

Company Registration No. 06815807 (England and Wales)

HALL FARM WIND FARM LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



HALL FARM WIND FARM LIMITED

COMPANY INFORMATION

Directors	C J Tanner J M Linney	(Appointed 26 January 2015)
Secretary	T Hedges	
Company number	06815807	
Registered office	1 Kingsway London WC2B 6AN	
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom	
Bankers	Royal Bank of Scotland plc 280 Bishopsgate London EC2M 4RB	

HALL FARM WIND FARM LIMITED

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HALL FARM WIND FARM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year 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 principal activity of the Company is the design, build, finance and operation of a wind farm. The construction of the wind farm was completed during 2013 and the wind farm was fully commissioned in February 2013.

Directors

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

A K Harmer	(Resigned 31 January 2015)
C J Tanner	
J M Linney	(Appointed 26 January 2015)

Results and dividends

The results for the year 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 year. These provisions remain in force at the reporting date.

Financial instruments

Liquidity risk

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business. At the start of the project, the Company negotiated debt facilities with an external party to ensure that the Company has sufficient funds over the life of the project. Following the refinancing of the project on 16 March 2016 the Company's debt facilities are now all with JLEAG Wind Limited.

Interest rate risk

The Company's borrowings expose it to cash flow risk primarily due to the financial risks of changes in interest rates. The Company currently uses interest rate derivatives to manage the risk and reduce its exposure to changes in interest rates. Following the refinancing of the project on 16 March 2016, the Company's borrowings have limited exposure as all borrowings are fixed interest loans.

HALL FARM WIND FARM LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Exposure to market prices

The Company 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.

Credit risk

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

Wind / energy yield risk

The Company has engaged consultants to assess long term wind predictions and consequent energy yield for the given turbines. However, there still remains a risk that wind and energy yield may be less (or more) than modelled. The project was refinanced on 16 March 2016 via its holding company on an assumption that realistic downsides would not materially jeopardise the project. The Company will continue to monitor performance against the modelled plan.

Post reporting date events

On 16 March 2016, JLEAG Wind Limited acquired the Company from JL Hall Farm Holdings Limited and on the same day issued a loan to the Company to allow it to repay the full amount of its outstanding bank debt.

Future developments

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

Auditor


The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 Company'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 Company's auditor is aware of that information.

On behalf of the board



C J Tanner

Director



HALL FARM WIND FARM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR 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 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 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;
- 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.

HALL FARM WIND FARM LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HALL FARM WIND FARM LIMITED

We have audited the financial statements of Hall Farm Wind Farm Limited for the year ended 31 December 2015 which comprise the Statement of Total Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. 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 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 company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HALL FARM WIND FARM LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HALL FARM 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Directors' report.



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Simon Grant (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

2 September 2016

HALL FARM WIND FARM LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Turnover	3	3,995,030	3,796,619
Cost of sales		(935,709)	(934,724)
Gross profit		3,059,321	2,861,895
Administrative expenses		(1,474,485)	(1,477,427)
Operating profit	4	1,584,836	1,384,468
Interest payable and similar charges	7	(2,200,037)	(2,264,260)
Loss on ordinary activities before taxation		(615,201)	(879,792)
Taxation	8	19,055	776,904
Loss for the financial year		(596,146)	(102,888)
Other comprehensive income/(loss)			
Cash flow hedge gains/(losses) arising in the year	13	285,078	(1,367,020)
Tax relating to other comprehensive income/(loss)	15	(76,980)	273,404
Total comprehensive loss for the year		(388,048)	(1,196,504)

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


HALL FARM WIND FARM LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Tangible assets	9	27,898,782		29,138,622	
Current assets					
Debtors falling due after one year	10	782,790		256,656	
Debtors falling due within one year	10	1,443,113		1,812,228	
Cash at bank and in hand		57,937		969,911	
		<u>2,283,840</u>		<u>3,038,795</u>	
Creditors: amounts falling due within one year	12	<u>(3,117,963)</u>		<u>(3,444,729)</u>	
Net current liabilities		(834,123)		(405,934)	
Total assets less current liabilities		<u>27,064,659</u>		<u>28,732,688</u>	
Creditors: amounts falling due after more than one year	13	(27,403,023)		(28,669,421)	
Provisions for liabilities	14	(677,981)		(691,564)	
Net liabilities		<u>(1,016,345)</u>		<u>(628,297)</u>	
Capital and reserves					
Called up share capital	16	50		50	
Hedging reserve	16	(818,524)		(1,026,622)	
Profit and loss reserves	16	(197,871)		398,275	
Total equity		<u>(1,016,345)</u>		<u>(628,297)</u>	

The financial statements were approved by the board of directors and authorised for issue on 02/09/16 and are signed on its behalf by:


 C J Tanner
 Director

Company Registration No. 06815807

HALL FARM WIND FARM LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £	Hedging reserve £	Profit and loss reserves £	Total £
Balance at 31 December 2013 as previously stated		50	-	501,163	501,213
Effect of transition to FRS 102	21	-	66,994	-	66,994
Balance at 1 January 2014 as restated		50	66,994	501,163	568,207
Period ended 31 December 2014:					
Loss for the year		-	-	(102,888)	(102,888)
Other comprehensive loss:					
Cash flow hedge losses arising in the year		-	(1,367,020)	-	(1,367,020)
Tax relating to other comprehensive loss		-	273,404	-	273,404
Total comprehensive loss for the year		-	(1,093,616)	(102,888)	(1,196,504)
Balance at 31 December 2014		50	(1,026,622)	398,275	(628,297)
Period ended 31 December 2015:					
Loss for the year		-	-	(596,146)	(596,146)
Other comprehensive income:					
Cash flow hedge gains arising in the year		-	285,078	-	285,078
Tax relating to other comprehensive income		-	(76,980)	-	(76,980)
Total comprehensive loss for the year		-	208,098	(596,146)	(388,048)
Balance at 31 December 2015		50	(818,524)	(197,871)	(1,016,345)

HALL FARM WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Hall Farm Wind Farm Limited 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 certain financial instruments at fair value, and in accordance with FRS 102. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2015 are the first financial statements of Hall Farm Wind Farm Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 21.

The Company is consolidated within the group accounts of JL Hall Farm Holdings Limited. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the Cash Flow Statement and related notes.

The Company is also considered to be a qualifying entity for the disclosure exemptions relating to the requirements of Section 11 paragraphs 11.39 to 11.48A as the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the Company is consolidated.

1.2 Going concern

The Company is in a net current liability position as at 31 December 2015. The directors have reviewed the Company's forecasts and projections following the refinancing of the project via the Company's holding company, taking into account reasonable possible changes in environmental conditions, in addition to asset and counterparty performance which show that the Company 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 Company 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 measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

HALL FARM WIND FARM LIMITED

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

1 Accounting policies

(Continued)

1.4 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
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Residual value represents the estimated amount which would currently be obtained from disposal of an 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.

1.5 Impairment of fixed assets

At each reporting end date, the Company reviews the carrying amounts of its fixed 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 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.

HALL FARM WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.7 Financial assets

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.

1.8 Financial liabilities

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 Company's obligations are discharged, cancelled, or they expire.

1.9 Equity instruments

Equity instruments issued by the company 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 Company.

HALL FARM WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.10 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 Company does not hold or issue derivative financial instruments for speculative purposes.

Hedge accounting

The Company 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 Company 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 company 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.

1.11 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 year. 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

HALL FARM WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

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 when the Company has 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.

1.12 Provisions

Decommissioning

Provisions for future decommissioning costs are made in full when the Company 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 profit or loss in the period it arises.

Other

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company 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.

1.13 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.

1.14 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.

HALL FARM WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company'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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Critical judgements

The directors consider there to be no critical judgements, apart from those involving estimations which are dealt with separately below.

Hedge accounting

The directors consider the Company to have met the criteria for hedge accounting; the Company 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 Company 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.

Deferred tax asset

The directors have used their judgement, based on long term projections, in estimating whether there will be sufficient taxable profits in the future to recognise a deferred tax asset in relation to tax losses carried forward. The directors have also made estimates, based on those projections, about the expected timing or reversal of the deductible and taxable temporary differences when considering whether a deferred tax asset can be recognised. Whilst the directors have concluded that it is appropriate to recognise a deferred tax asset, the recovery of that asset is primarily dependent on a sustained and substantial increase in electricity prices.

Key sources of estimation uncertainty

Recoverability of tangible fixed assets

During the year, management reconsidered the recoverability of the tangible fixed assets included in the balance sheet of £27,898,782. 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.

HALL FARM WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

2 Critical accounting judgements and key sources of estimation uncertainty

(Continued)

Decommissioning provision

The Company has a decommissioning provision resulting from its obligation at the end of the lease 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 £677,981. Details of the provision are set out in Note 14. The directors will continue to monitor market prices for decommissioning works for indications of material changes to the assumptions underlying the decommissioning provision calculation.

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 Company 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 £998,200. The directors do not consider the impact of own credit risk to be material.

3 Turnover

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

	2015 £	2014 £
Turnover		
Power Purchase Agreement revenue	1,794,220	1,900,174
Renewable Obligation Certificates	1,997,468	1,670,488
Levy Exemption Certificates	138,671	225,957
Other income	64,671	-
	<u>3,995,030</u>	<u>3,796,619</u>

Turnover analysed by geographical market

	2015 £	2014 £
United Kingdom	<u>3,995,030</u>	<u>3,796,619</u>

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

Other income comprises Triad revenue generated during the three half-hours of peak electricity demand between the beginning of November in the previous financial year and the end of February in the current financial year. Due the nature of the income, Triad revenue is recognised in the period the income is received.

HALL FARM WIND FARM LIMITED

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

4	Operating profit	2015	2014
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Exchange gains	(1,459)	-
	Fees payable to the Company's auditors for the audit of the Company and the Company's parent company	11,134	10,376
	Depreciation of owned tangible fixed assets	1,209,730	1,224,182
	Operating lease charges	135,900	87,212
		<u> </u>	<u> </u>
5	Employees		
	The Company had no employees during the current or prior year.		
6	Directors' remuneration		
	No directors received any remuneration for services to the Company during the current or prior year. The Company is managed by independent specialist providers of the required services under a management services contract.		
7	Interest payable and similar charges	2015	2014
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	1,223,525	1,273,217
	Interest payable to group undertakings	959,673	988,281
	Other interest payable	312	-
		<u> </u>	<u> </u>
		2,183,510	2,261,498
	Other finance costs:		
	Unwinding of discount on provisions	16,527	2,762
		<u> </u>	<u> </u>
	Total finance costs	2,200,037	2,264,260
		<u> </u>	<u> </u>
8	Taxation	2015	2014
		£	£
	Deferred tax		
	Origination and reversal of timing differences	471,474	652,389
	Changes in tax rates	68,089	10,913
	Adjustment in respect of prior periods	-	(631,398)
	Tax losses carried forward	(558,618)	(808,808)
		<u> </u>	<u> </u>
	Total deferred tax	(19,055)	(776,904)
		<u> </u>	<u> </u>
	Total tax credit	(19,055)	(776,904)
		<u> </u>	<u> </u>

HALL FARM WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

8 Taxation

(Continued)

For the year ended 31 December 2015, the blended UK rate of 20.25% 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.

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

	2015 £	2014 £
Loss before taxation	(615,201)	(879,792)
Expected tax charge based on a corporation tax rate of 20.25%	(124,578)	(189,155)
Tax effect of expenses that are not deductible in determining taxable profit	37,706	33,025
Adjustments in respect of prior years	-	(631,398)
Effect of change in corporation tax rate	68,089	10,913
Other short term timing differences	(272)	(289)
Tax credit for the year	(19,055)	(776,904)

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 £	2014 £
Deferred tax arising on:		
Deferred tax on interest rate swap fair value	51,314	(273,404)
Effect of change in tax rate on opening liability	25,666	-
Total tax recognised in other comprehensive income	76,980	(273,404)

HALL FARM WIND FARM LIMITED

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

9 Tangible fixed assets

	Plant and equipment
	£
Cost	
At 1 January 2015	31,394,807
Other changes	(30,110)
At 31 December 2015	31,364,697
Depreciation and impairment	
At 1 January 2015	2,256,185
Depreciation charged in the year	1,209,730
At 31 December 2015	3,465,915
Carrying amount	
At 31 December 2015	27,898,782
At 31 December 2014	29,138,622

Following a review of the discount rate applied to the decommissioning provision at 31 December 2015, an adjustment of £30,110 has been included in Other changes within the carrying value of tangible fixed assets.

10 Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Other debtors	255,208	216,215
Prepayments and accrued income	1,187,905	1,011,954
	1,443,113	1,228,169
Deferred tax asset	-	584,059
	1,443,113	1,812,228
Amounts falling due after one year:		
Deferred tax asset	782,790	256,656
Total debtors	2,225,903	2,068,884

For details of the movement in deferred tax refer to Note 15.

HALL FARM WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

11 Loans and overdrafts

	2015 £	2014 £
Bank loans	21,193,396	21,880,963
Loans from parent undertaking	6,529,083	6,529,083
	<u>27,722,479</u>	<u>28,410,046</u>
Payable within one year	1,317,656	1,023,903
Payable after one year	<u>26,404,823</u>	<u>27,386,143</u>
Amounts included above which fall due after five years:		
Payable by instalments	14,920,919	16,433,039
Payable other than by instalments	<u>6,529,083</u>	<u>6,529,083</u>
	<u>21,450,002</u>	<u>22,962,122</u>

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

Bank loans

The Company has a term loan facility of £24,000,000, which is repayable in instalments by 31 December 2029 based on an agreed percentage amount of the total amount drawn down. Repayments commenced on 30 June 2013. Interest on the term loan is charged at a variable interest rate of LIBOR plus a margin, initially at 2.60%, stepping up to 3.40% over the period of the loan.

Subordinated debt

The Company also has a £6,529,083 unsecured subordinated debt fixed rate loan facility bearing an interest rate of 12.0% per annum. The loan is repayable on demand, however, JL Hall Farm Holdings Limited has no intention of calling this debt until such time as the Company has sufficient funds to repay this loan.

On 16 March 2016, the Company repaid both the principal loan and the subordinated loan in full as part of the sale to JLEAG Wind Limited. New loans were issued by JLEAG Wind Limited on the same day.

HALL FARM WIND FARM LIMITED

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

12 Creditors: amounts falling due within one year

	Notes	2015 £	2014 £
Loans and overdrafts	11	1,317,656	1,023,903
Trade creditors		29,562	20,582
Amount due to parent undertaking		1,570,368	2,157,695
Other creditors		48	48
Accruals and deferred income		200,329	242,501
		<u>3,117,963</u>	<u>3,444,729</u>

Amount due to parent undertaking

The amount due to parent undertaking comprises accrued interest outstanding on the subordinated debt (see Note 11). Default interest is charged on the unpaid interest balance at a rate of 3% above the coupon rate.

13 Creditors: amounts falling due after more than one year

	Notes	2015 £	2014 £
Loans and overdrafts	11	26,404,823	27,386,143
Derivative financial instruments		998,200	1,283,278
		<u>27,403,023</u>	<u>28,669,421</u>

Derivative financial instruments

In December 2011, as part of its interest rate management strategy and in accordance with the terms of its credit agreement the Company entered into an interest rate swap maturing on 31 December 2022. The maximum notional amount of the interest rate swap is £24,000,000. Under this swap the Company receives interest on a variable basis and pays interest at a fixed rate of 2.61%.

The fixed interest rate swap was entered into to mitigate the interest exposure of the Company and has a negative fair value at 31 December 2015 of £998,200

The fair value of the derivative financial instruments above comprise 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 Company'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 and prior period and 100% of the change in fair value of the interest rate swap of £285,078 (2014 – £1,367,020) was recognised in other comprehensive income in the period.

HALL FARM WIND FARM LIMITED

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

14 Provisions for liabilities	2015 £	2014 £
Decommissioning provision	677,981	691,564
Movements on provisions:		
		Decommissioning provision
		£
At 1 January 2015		691,564
Unwinding of discount		16,527
Adjustment for change in discount rate		(30,110)
At 31 December 2015		677,981

The Company's decommissioning provision results from its obligation at the end of the lease period to return the wind farm site to its original state and condition. The Company has estimated the net present value of the decommissioning provision to be £677,981 as at 31 December 2015 (2014 – £691,564) based on an undiscounted total future liability of £1,191,000 (2014 – £1,191,000). The discount factor, being the risk free rate related to the liability, was 2.59% as at 31 December 2015 (2014 – 2.39%).

15 Deferred taxation

Deferred tax assets and liabilities are offset where the 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 £	Assets 2014 £
Balances:		
Accelerated capital allowances	(1,553,000)	(1,259,901)
Tax losses	2,156,114	1,843,960
Deferred tax on interest rate swap fair value	179,676	256,656
	<u>782,790</u>	<u>840,715</u>
Movements in the year:		2015 £
(Asset) at 1 January 2015		(840,715)
Credit to profit and loss		(87,144)
Charge to other comprehensive income		51,314
Effect of change in tax rate - profit or loss		68,089
Effect of change in tax rate - other comprehensive income		25,666
(Asset) at 31 December 2015		<u>(782,790)</u>

HALL FARM WIND FARM LIMITED

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

15 Deferred taxation

(Continued)

The deferred tax asset in relation to tax losses set out above is expected to reverse after more than five years and relates to the utilisation of tax losses against future expected profits over the project life.

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.

16 Share capital and other reserves

	2015 £	2014 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of 50p each	50	50

Other Reserves

The Company'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.

17 Operating lease commitments

Lessee

The company has entered into lease agreements with land owners expiring on 23 November 2037 such that the rent payable is contingent on certain conditions relating to gross income received by the Company.

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

	2015 £	2014 £
Within one year	24,000	24,000
Between two and five years	96,000	96,000
In over five years	405,437	429,437
	<u>525,437</u>	<u>549,437</u>

18 Events after the reporting date

On 16 March 2016, JLEAG Wind Limited acquired the Company from JL Hall Farm Holdings Limited and on the same day issued a loan to the Company to allow it to repay the full amount of its outstanding bank debt.

HALL FARM WIND FARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

19 Related party transactions

No guarantees have been given or received.

As a wholly owned subsidiary of John Laing Environmental Assets Group 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 within the John Laing Environmental Assets Group Limited Group. Note 20 gives details of how to obtain a copy of the published financial statements of John Laing Environmental Assets Group Limited.

20 Controlling party

The Company's ultimate parent and controlling entity is John Laing Environmental Assets Group Limited, a company incorporated in Guernsey, Channel Islands.

Copies of the accounts of John Laing Environmental Assets Group Limited are available from the website www.jlen.com.

The Company's immediate parent company at the balance sheet date was JL Hall Farm Holdings Limited, a company incorporated in Great Britain. The smallest and largest group in which its results are consolidated is JL Hall Farm Holdings Limited. Copies of the consolidated accounts of JL Hall Farm Holdings Limited are available from Companies House. On 16 March 2016, JL Hall Farm Holdings Limited sold its shares in Hall Farm Wind Farm Limited to JLEAG Wind Limited, a company incorporated in Great Britain.

21 Reconciliations on adoption of FRS 102

Reconciliation of equity

		At 1 Jan 2014	At 31 Dec 2014
	Notes	£	£
Equity as reported under previous UK GAAP		501,213	398,325
Interest rate swap fair value	21.1	83,742	(1,283,278)
Deferred tax on interest rate swap	21.2	(16,748)	256,656
Equity reported under FRS 102		<u>568,207</u>	<u>(628,297)</u>

Reconciliation of profit or loss

	Notes	2014 £
Profit or loss as reported under previous UK GAAP		(102,888)
Interest rate swap fair value	21.1	-
Deferred tax on interest rate swap	21.2	-
Profit or loss reported under FRS 102		<u>(102,888)</u>

HALL FARM WIND FARM LIMITED

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

21 Reconciliations on adoption of FRS 102

(Continued)

Notes to reconciliations on adoption of FRS 102

This is the first year that the Company has presented its financial statements under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and therefore the prior year comparatives in these financial statements have been restated from the date of transition to FRS 102 on 1 January 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard, the most notable being the adoption of FRS 102 section 11 (Basic Financial Instruments) and section 12 (Other financial instruments) which has resulted in the recognition and additional disclosures of derivative financial instruments held by the Company as well as the deferred tax impact. Listed below are the notes to the reconciliation of equity at 1 January 2014 and 31 December 2014.

Note 21.1 - Fair value of interest rate swap

Under previous UK GAAP the fair value of the interest rate swap was disclosed in the notes to the financial statements. Under FRS 102 the Company is required to recognise the fair value of derivative financial instruments on the balance sheet. In the table above recognition of the fair value of the interest rate swap reflects an asset on the balance sheet at 1 January 2014 and a liability on the balance sheet at 31 December 2014. The Company has met the criteria for hedge accounting and therefore the fair value movement in 2014 on the interest rate swap, which is in an effective hedging relationship, is recognised through the hedging reserve.

Note 21.2 - Deferred tax

Under previous UK GAAP there was no requirement to recognise or disclose deferred tax relating to financial instruments. As stated in Note 1 the fair value of financial instruments were just disclosed in a note to the financial statements. Under FRS 102, the Company is required to recognise deferred tax on all fair value movements. Consequently, a deferred tax liability arises on recognition of the fair value of the interest rate swap on 1 January 2014 and a deferred tax asset at 31 December 2014. The deferred tax on the fair value movement in 2014 is recognised through the hedging reserve.

Company Registration No. 08718627 (England and Wales)

JL HALL FARM HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

JL HALL FARM HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J M Linney C J Tanner	(Appointed 26 January 2015)
Secretary	T Hedges	
Company number	08718627	
Registered office	1 Kingsway London WC2B 6AN	
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom	
Bankers	Royal Bank of Scotland plc 280 Bishopsgate London EC2M 4RB	

JL HALL FARM HOLDINGS LIMITED

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JL HALL FARM HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Principal activities

The Company acquired 100% of the shares in Hall Farm Wind Farm Limited on 1 November 2013 from the previous shareholders AL (Routh) Limited and Hall Farm Holdings Limited and operates principally as a holding company for Hall Farm Wind Farm Limited.

The principal activity of the Group is the design, build, finance and operation of a wind farm. The construction of the wind farm was completed during 2013 and the wind farm was fully commissioned in February 2013.

The wind farm 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 and an impairment of £2,489,912 has been recognised in the year. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the intangible asset after impairment will be recovered in full over the remainder of the project's life.

Directors

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

A K Harmer	(Resigned 31 January 2015)
J M Linney	(Appointed 26 January 2015)
C J Tanner	

Results and dividends

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

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

Qualifying third party indemnity provisions

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

Post reporting date events

On 16 March 2016, the Company sold 100% of the shares in its subsidiary to JLEAG Wind Limited, a fellow subsidiary of John Laing Environmental Assets Group (UK) Limited.

Future developments

Following the sale of the Company's subsidiary on 16 March 2016, the directors anticipate the Company to be wound up within 12 months from the date of signing the financial statements.

Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

JL HALL FARM HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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 company'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 company'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.

Going concern

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of the Company ceasing its current activities as a holding company for Hall Farm Wind Farm Limited and concluded that it is no longer appropriate. See Note 1 for further details.

On behalf of the board



C J Tanner

Director

02/09/16

JL HALL FARM HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR 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;
- 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.

JL HALL FARM HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JL HALL FARM HOLDINGS LIMITED

We have audited the financial statements of JL Hall Farm Holdings Limited for the year 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. 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

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.

JL HALL FARM HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF JL HALL FARM 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the Directors' report.



.....
Simon Grant (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

2 September 2016

JL HALL FARM HOLDINGS LIMITED

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

	Notes	2015 £	2014 £
Turnover	3	3,995,030	4,773,299
Cost of sales		(968,898)	(1,148,898)
Gross profit		3,026,132	3,624,401
Administrative expenses		(1,985,057)	(2,838,084)
Impairments	10	(2,489,912)	-
Operating (loss)/profit	4	(1,448,837)	786,317
Interest payable and similar charges	8	(2,522,732)	(3,116,403)
Loss on ordinary activities before taxation		(3,971,569)	(2,330,086)
Taxation	9	499,032	329,583
Loss for the financial year		(3,472,537)	(2,000,503)
Other comprehensive income/(loss)			
Cash flow hedges gain/(loss) arising in the year	18	285,078	(619,360)
Tax relating to other comprehensive income/(loss)	20	(76,980)	123,872
Total comprehensive loss for the year		(3,264,439)	(2,495,991)

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


JL HALL FARM HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Intangible assets	11	8,794,447		11,794,932	
Tangible assets	12	27,898,782		29,138,622	
		<u>36,693,229</u>		<u>40,933,554</u>	
Current assets					
Debtors falling due after one year	15	1,693,696		513,312	
Debtors falling due within one year	15	596,265		1,172,841	
Cash at bank and in hand		57,937		969,911	
		<u>2,347,898</u>		<u>2,656,064</u>	
Creditors: falling due within one year	17	<u>(2,747,745)</u>		<u>(2,751,816)</u>	
Net current liabilities			(399,847)		(95,752)
Total assets less current liabilities			<u>36,293,382</u>		<u>40,837,802</u>
Creditors: amounts falling due after more than one year	18		(34,361,481)		(35,627,879)
Provisions for liabilities	19		(677,981)		(691,564)
Net assets			<u>1,253,920</u>		<u>4,518,359</u>
Capital and reserves					
Called up share capital	21	7,545,484		7,545,484	
Hedging reserve		(818,524)		(1,026,622)	
Profit and loss reserves		(5,473,040)		(2,000,503)	
Total equity			<u>1,253,920</u>		<u>4,518,359</u>

The financial statements were approved by the board of directors and authorised for issue on 02/09/16 and are signed on its behalf by:



 C J Tanner
 Director


JL HALL FARM HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Investments	13		9,479,942		12,713,918
Current assets					
Debtors falling due after one year	15	6,529,083		6,529,083	
Debtors falling due within one year	15	1,570,369		2,190,884	
		8,099,452		8,719,967	
Creditors: falling due within one year	17	(1,200,150)		(1,551,113)	
Net current assets			6,899,302		7,168,854
Total assets less current liabilities			16,379,244		19,882,772
Creditors: amounts falling due after more than one year	18		(13,487,541)		(13,401,211)
Net assets			2,891,703		6,481,561
Capital and reserves					
Called up share capital	21	7,545,484		7,545,484	
Profit and loss reserves		(4,653,781)		(1,063,923)	
Total equity			2,891,703		6,481,561

The financial statements were approved by the board of directors and authorised for issue on 02/09/16 and are signed on its behalf by:


 C J Tanner
 Director

Company Registration No. 08718627

JL HALL FARM HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £	Hedging reserve £	Profit and loss reserves £	Total £
Balance at 4 October 2013 as previously stated		-	-	-	-
Balance at 4 October 2013 as restated		-	-	-	-
Period ended 31 December 2014:					
Loss for the year		-	-	(2,000,503)	(2,000,503)
Other comprehensive loss:					
Cash flow hedge losses arising in the year		-	(619,360)	-	(619,360)
Tax relating to other comprehensive income		-	123,872	-	123,872
Total comprehensive loss for the year		-	(495,488)	(2,000,503)	(2,495,991)
Issue of share capital	21	7,545,484	-	-	7,545,484
Acquisition of subsidiary		-	(531,134)	-	(531,134)
Balance at 31 December 2014		7,545,484	(1,026,622)	(2,000,503)	4,518,359
Period ended 31 December 2015:					
Loss for the year		-	-	(3,472,537)	(3,472,537)
Other comprehensive income:					
Cash flow hedge gains arising in the year		-	285,078	-	285,078
Tax relating to other comprehensive income		-	(76,980)	-	(76,980)
Total comprehensive loss for the year		-	208,098	(3,472,537)	(3,264,439)
Balance at 31 December 2015		7,545,484	(818,524)	(5,473,040)	1,253,920

JL HALL FARM HOLDINGS LIMITED

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

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 4 October 2013		-	-	-
Period ended 31 December 2014:				
Loss and total comprehensive loss for the year		-	(1,063,923)	(1,063,923)
Issue of share capital	21	7,545,484	-	7,545,484
Balance at 31 December 2014		7,545,484	(1,063,923)	6,481,561
Period ended 31 December 2015:				
Loss and total comprehensive loss for the year		-	(3,589,858)	(3,589,858)
Balance at 31 December 2015		7,545,484	(4,653,781)	2,891,703

JL HALL FARM HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Cash flows from operating activities					
Cash generated from operations	27	2,546,430		2,792,436	
Interest paid		(2,707,436)		(2,875,309)	
Net cash outflow from operating activities		(161,006)		(82,873)	
Investing activities					
Purchase of subsidiaries		-	(12,000,600)		
Net cash used in investing activities			-		(12,000,600)
Financing activities					
Proceeds from issue of shares		-	1,000		
Proceeds from borrowings		-	20,881,620		
Repayment of borrowings		-	(6,529,083)		
Proceeds of new bank loans		250,000	-		
Repayment of bank loans		(1,000,968)	(1,300,153)		
Net cash (used in)/generated from financing activities		(750,968)		13,053,384	
Net (decrease)/increase in cash and cash equivalents		(911,974)		969,911	
Cash and cash equivalents at beginning of year		969,911			-
Cash and cash equivalents at end of year		57,937		969,911	

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

JL Hall Farm 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.

These financial statements for the year ended 31 December 2015 are the first financial statements of JL Hall Farm Holdings Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 4 October 2013. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 28.

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 year was £3,589,858 (period ended 31 December 2014 - £1,063,923).

1.2 Going concern

The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of the Company ceasing its current activities as a holding company for Hall Farm Wind Farm Limited and concluded that it is no longer appropriate. Following the sale of the Company's investment in Hall Farm Wind Farm Limited on 16 March 2016 the Company is expected to be wound up in the foreseeable future and consequently the accounts have been prepared on a basis other than that of a 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.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

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	25 years
----------	----------

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 an 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 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.7 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.

1.8 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.

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.

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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

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.

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.

1.9 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.

1.10 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.

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR 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.

1.11 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 year. 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.

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.12 Provisions

Decommissioning

Provisions for future decommissioning costs are 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.

1.13 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.

1.14 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.

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR 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.

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.

Critical judgements

The directors consider there to be no critical judgements, apart from those involving estimations which are dealt with separately below.

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.

Deferred tax asset

The directors have used their judgement, based on long term projections, in estimating whether there will be sufficient taxable profits in the future to recognise a deferred tax asset in relation to tax losses carried forward. The directors have also made estimates, based on those projections, about the expected timing or reversal of the deductible and taxable temporary differences when considering whether a deferred tax asset can be recognised. Whilst the directors have concluded that it is appropriate to recognise a deferred tax asset, the recovery of that asset is primarily dependent on a sustained and substantial increase in electricity prices.

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 intangible assets

During the year, management reconsidered the recoverability of the intangible assets included in the balance sheet of £8,794,447. 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 and an impairment of £2,489,912 has been recognised in the year. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the intangible asset after impairment will be recovered in full over the remainder of the project's life. This situation will be closely monitored, and adjustments made in future periods if future market activity indicates that adjustments are appropriate.

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

Recoverability of tangible fixed assets

During the year, management reconsidered the recoverability of the tangible fixed assets included in the balance sheet of £27,898,782. 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 license 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 £677,981. Details of the provision are set out in Note 20. The directors will continue to monitor market prices for decommissioning works for indications of material changes to the assumptions underlying the decommissioning provision calculation.

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 £998,200. 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 £	2014 £
Turnover		
Power Purchase Agreement revenue	1,794,220	2,372,513
Renewable Obligation Certificates	1,997,468	2,123,030
Levy Exemption Certificates	138,671	277,756
Other income	64,671	-
	<u>3,995,030</u>	<u>4,773,299</u>

Turnover analysed by geographical market

	2015 £	2014 £
United Kingdom	<u>3,995,030</u>	<u>4,773,299</u>

JL HALL FARM HOLDINGS LIMITED

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

3 Turnover and other revenue

(Continued)

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

Other income comprises Triad revenue generated during the three half-hours of peak electricity demand between the beginning of November in the previous financial year and the end of February in the current financial year. Due the nature of the income, Triad revenue is recognised in the period the income is received.

4 Operating profit/(loss)

	2015	2014
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange gains	(1,459)	-
Depreciation of owned tangible fixed assets	1,209,730	1,448,079
Amortisation of intangible assets	510,573	595,901
Impairment of intangible assets	2,489,912	-
Operating lease charges	194,146	121,396
	<u> </u>	<u> </u>

5 Auditors' remuneration

	2015	2014
	£	£
Fees payable to the Company's auditor and its associates:		
For audit services		
Audit of the financial statements of the Group and Company	4,821	-
Audit of the Company's subsidiaries	6,313	10,376
	<u> </u>	<u> </u>
	11,134	10,376
	<u> </u>	<u> </u>

6 Employees

The Group had no employees during the current year or prior period.

7 Directors' remuneration

No directors received any remuneration for services to the Company during the current or prior year. The Company is managed by independent specialist providers of the required services under a management services contract.

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

8 Interest payable and similar charges

	2015 £	2014 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1,223,525	1,494,639
Interest payable to group undertakings	1,282,368	1,616,334
Other interest payable	312	-
Total interest expense	2,506,205	3,110,973
Other finance costs:		
Unwinding of discount on provisions	16,527	5,430
Total finance costs	2,522,732	3,116,403

9 Taxation

	2015 £	2014 £
Deferred tax		
Origination and reversal of timing differences	471,474	796,815
Changes in tax rates	76,096	29,663
Adjustment in respect of prior periods	(415,918)	-
Tax losses carried forward	(630,684)	(1,156,061)
Total deferred tax	(499,032)	(329,583)
Total tax charge	(499,032)	(329,583)

For the year ended 31 December 2015, the blended UK rate of 20.25% 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.

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

9 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 (loss)/profit before tax is as follows:

	2015 £	2014 £
Loss before taxation	(3,971,569)	(2,330,086)
Expected tax charge based on a corporation tax rate of 20.25%	(804,243)	(507,959)
Tax effect of expenses that are not deductible in determining taxable profit	645,033	172,949
Tax effect of utilisation of tax losses not previously recognised	-	(256,171)
Unutilised tax losses carried forward	-	231,935
Adjustments in respect of prior years	(415,918)	-
Effect of change in corporation tax rate	76,096	29,663
Tax expense for the year	(499,032)	(329,583)

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 £	2014 £
Deferred tax arising on:		
Deferred tax on interest rate swap fair value	51,314	(123,872)
Effect of change in tax rate on opening liability	25,666	-
Total tax recognised in other comprehensive income	76,980	(123,872)

10 Impairments

During the year, management reconsidered the recoverability of the intangible assets included in the balance sheet of £8,794,447. 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 and an impairment of £2,489,912 has been recognised in the year. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the intangible asset after impairment will be recovered in full over the remainder of the project's life.

	2015 £	2014 £
In respect of:		
Intangible assets	2,489,912	-

JL HALL FARM HOLDINGS LIMITED

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

11 Intangible fixed assets

Group	Licences £
Cost	
At 1 January 2015 and 31 December 2015	12,390,833
Amortisation and impairment	
At 1 January 2015	595,901
Amortisation charged for the year	510,573
Impairment losses	2,489,912
At 31 December 2015	3,596,386
Carrying amount	
At 31 December 2015	8,794,447
At 31 December 2014	11,794,932

More information on the impairment arising in the year is given in note 10.

12 Tangible fixed assets

Group	Plant and equipment £
Cost	
At 1 January 2015	31,394,807
Other changes	(30,110)
At 31 December 2015	31,364,697
Depreciation and impairment	
At 1 January 2015	2,256,185
Depreciation charged in the year	1,209,730
At 31 December 2015	3,465,915
Carrying amount	
At 31 December 2015	27,898,782
At 31 December 2014	29,138,622

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

12 Tangible fixed assets

(Continued)

Following a review of the discount rate applied to the decommissioning provision at 31 December 2015, an adjustment of £30,110 has been included in Other changes within the carrying value of tangible fixed assets.

13 Fixed asset investments

	Notes	Company 2015 £	2014 £
Investments in subsidiaries	26	9,479,942	12,713,918
		<u>9,479,942</u>	<u>12,713,918</u>

Movements in fixed asset investments

Company	Shares £
Cost or valuation	
At 1 January 2015	12,713,918
At 31 December 2015	<u>12,713,918</u>
Impairment	
At 1 January 2015	-
Impairment losses	2,489,912
At 31 December 2015	<u>2,489,912</u>
Carrying amount	
At 31 December 2015	<u>10,224,006</u>
At 31 December 2014	<u>12,713,918</u>

14 Financial instruments

	Group 2015 £	2014 £	Company 2015 £	2014 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,310,024	1,060,625	1,310,024	1,060,625
Equity instruments measured at cost less impairment	-	-	9,479,942	12,713,918
	<u>1,310,024</u>	<u>1,060,625</u>	<u>10,789,966</u>	<u>13,774,543</u>

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

14 Financial instruments

(Continued)

Carrying amount of financial liabilities

Measured at amortised cost	36,069,986	37,096,417	14,687,691	14,952,324
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Amounts relating to cash flow hedges
reclassified from equity to profit or loss in the
period

-	-	-	-
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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.

Hedging arrangements

In December 2011, 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 31 December 2022. Under the swap, the Group receives interest on a variable basis and pays interest at a fixed rate of 2.61%.

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 and prior period and 100% of the change in fair value of the interest rate swap of £285,078 (2014 – £619,360) was recognised in other comprehensive income in the period.

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

15 Debtors

	Group 2015 £	2014 £	Company 2015 £	2014 £
Amounts falling due within one year:				
Amounts due from subsidiary undertakings	-	-	1,570,369	2,157,696
Other debtors	255,208	216,215	-	-
Prepayments and accrued income	1,187,905	1,045,142	-	33,188
	<u>1,443,113</u>	<u>1,261,357</u>	<u>1,570,369</u>	<u>2,190,884</u>
Deferred tax asset (note 20)	-	168,140	-	-
	<u>1,443,113</u>	<u>1,429,497</u>	<u>1,570,369</u>	<u>2,190,884</u>
Amounts falling due after one year:				
Amounts due from subsidiary undertakings	-	-	6,529,083	6,529,083
Deferred tax asset (note 20)	846,848	256,656	-	-
	<u>846,848</u>	<u>256,656</u>	<u>6,529,083</u>	<u>6,529,083</u>
Total debtors	<u>2,289,961</u>	<u>1,686,153</u>	<u>8,099,452</u>	<u>8,719,967</u>

For details of the movement in deferred tax refer to Note 20.

16 Loans and overdrafts

	Group 2015 £	2014 £	Company 2015 £	2014 £
Bank loans	21,193,396	21,880,963	-	-
Loans from parent undertaking	13,487,541	13,487,541	13,487,541	13,487,541
	<u>34,680,937</u>	<u>35,368,504</u>	<u>13,487,541</u>	<u>13,487,541</u>
Payable within one year	1,317,656	1,023,903	-	86,330
Payable after one year	33,363,281	34,344,601	13,487,541	13,401,211
	<u>34,680,937</u>	<u>35,368,504</u>	<u>13,487,541</u>	<u>13,487,541</u>
Amounts included above which fall due after five years:				
Payable by instalments	14,920,919	-	-	-
Payable other than by instalments	13,487,541	17,797,386	13,487,541	13,487,541
	<u>28,408,460</u>	<u>17,797,386</u>	<u>13,487,541</u>	<u>13,487,541</u>

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

16 Loans and overdrafts

(Continued)

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 £24,000,000, which is repayable in instalments by 31 December 2029 based on an agreed percentage amount of the total amount drawn down. Repayments commenced on 30 June 2013. Interest on the term loan is charged at a variable interest rate of LIBOR plus a margin, initially at 2.60%, stepping up to 3.40% over the period of the loan.

Subordinated debt

In 2014 the Group entered into two unsecured subordinated debt fixed rate loans. The first of these loans is for the amount of £13,312,916 bearing an interest rate of 5% per annum due on 31 May 2037. Default interest is charged on the unpaid interest balance at a rate of 3% above the coupon rate. As part of the sale of the Group to John Laing Environmental Assets Group (UK) Limited in 2014, the Group converted £7,395,079 of these loan notes, together with accrued interest of £149,405, to share capital.

The second unsecured subordinated debt fixed rate loan is for the amount of £7,569,704 bearing an interest rate of 12.0% per annum. The loan is repayable on demand however John Laing Environmental Asset Group (UK) Limited have no intention of calling this loan until such time as the Group has sufficient funds to repay the loan.

On 16 March 2016, the Group repaid both the principal loan and the subordinated loan in full as part of the sale to JLEAG Wind Limited.

17 Creditors: falling due within one year

		Group 2015	2014	Company 2015	2014
	Notes	£	£	£	£
Loans and overdrafts	16	1,317,656	1,023,903	-	86,330
Trade creditors		29,562	20,582	-	-
Amount due to parent undertaking		1,200,150	1,464,783	1,200,150	1,464,783
Other creditors		48	47	-	-
Accruals and deferred income		200,329	242,501	-	-
		<u>2,747,745</u>	<u>2,751,816</u>	<u>1,200,150</u>	<u>1,551,113</u>

Amount due to parent undertaking

The amount due to parent undertaking comprises accrued interest outstanding on the subordinated debt (see Note 16). Default interest is charged on the unpaid interest balance at a rate of 2% above the coupon rate.

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

18 Creditors: amounts falling due after more than one year

		Group 2015 £	2014 £	Company 2015 £	2014 £
	Notes				
Loans and overdrafts	16	33,363,281	34,344,601	13,487,541	13,401,211
Derivative financial instruments		998,200	1,283,278	-	-
		<u>34,361,481</u>	<u>35,627,879</u>	<u>13,487,541</u>	<u>13,401,211</u>

Derivative financial instruments

In December 2011, as part of its interest rate management strategy and in accordance with the terms of its credit agreement the Group entered into an interest rate swap maturing on 31 December 2022. The maximum notional amount of the interest rate swap is £24,000,000. Under this swap the Group receives interest on a variable basis and pays interest at a fixed rate of 2.61%.

The fixed interest rate swap was entered into to mitigate the interest exposure of the Group and has a negative fair value at 31 December 2015 of £998,200

The fair value of the derivative financial instrument above comprise the fair value 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 the fair value of the interest rate swap of £285,078 (2014 - £1,367,020) was recognised in other comprehensive income in the period.

19 Provisions for liabilities

	Group 2015 £	2014 £	Company 2015 £	2014 £
Decommissioning provision	<u>677,981</u>	<u>691,564</u>	<u>-</u>	<u>-</u>

JL HALL FARM HOLDINGS LIMITED

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

19 Provisions for liabilities

(Continued)

Movements on provisions:

	Decommissioning provision
Group	£
At 1 January 2015	691,564
Unwinding of discount	16,527
Adjustment for change in discount rate	(30,110)
At 31 December 2015	677,981

The Group's decommissioning provision results from its obligation at the end of the lease 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 £677,981 as at 31 December 2015 (2014 – £691,564) based on an undiscounted total future liability of £1,191,000 (2014 – £1,191,000). The discount factor, being the risk free rate related to the liability, was 2.59% as at 31 December 2015 (2014 – 2.39%).

20 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 £	Assets 2014 £
Group		
Accelerated capital allowances	(1,553,000)	(1,259,901)
Tax losses	2,220,172	1,428,041
Deferred tax on interest rate swap fair value	179,676	256,656
	846,848	424,796
	Group 2015 £	Company 2015 £
Movements in the year:		
(Asset) at 1 January 2015	(424,796)	-
Charge to profit or loss	(575,128)	-
Charge to other comprehensive income	51,314	-
Effect of change in tax rate - profit or loss	76,096	-
Effect of change in tax rate - other comprehensive income	25,666	-
(Asset) at 31 December 2015	(846,848)	-

JL HALL FARM HOLDINGS LIMITED

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

20 Deferred taxation

(Continued)

The deferred tax asset in relation to tax losses set out above is expected to reverse after more than five years and relates to the utilisation of tax losses against future expected profits over the project life.

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.

21 Share capital and other reserves

	Group and company	
	2015	2014
	£	£
Ordinary share capital Issued and fully paid 7,545,484 of £1 each	7,545,484	7,545,484

22 Operating lease commitments

Lessee

The Group has entered into lease agreements with land owners expiring on 23 November 2037 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		Company	
	2015	2014	2015	2014
	£	£	£	£
Within one year	24,000	24,000	-	-
Between two and five years	96,000	96,000	-	-
In over five years	405,537	429,437	-	-
	<u>525,537</u>	<u>549,437</u>	<u>-</u>	<u>-</u>

23 Events after the reporting date

On 16 March 2016, the Company sold 100% of the shares in its subsidiary to JLEAG Wind Limited, a fellow subsidiary of John Laing Environmental Assets Group (UK) Limited.

24 Related party transactions

No guarantees have been given or received.

As a wholly owned subsidiary of John Laing Environmental Assets Group 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 within the John Laing Environmental Assets Group Limited group. A copy of the published financial statements of John Laing Environmental Assets Group Limited can be obtained from the website www.jlen.com.

JL HALL FARM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

25 Controlling party

The Company's ultimate parent and controlling entity is John Laing Environmental Assets Group Limited, a company incorporated in Guernsey, Channel Islands.

26 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
Hall Farm Wind Farm Limited	United Kingdom	Ordinary shares	100.00

27 Cash generated from operations

	2015 £	2014 £
Loss for the year	(3,472,537)	(2,000,503)
Adjustments for:		
Income tax expense recognised in profit or loss	(499,032)	(329,583)
Finance costs recognised in profit or loss	2,522,732	3,116,403
Amortisation and impairment of intangible assets	3,000,485	595,901
Depreciation and impairment of tangible fixed assets	1,209,730	1,448,079
Movements in working capital:		
(Increase)/decrease in debtors	(181,756)	196,148
(Decrease) in creditors	(33,192)	(234,009)
Cash generated from operations	2,546,430	2,792,436

28 Reconciliations on adoption of FRS 102

Reconciliation of equity

	Notes	Incorporation £	31 December 2014 £
Equity as reported under previous UK GAAP		-	5,544,981
Adjustments arising from transition to FRS 102:			
Interest rate swap fair value	27.1	-	(1,283,278)
Deferred tax on interest rate swap	27.2	-	256,656
Equity reported under FRS 102		-	4,518,359

JL HALL FARM HOLDINGS LIMITED

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

28 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of profit or loss

	2014
	£
Profit or loss as reported under previous UK GAAP	(2,000,503)
Adjustments arising from transition to FRS 102:	
Interest rate swap fair value	27.1 -
Deferred tax on interest rate swap	27.2 -
Profit or loss reported under FRS 102	(2,000,503)

Notes to reconciliations on adoption of FRS 102

This is the first year that the Group has presented its financial statements under FRS 102. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and therefore prior year comparatives in these financial statements have been restated from the date of transition to FRS102 on 1 January 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard, the most notable being the adoption of FRS 102 section 11 (Basic Financial Instruments) and section 12 (Other financial instruments) which has resulted in the recognition and additional disclosures of derivative financial instruments held by the Group as well as the deferred tax impact. Listed below are the notes to the reconciliation of equity at 1 January 2014 and 31 December 2014.

Note 27.1 - Fair value of interest rate swap

Under previous UK GAAP the fair value of the interest rate swap was disclosed in the notes to the financial statements. Under FRS 102 the Group is required to recognise the fair value of derivative financial instruments on the balance sheet. In the table above recognition of the fair value of the interest rate swap reflects a liability on the balance sheet at 31 December 2014. At 4 October 2013 the Group had no derivative financial instruments. The Group has met the criteria for hedge accounting and therefore the fair value movement in period ending 31 December 2014 on the interest rate swap, which is in an effective hedging relationship, is recognised through the hedging reserve.

Note 27.2 - Deferred tax

Under previous UK GAAP there was no requirement to recognise or disclose deferred tax relating to financial instruments. As stated in Note 1 the fair value of financial instruments were just disclosed in a note to the financial statements. Under FRS 102, the Group is required to recognise deferred tax on all fair value movements. Consequently, a deferred tax asset arose on recognition of the fair value of the interest rate swap following the acquisition of Hall Farm Wind Farm Limited on 1 November 2013 and at 31 December 2014. The deferred tax on the fair value movement in period ending 31 December 2014 is recognised through the hedging reserve.

Consolidated statement of Cash Flows

There were presentational changes to the Consolidated Statement of Cash Flows which is now presented under three categories - cash flows from operating, investing and financing activities.