

HALL FARM WIND FARM LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2014**

Registered Number 06815807

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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DIRECTORS AND ADVISORS

Directors

A K Harmer (resigned 31 January 2015)
C J Tanner (appointed 31 March 2014)
J M Linney (appointed 26 January 2015)
R McArthur (resigned 31 March 2014)

Company secretary and registered office

M Lewis
1 Kingsway
London
WC2B 6AN

Auditor

Deloitte LLP
Chartered Accountants & Statutory Auditor
London

Principal bankers

Royal Bank of Scotland plc
280 Bishopsgate
London
EC2M 4RB

DIRECTORS' REPORT

The Directors submit their Annual Report and the audited financial statements for the year ended 31 December 2014.

The Director's report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption. No strategic report has been prepared in accordance with the provision applicable to companies entitled to the small companies exemption.

Hall Farm Wind Farm Limited is a wholly owned subsidiary of JL Hall Farm Holdings Limited, which in turn is a wholly owned subsidiary of John Laing Environmental Asset Group (UK) Limited. John Laing Environmental Asset Group (UK) Limited acquired 100% of the shares in JL Hall Farm Holdings Limited, the parent company, from its previous shareholders, John Laing Investments Limited, on 31 March 2014.

BUSINESS REVIEW AND 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.

There have not been any significant changes in the Company's principal activities in the period under review.

The Company is in a net current liability position as at 31 December 2014. The Directors have reviewed the Company's forecasts and projections, taking into account reasonable possible changes in environmental conditions, in addition to wind turbine and counterparty performance which shows that the Company can continue to meet its debts as they fall due. More information is provided in note 1 to the financial statements.

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.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a number of financial risks including credit risk and cash flow risk.

Cash flow risk: The Company's borrowings expose it to cash flow risk primarily due to the financial risks of changes in interest rates. The Company uses interest rate swap contracts to mitigate these exposures.

Credit risk: The Company's principal financial assets are cash 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.

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. We continue to monitor the market.

Wind / energy yield risk – the Company has, in preparing the project, engaged consultants to assess long term wind predictions and consequent energy yield for the given turbines. It is recognised that while best practice methodologies were used to the Bank's satisfaction, there still remains a risk that wind and energy yield may be less (or more) than modelled. The project was financed on an assumption that realistic downsides would not materially jeopardise the project. The Company will continue to monitor performance against the modelled plan.

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

DIRECTORS

The Directors who served throughout the period, except as noted, are shown on page 1.

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year and remain in force at the date of this report.

EMPLOYEES

Details of the number of employees and related costs can be found in note 5 to the financial statements on page 9.

AUDITOR

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

On behalf of the Board



C J Tanner
Director

02 July 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and 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 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 2014 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.

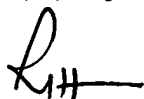
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Company was not entitled to take advantage of the small companies exemption from preparing the Strategic Report or in preparing the Directors' Report.



Ross Howard (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
02 July 2015

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014	Period from 1 April 2013 to 31 December 2013
		£	£
Turnover	2	3,796,619	3,247,530
Cost of sales		<u>(934,724)</u>	<u>(527,891)</u>
Gross profit		2,861,895	2,719,639
Administrative expenses		<u>(1,477,428)</u>	<u>(1,123,841)</u>
Operating profit	3	1,384,467	1,595,798
Profit on ordinary activities before interest		1,384,467	1,595,798
Net interest payable		<u>(2,264,259)</u>	<u>(1,112,065)</u>
(Loss) / profit on ordinary activities before taxation		(879,792)	483,733
Tax on (loss) / profit on ordinary activities	7	776,904	(141,309)
(Loss) / profit for the year / period	16	<u>(102,888)</u>	<u>342,424</u>

A reconciliation of movements in shareholders' funds is given in note 17.

All items in the profit and loss account relate to continuing operations.

There is no material difference between the results stated in the profit and loss account and their historical cost equivalents.

All gains and losses are recognised in the profit and loss account in the current year and preceding period, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 7-13 form part of these financial statements.

HALL FARM WIND FARM LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014	2013
		£	£
Fixed assets			
Tangible fixed assets	8	29,138,622	29,928,060
Current assets			
Debtors - due within one year	9	1,812,229	2,201,787
Cash at bank and in hand		<u>969,911</u>	<u>302,932</u>
		2,782,140	2,504,719
Current liabilities			
Creditors: amounts falling due within one year	10	(3,444,730)	(3,216,403)
Net current liabilities		<u>(662,590)</u>	<u>(711,684)</u>
Total assets less current liabilities		28,476,032	29,216,376
Creditors: amounts falling due after more than one year	10	(27,386,143)	(28,443,760)
Provisions for liabilities	12	(691,564)	(271,403)
Net assets		<u>398,325</u>	<u>501,213</u>
Capital and reserves			
Called up share capital	15	50	50
Profit and loss account	16	398,275	501,163
Shareholder's funds	17	<u>398,325</u>	<u>501,213</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements of Hall Farm Wind Farm Limited, registered number 06815807, were approved by the Board of Directors and authorised for issue on 02 July 2015. They were signed on its behalf by:



C J Tanner
Director
02 July 2015

The notes on pages 7-13 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2014

1 ACCOUNTING POLICIES

a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. A summary of the principal accounting policies adopted by the Directors, which have been applied consistently throughout the current year and preceding period, is shown below.

The Company is a wholly owned subsidiary undertaking of JL Hall Farm Holdings Limited and as such is exempt under FRS1 (revised 1996) from the requirement to prepare its own cash flow statement.

The current economic conditions create some uncertainty with respect to:

- (a) the ability of key sub-contractors to continue to meet contractual commitments;
- (b) the ability of the debt provider to continue to meet its contractual commitments; and
- (c) the ability of the SWAP provider to continue to meet their commitments.

The Directors have also considered the ability of the customer to continue to pay amounts due to the Company under the Power Purchase Agreement and do not consider this to be a material risk.

The Company's forecasts and projections, taking account of reasonably possible changes in environmental conditions, wind turbines and counterparty performance, show that the Company expects to be able to continue to operate.

After making these enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

b) Turnover

Turnover is derived from the sale of electricity and the sale of renewable energy certificates as the energy is generated based on amounts agreed with third parties. All amounts are stated net of VAT.

c) Taxation

Current tax, including United Kingdom Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with FRS19 'Deferred Tax', deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are not discounted.

d) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and machinery 25 years

e) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

f) Finance costs

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are complete. Finance costs which are not settled in the period in which they arise.

g) Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

h) Cash

Cash comprise cash at bank and in hand and short term deposits with original maturity of less than three months.

i) Financial Instruments

The Company uses financial instruments to reduce exposure to interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Notes to the financial statements for the year ended 31 December 2014

ACCOUNTING POLICIES (CONTINUED)

j) Debt issue costs

Costs incurred following the issue of debt are held on the balance sheet and charged to the profit and loss account over the period that the relevant debt is held.

k) Decommissioning costs

The Company is liable for decommissioning costs at the end of the licence period to return the wind farm site to its original state and condition. The key assumptions for the value in use calculations are those regarding the discount rates, inflation rates and expected costs. There is uncertainty at the present time about the exact timing and quantum of these costs. A provision for decommissioning has been recognised based on the Directors' best estimate of the decommissioning obligation. The estimated future cash outflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. Changes to the estimated costs for decommissioning have been adjusted against the fixed asset.

l) Foreign currency

Transactions in foreign currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to pounds sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in income.

Notes to the financial statements for the year ended 31 December 2014 (continued)

2 TURNOVER

	2014	Period from 1 April 2013 to 31 December 2013
	£	£
Turnover in the year / period is analysed as follows:		
Power Purchase Agreement revenue	1,900,174	1,604,872
Renewable Obligation Certificates	1,670,488	1,471,843
Levy Exemption Certificates	225,957	170,815
	3,796,619	3,247,530

3 OPERATING PROFIT

	2014	Period from 1 April 2013 to 31 December 2013
	£	£
Operating profit is stated after charging:		
Fees payable to the Company's auditors for the audit of the Company and the Company's parent company	10,376	3,565
Net profit on foreign currency translation	-	10,782
Payments under operating lease	87,212	-
Depreciation (note 8)	1,224,183	928,802

There were no fees for non-audit services in the current year or preceding period.

4 DIRECTORS' REMUNERATION

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

5 STAFF NUMBERS

The Company had no employees during the year (period ending 31 December 2013 - nil).

6 NET INTEREST PAYABLE

	2014	Period from 1 April 2013 to 31 December 2013
	£	£
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	(1,207,060)	(539,886)
Interest payable to parent undertaking	(988,281)	(66,543)
Interest payable to previous shareholders	-	(459,361)
Amortised debt issue costs	(66,156)	(43,607)
Discount unwind on provision	(2,762)	(2,668)
Net interest payable	(2,264,259)	(1,112,065)

7 TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

	2014	Period from 1 April 2013 to 31 December 2013
	£	£
<u>Analysis of charge for the year / period</u>		
Deferred tax:		
Capital allowances	(652,409)	(584,565)
Losses	808,828	422,060
Rate change	(10,913)	21,196
Adjustments in respect of previous periods	631,398	-
Total deferred tax (note 13)	776,904	(141,309)
Total tax charge / (credit) on (loss) / profit on ordinary activities	776,904	(141,309)

Notes to the financial statements for the year ended 31 December 2014 (continued)

7 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting the tax charge / (credit) for the current year and preceding period

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss) / profit before tax are as follows:

	2014 £	Period from 1 April 2013 to 31 December 2013 £
(Loss) / profit for the year / period	<u>(879,792)</u>	<u>483,733</u>
Profit on ordinary activities multiplied by the blended rate of corporation tax in the UK of 21.5% (period ending 31 December 2013 - 23.0%)	189,155	(111,259)
Effects of:		
Expenses not deductible for tax purposes	(32,736)	(51,246)
Origination and reversal of timing differences	652,409	162,505
Tax losses recognised for deferred tax purposes	<u>(808,828)</u>	<u>-</u>
Total current tax for the year / period	<u>-</u>	<u>-</u>

For the year ended 31 December 2014, the blended UK rate of 21.5% is applied due to the change in the UK corporation tax rate from 23% to 21% with effect from 1 April 2014.

In the 2013 Budget (delivered on 20 March 2013), it was announced that the main rate of corporation tax for UK companies would reduce to 21% from 1 April 2014, and then reduce further to 20% from 1 April 2015. These future reductions in the main rate of corporation tax to 21% and then to 20% were substantively enacted for financial reporting purposes on 2 July 2013. The reduced rate of 20% has therefore been reflected in the calculation of deferred tax at the balance sheet date.

8 TANGIBLE FIXED ASSETS

	Plant and Equipment
Cost	
At 1 January 2014	30,960,062
Additions	610,245
Reversal of over accrual	(175,500)
At 31 December 2014	<u>31,394,807</u>
Accumulated Depreciation	
At 1 January 2014	(1,032,002)
Charge for the period	(1,224,183)
At 31 December 2014	<u>(2,256,185)</u>
Net book value	
At 31 December 2014	<u>29,138,622</u>
At 31 December 2013	<u>29,928,060</u>

Following a review of the decommissioning provision in 2014, the directors have re-assessed the estimated costs anticipated on decommissioning with the adjustment of £610,245 included in additions within the carrying value of tangible fixed assets. The reversal of the over accrual for £175,500 is in relation to operations and maintenance costs which were incorrectly included in the fixed asset balance.

9 DEBTORS

	2014 £	2013 £
Due within one year:		
Trade debtors	-	649,428
Prepayments and accrued income	1,191,955	1,531,335
Other taxation and social security	36,215	21,024
Deferred tax asset (note 13)	<u>584,059</u>	<u>-</u>
	<u>1,812,229</u>	<u>2,201,787</u>

Notes to the financial statements for the year ended 31 December 2014 (continued)

10 CREDITORS

	2014 £	2013 £
Amounts falling due within one year		
Bank loan and overdraft (note 11)	1,000,968	1,641,502
Less: unamortised debt issue costs	(63,395)	(58,307)
Amounts owed to parent undertaking (note 11)	2,244,025	1,127,848
Trade creditors	20,582	129,133
Other creditors	48	-
Accruals and deferred income	242,502	376,227
	3,444,730	3,216,403
Amounts falling due after more than one year		
Bank loan and overdraft (note 11)	21,348,959	22,349,923
Less: unamortised debt issue costs	(405,569)	(476,813)
Amounts owed to parent undertaking (note 11)	6,442,753	6,570,650
	27,386,143	28,443,760
	2014 £	2013 £
Analysis of debt:		
Debt can be analysed as falling due:		
In one year or less	3,244,993	2,769,350
Between one and two years	2,115,222	2,179,946
Between two and five years	5,362,981	4,969,795
In five years or more	20,313,509	21,770,832
	31,036,705	31,689,923
Less: unamortised debt issue costs	(468,964)	(535,120)
	30,567,741	31,154,803

11 LOANS

Bank loans

The Company has a term loan facility of £24,000,000, of which £22,349,927 was drawn and outstanding at 31 December 2014 (2013: £23,282,447). The term loan 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.

In December 2011, as part of its interest rate management and in accordance with the terms of its credit agreement, the Company entered into an interest rate swap maturing on 31 December 2022. The notional amount of the interest rate swap as at 31 December 2014 was £21,788,336 (31 December 2013 - £22,742,191). Under the swap, the company receives interest on a variable basis and pays interest at a fixed rate of 2.61% (2013: 2.61%).

The fixed interest rate swap, which was entered into to mitigate the interest exposure of the Company, had a negative fair value at 31 December 2014 of £1,283,278 (31 December 2013 - positive fair value of £83,742).

There is a charge in the form of a Decommissioning Bond dated 1 October 2012 over tenant covenants in a lease of premises at The Routh Estate, Beverley, against any loss expenses and costs and damages that may incur from a breach in the lease.

Overdraft

The Company had an overdraft balance at 31 December 2014 of £nil (31 December 2013 - £708,978). Interest is charged on the overdraft at 5% above the Bank of England base rate.

Subordinated debt

The Company also has a £6,529,083 unsecured subordinated debt fixed rate loan bearing an interest rate of 12.0% per annum in issue and currently outstanding at 31 December 2014 (31 December 2013 - £6,529,083). 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. Accrued interest outstanding on the subordinated debt at 31 December 2014 was £2,157,695 (31 December 2013 - £1,169,415). Default interest is charged on the unpaid interest balance at a rate of 3% above the coupon rate.

Notes to the financial statements for the year ended 31 December 2014 (continued)

12 Provisions

	2014	2013
	£	£
Provisions consist of:		
Decommissioning provision	691,564	78,558
Deferred tax (note 13)	-	192,845
	<u>691,564</u>	<u>271,403</u>
		Decommissioning provision
		£
Balance at 1 January 2014		78,558
Change in estimate (note 8)		610,244
Discount unwind on provision		2,762
Balance at 31 December 2014		<u>691,564</u>

The Company's decommissioning provision results from its obligation at the end of the licence period to return the wind farm site to its original state and condition. The Company has estimated the net present value of the decommissioning provision to be £691,564 as at 31 December 2014 (31 December 2013 – £78,558) based on an undiscounted total future liability of £1,191,000. The discount factor, being the risk free rate related to the liability, was 2.39% as at 31 December 2014.

13 Deferred Tax

	Deferred tax
	£
Balance at 1 January 2014	(192,845)
Charge for the period	776,904
Balance at 31 December 2014	<u>584,059</u>

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

	2014	2013
	£	£
Prior year adjustment	631,398	-
Excess of taxation allowances over depreciation on fixed assets	(652,409)	584,565
Tax losses available	808,828	(422,060)
Change in tax rate	(10,913)	(21,196)
	<u>776,904</u>	<u>141,309</u>

14 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

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 balance sheet date, the Company had annual commitments in respect of land for minimum lease payments under non-cancellable operating leases, which expire in:

	2014	2013
	£	£
More than 5 years	<u>24,000</u>	<u>24,000</u>

15 CALLED UP SHARE CAPITAL

	2014	2013
	£	£
Allotted, called up and fully paid:		
100 Ordinary shares of £0.50 each	<u>50</u>	<u>50</u>

On 2 August 2013, 98 new ordinary £0.50 shares were issued for cash.

16 MOVEMENT IN RESERVES

	Profit and loss account
	£
Balance at 1 January 2014	501,163
Loss for the period	(102,888)
At 31 December 2014	<u>398,275</u>

Notes to the financial statements for the year ended 31 December 2014 (continued)

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2014	2013
	£	£
(Loss) / profit for the year / period	(102,888)	342,424
New shares issued	-	49
Net addition to shareholder's funds	<u>(102,888)</u>	<u>342,473</u>
Opening shareholder's funds	501,213	158,740
Closing shareholder's funds	<u>398,325</u>	<u>501,213</u>

18 TRANSACTIONS WITH RELATED PARTIES

As a wholly owned subsidiary of JL Hall Farm Holdings Limited, the Company has taken advantage of the exemption under Financial Reporting Standard 8 not to provide information on related party transactions with other undertakings within the JL Hall Farm Holdings Group. Note 19 gives details of how to obtain a copy of the published financial statements of JL Hall Farm Holdings Limited.

19 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent company is 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.

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