

Registration number: 08193114

Black Hill Wind Farm Holdco Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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Black Hill Wind Farm Holdco Limited

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Black Hill Wind Farm Holdco Limited

Company Information

Directors	Mr B Acutt Mr J Cavill
Company secretary	Mr Dominic Hearth
Registered office	Beaufort Court Egg Farm Lane Kings Langley Hertfordshire WD4 8LR
Bankers	HSBC 8 Canada Square London E14 5HQ
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Edinburgh

Black Hill Wind Farm Holdco Limited

Strategic Report for the Year Ended 31 December 2016

The Directors present their strategic report for the year ended 31 December 2016.

Principal activity

The principal activity of the company is that of a holding company and for financing the subsidiary. The principal activity for the group is the generation and sale of wind generated electricity. The Directors do not anticipate any changes to the business activities in the forthcoming year.

Fair review of the business

The company made a profit/(loss) for the year ended 31 December 2016 of £2,499,000 (2015 £(2,620,617)).

Dividends

No interim dividends were paid during the year (2015: £nil). The directors do not recommend the payment of a final dividend (2015: £nil).

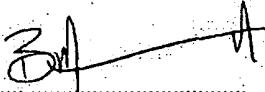
Principal risks and uncertainties

The principal risks and uncertainties of the subsidiary relate to the level of wind arising at the site during the year and the variability of market prices.

Financial risk management

Details regarding management's approach to financial risk management can be found in note 2.

Approved by the Board on 26 May 2017 and signed on its behalf by:



Mr B Acutt
Director

Black Hill Wind Farm Holdco Limited

Directors' Report for the Year Ended 31 December 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

Directors of the Company

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

Mr B Acutt (appointed 6 May 2016)

BIIF Corporate Services Limited (resigned 20 September 2016)

Mr T Haga (resigned 6 May 2016)

Mr J Cavill (appointed 20 September 2016)

Directors' indemnities

The Company has made no qualifying third party indemnity provisions for the benefit of its directors.

Company Secretary

Mr Dominic Hearth served as the company secretary throughout the current and prior year.

Going concern

The financial position of the Company is set out in the Balance Sheet, and the accompanying notes to the financial statements.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the notes to the financial statements.

Disclosure of information to the auditors

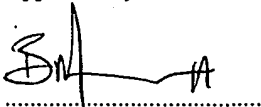
Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

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

Reappointment of auditors

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board on 26 May 2017 and signed on its behalf by:



Mr B Acutt
Director

Black Hill Wind Farm Holdco Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Black Hill Wind Farm Holdco Limited

Independent Auditor's Report to the Members of Black Hill Wind Farm Holdco Limited

Report on the financial statements

Our opinion

In our opinion, Black Hill Wind Farm Holdco Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Profit and Loss Account and Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Black Hill Wind Farm Holdco Limited

Independent Auditor's Report to the Members of Black Hill Wind Farm Holdco Limited (continued)

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

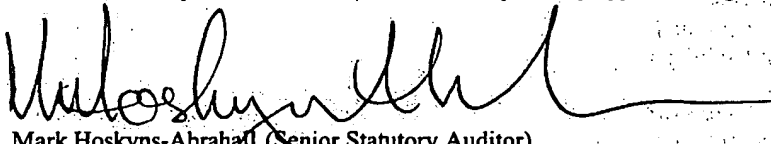
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

Black Hill Wind Farm Holdco Limited

Independent Auditor's Report to the Members of Black Hill Wind Farm Holdco Limited (continued)

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Mark Hoskyns-Abraham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

29 May 2017

Black Hill Wind Farm Holdco Limited

Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Turnover		-	-
Administrative expenses		(12)	(12)
Operating loss	4	(12)	(12)
Other interest receivable and similar income		375	699
Interest payable and similar charges	9	(2,865)	(3,307)
Loss before tax		(2,502)	(2,620)
Taxation	10	3	-
Loss for the financial year		(2,499)	(2,620)

All transactions are derived from continuing operations.

The notes on pages 12 to 25 form an integral part of these financial statements.

Black Hill Wind Farm Holdco Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Loss for the year		(2,499)	(2,620)
Unrealised gain/(loss) on cash flow hedges	15	(335)	78
Income tax effect	10	55	(17)
	15	(280)	61
Total comprehensive income for the year		(2,779)	(2,559)

The notes on pages 12 to 25 form an integral part of these financial statements.

Black Hill Wind Farm Holdco Limited

(Registration number: 08193114)
Balance Sheet as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Investments	11	37,622	37,622
Current assets			
Debtors	12	3,269	6,617
Cash at bank and in hand		2,042	2,435
		5,311	9,052
Creditors: Amounts falling due within one year	13	(30,256)	(29,208)
Net current liabilities		(24,945)	(20,156)
Total assets less current liabilities		12,677	17,466
Creditors: Amounts falling due after more than one year	13	(15,716)	(17,727)
Net liabilities		(3,039)	(261)
Capital and reserves			
Called up share capital	16	-	-
Hedging reserve	17	(369)	(89)
Profit and loss account	17	(2,670)	(172)
Total equity		(3,039)	(261)

Registered Number 08193114

Approved and authorised by the Board on 26 May 2017 and signed on its behalf by:



Mr B. Acutt
Director

The notes on pages 12 to 25 form an integral part of these financial statements.

Black Hill Wind Farm Holdco Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £ 000	Hedging reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2016	-	(89)	(171)	(260)
Loss for the year	-	-	(2,499)	(2,499)
Other comprehensive income	-	(280)	-	(280)
Total comprehensive income	-	(280)	(2,499)	(2,779)
At 31 December 2016	-	(369)	(2,670)	(3,039)
	Share capital £ 000	Hedging reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2015	-	(150)	2,448	2,298
Loss for the year	-	-	(2,620)	(2,620)
Other comprehensive income	-	61	-	61
Total comprehensive income	-	61	(2,620)	(2,559)
At 31 December 2015	-	(89)	(172)	(261)

The notes on pages 12 to 25 form an integral part of these financial statements.

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

The company is a private company limited by share capital incorporated in United Kingdom. The particular accounting policies adopted by the directors are described below. The registered office is Beaufort Court Egg Farm Lane, Off Station Road, Kings Langley, Hertfordshire, WD4 8LR.

2 Accounting policies

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of BIIF LP, 16 Palace St, London, SW1E5 JD. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £000 unless otherwise stated.

Going concern

The financial statements have been prepared on the going concern basis.

BIIF LP has confirmed to the directors that it will not demand repayment for existing intercompany loans such that insolvency would result, for a period of at least twelve months from the date of signing of the Annual Report and Financial Statements.

The directors have considered the company's cash flow forecast for the period to the end of June 2018 and are satisfied that the company, taking account of reasonably possible changes in trading performance and the current funds available, is able to operate for at least twelve months from the signing of the Director's Report and Financial Statements. For this reason the directors believe that the company has adequate resources to continue in operational existence and therefore it is appropriate that the company continues to adopt the going concern basis in preparing the Directors' Report and Financial Statements.

Foreign currency transactions and balances

Transactions denominated in foreign currencies are initially recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date. The translation differences are included in the profit and loss account.

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Interest receivable

Interest received is recognised on a time apportioned basis.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax, including UK corporation tax, is provided at amounts expected to be paid or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted, or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Financial instruments

Classification

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 company after deducting all of its liabilities.

Recognition and measurement

The company has chosen to adopt the recognition and measurement provisions of Sections 11 and 12 of FRS 102 for financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2. Accounting policies (continued)

Derivatives

The Company uses derivative financial instruments to reduce exposure to interest rate movements.

Hedging

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether there are any causes that would result in the derivatives that are used in hedging transactions to be ineffective.

The gain or loss are recognised immediately in the other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts previously recognised in other comprehensive income and accumulated equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or then the hedging relationship ends.

Hedge accounting is discontinued when the company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss.

Financial risk management

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market process. Market prices comprise of a number of types of risk, the following are discussed below: interest rate risk and currency risk. Financial instruments affected by market risk include: loans and borrowings, deposits and derivative financial instruments.

The Company's risk management focuses on the major areas of credit risk and liquidity risk.

Interest rate risk

The Company's interest rate risk arises from long-term borrowings. The company's only long term debt incurs a fixed interest rate following the adoption of an interest rate swap agreement which is in place for 75% of external borrowings and therefore the company has mitigated its significant exposure to this risk.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The company does not have significant exposure in this respect.

Regulatory risk

Regulatory risk is the risk that a change in regulations and law that might affect an industry or a business. Renewable energy projects are dependent for their commercial viability on a suitable regulatory regime. There is a risk that governments introduce retrospective changes to the regime that is agreed at the time the project commenced. This however is unusual in the market and changes to the regulatory regime are more typically for future projects.

Energy resource risk

The energy resource risk is the risk that the amount of the renewable energy resource (e.g. wind and solar irradiation) that is available for a given project is lower than the amount that is expected in the financial model.

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Capital risk management

Capital held by the Company and managed centrally as part of the BIIF LP comprises share capital and reserves which can be found in the Balance Sheet on page 10.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The company's policy to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities and by ensuring adequate internally generated funds.

Summary of significant accounting judgements and key accounting estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The most critical accounting judgements and estimates in determining the financial condition and results of the company are those requiring a greater degree of subjective or complete judgement. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Deferred tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to interest rate movements. The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether there are any causes that would result in the derivatives that are used in hedging transactions to be ineffective. The gain or loss are recognised immediately in the other comprehensive income.

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

4 Operating loss

Arrived at after charging

	2016 £ 000	2015 £ 000
Bank charges	<u>12</u>	<u>12</u>

5 Auditors' remuneration

The audit fee has been borne by the subsidiary.

6 Directors' remuneration

No director received any form of remuneration in lieu of their services to the Company.

7 Staff costs

The company had no employees in the current nor previous financial year.

8 Finance income

	2016 £ 000	2015 £ 000
Interest income on bank deposits	4	6
Amounts receivable from group entities	<u>371</u>	<u>693</u>
	<u>375</u>	<u>699</u>

9 Finance costs

	2016 £ 000	2015 £ 000
Interest on bank overdrafts and borrowings	682	1,076
Other finance costs	167	193
Interest payable on loans from group undertakings	<u>2,016</u>	<u>2,038</u>
	<u>2,865</u>	<u>3,307</u>

10 Taxation

Tax charged/(credited) in the profit and loss account

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax	<u>(3)</u>	<u>-</u>

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Taxation (continued)

Tax relating to items recognised in other comprehensive income or equity

	2016	2015
	£ 000	£ 000
Deferred tax related to items recognised as items of other comprehensive income	<u>(55)</u>	<u>17</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016	2015
	£ 000	£ 000
Loss before tax	<u>(2,502)</u>	<u>(2,620)</u>
Corporation tax at standard rate	(500)	(531)
Tax increase (decrease) arising from group relief	<u>497</u>	<u>531</u>
Total tax credit	<u>(3)</u>	<u>-</u>

The rate of corporation tax changed from 20% to 19% on 1 April 2017. At the Summer Budget 2016, the Government announced a reduction in the rate from 19% to 17% for the year beginning 1 April 2020. As deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods of reversal, the company has restated all deferred tax closing balances using a rate of 17%.

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000
2016	
Other timing differences	76
Losses	3
	<u>78</u>
2015	
Other timing differences	20
Losses	-
	<u>20</u>

11 Investments in subsidiaries, joint ventures and associates

	2016 £ 000	2015 £ 000
Investments in subsidiaries	<u>37,622</u>	<u>37,622</u>

At the 31 December 2016, the company owned 100% of the shares in Black Hill Wind Farm Limited which is involved in the production and sale of wind generated electricity and associated benefits. The net assets of the subsidiary at 31 December 2016 were £11,405,000 and the profit was £1,275,000. The registered address of the subsidiary is Beaufort Court, Egg Farm Lane, Off Station Road, Kings Langley, Hertfordshire, WD4 8LR.

12 Debtors

	Note	2016 £ 000	2015 £ 000
Amounts owed by group entities	18	3,191	6,597
Deferred tax assets		<u>78</u>	<u>20</u>
Total current trade and other debtors		<u>3,269</u>	<u>6,617</u>

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

13 Creditors

	Note	2016 £ 000	2015 £ 000
Due within one year			
Loans and borrowings	14	2,012	1,742
Amounts owed to group entities	14	27,664	27,030
Hedging instrument	15	444	109
Accrued expenses		136	327
		<u>30,256</u>	<u>29,208</u>
Due after one year			
Loans and borrowings	14	<u>15,716</u>	<u>17,727</u>

14 Loans and borrowings

	2016 £ 000	2015 £ 000
Non-current loans and borrowings		
Bank borrowings	<u>15,716</u>	<u>17,727</u>
Current loans and borrowings		
Bank borrowings	2,012	1,742
Intercompany borrowings	<u>27,664</u>	<u>27,030</u>
	<u>29,676</u>	<u>28,772</u>

Bank borrowings

Bank loans are repayable in non-equal instalments over 11 years from the loan inception date of 29th October 2012 to the maturity date of 30th April 2023. Interest is payable at 2.9% above LIBOR. Interest rate swaps have been used to reduce the company's exposure to fluctuating interest rates. The swaps are in place for 75% of all outstanding non-revolving bank loans, for a minimum of 10 years from the date of first utilisation of the loan. The assets of Black Hill Wind Farm Holdco Limited and all of its subsidiaries form part of the security for the bank loans via fixed and floating charges. Loan issue costs of £1,276,000 incurred in obtaining finance have been netted off against the loan value and are being amortised over the remaining life of the loans.

Amounts owed to group entities

Amounts owed to group entities consist of unsecured loan notes maturing in 2034 denominated in GBP and bearing interest at 7.5% per annum. The loan notes are repayable on demand.

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

14 Loans and borrowings (continued)

Borrowings due after five years

Loan maturities

31 December 2015	On demand £ 000	Up to 3 months £ 000	3 to 12 months £ 000	2 to 5 years £ 000	Over 5 years £ 000	Total £ 000
Intercompany borrowings	27,030	-	-	-	-	27,030
Bank borrowings	-	-	1,742	9,987	7,740	19,469
Total financial liabilities	27,030	-	1,742	9,987	7,740	46,499

31 December 2016	On demand £ 000	Up to 3 months £ 000	3 to 12 months £ 000	2 to 5 years £ 000	Over 5 years £ 000	Total £ 000
Intercompany borrowings	27,664	-	-	-	-	27,664
Bank borrowings	-	-	2,012	10,993	4,722	17,727
Total financial liabilities	27,664	-	2,012	10,993	4,722	45,391

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

15 Financial instruments

Categorisation of financial instruments

	2016 £ 000	2015 £ 000
Financial liabilities measured at amortised cost	17,727	19,469
	<u>17,727</u>	<u>19,469</u>

Cash flow hedges

Interest Rate SWAP

At 31 December 2016, the company had two interest rate swap agreements in place with a total notional amount of £14,226,308 (2015: £15,659,375) whereby the company receives a fixed rate of interest of 1.72% and pays a variable rate equal to LIBOR on the notional amount. The swap is used to hedge the cashflow exposure to changes in the interest rate of its variable rate LIBOR secured loan. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

The fair value of the financial liabilities measured at fair value through profit or loss and designated as hedging instruments in an effective hedging relationship at 31 December 2016 is £(444,137) (2015: - £(108,000)). The fair value has been determined by discounting the future cash flows of the interest rate swaps.

The movement in fair value of the hedging instrument that was recognised in other comprehensive income (excluding tax) during the period is £335,000 (2015 - £78,000). Deferred tax on this movement also recognised in other comprehensive income during the period is £55,942 (2015 - £(17,000)). The net movement recognised in other comprehensive income during the period is £(279,522) (2015 - £60,900).

16 Share capital

Allotted, called up and fully paid shares

	2016	2015
	No. £	No. £
Ordinary share capital of £1 each	<u>1</u> <u>1</u>	<u>1</u> <u>1</u>

17 Reserves

The company's other reserves are as follows:

The other comprehensive income consists of the accumulated movements in the fair value of the company's derivative financial instruments, net of tax.

The profit and loss reserve represents cumulative profit or losses, net of dividends and other adjustments.

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

18 Related party transactions

Summary of transactions with parent

Loans to related parties

2016

	Subsidiary £ 000
At start of period	6,597
Repaid	(3,777)
Interest transactions	371
At end of period	<u>3,191</u>

2015

	Subsidiary £ 000
At start of period	11,118
Repaid	(5,214)
Interest transactions	693
At end of period	<u>6,597</u>

Loans from related parties

2016

	Parent £ 000
At start of period	27,030
Repaid	(1,382)
Interest transactions	2,016
At end of period	<u>27,664</u>

2015

	Parent £ 000
At start of period	27,443
Repaid	(2,450)
Interest transactions	2,037
At end of period	<u>27,030</u>

Terms of loans from related parties

Intercompany borrowings consist of unsecured loan notes maturing in 2034 denominated in GBP and bearing interest at 7.5% per annum. The loan notes are repayable on demand.

Black Hill Wind Farm Holdco Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

19 Parent and ultimate parent undertaking

The company's immediate parent is Black Hill Wind Farm Topco Limited, incorporated in Great Britain.

The ultimate parent is BIIF LP, incorporated in Great Britain.

These financial statements are available upon request from Companies House.

The ultimate controlling party is BIIF LP.