiary of Scout Moor Holdings (No.2) Ltd, a company incorporated in England and Wales, and whose ultimate UK parent company is MR RENT UK Investment Ltd.

MR RENT UK Investment Ltd, a company incorporated in England and Wales, is a wholly owned subsidiary of MR RENT Investment GmbH, a company registered in Germany and belonging to the Münchner Rückversicherungsgesellschaft Group whose parent company is Münchner Rückversicherungsgesellschaft AG, incorporated in Germany.

The smallest and largest group in which the results of the Company are consolidated is that headed by Münchner Rückversicherungsgesellschaft AG. The consolidated financial statements of this group are available to the public and may be obtained from Koniginstrasse 107, 80802 Munich, Germany.