

WEST BROWNCastle WIND ENERGY LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2013

**Company number
SC450708**

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WEST BROWNCASTLE WIND ENERGY LIMITED

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WEST BROWNCastle WIND ENERGY LIMITED

DIRECTORS' REPORT

Period ended 31 December 2013

Registered No. SC450708

Directors' Report

The Directors present their annual report for the period ended 31 December 2013.

Directors of the Company

The directors who held office during the period and subsequent to period end were:

S Chiericoni (appointed 11 February 2014)

C N Williams (appointed 23 May 2013)

W J Heller (appointed, 23 May 2013, resigned 29 December 2013)

D Murray (appointed 23 May 2013)

G Botta (appointed 23 May 2013)

The company secretary who held office during the period and subsequent to the period end was Erin Gentilucci.

Principal Activity, Review of the Business and Future Developments

The Company was incorporated in the UK on 23 May 2013 as a limited company and its registered office and principal place of business is located at Beaully House, Dochfour Business Centre, Dochgarroch, Inverness IV3 8GY.

The principal activity of the Company in the period under review was that of the development of a wind farm. Once the wind farm is fully permitted, the Company will carry out the operational management and maintenance activities associated with the generation of electricity at the wind farm.

Construction commenced in 2013 with commercial operation expected in 2014.

The report of the directors has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

Results and Dividends

The results of the Company are set out on page 8 and show a loss on ordinary activities before taxation of £11,000 and loss after taxation of £8,000.

The directors do not recommend the payment of a dividend (2012: £nil).

At period end the Company had total assets of £34,621,000 and total liabilities of £34,629,000.

Strategy

The Company works in partnership with land owners, local communities, governments and local renewables developers to develop onshore wind farms that meet four key criteria: good wind resources, availability of attractive sites (land title, access and transmission rules that enable grid connections), reasonable planning and permitting processes, and a tariff regime that supports renewable power.

Principal risks and uncertainties

The Company's business is subject to a number of risks. The key business risks are considered to be the following:

Development risk

The Company's key criteria for the evaluation of the site of the wind farm are described in Strategy above. Even if these criteria are all present, the risk that sites may be unsuitable or that planning permission is refused is always present. However, regular and detailed review meetings with the development partners help to mitigate this risk

Liquidity risk

The Company is part financed by loans from its shareholders. The risk of the parent company discontinuing the provision of financing is regarded as low.

WEST BROWNCastle WIND ENERGY LIMITED

DIRECTORS' REPORT (continued)

Period ended 31 December 2013

Key performance indicators ("KPIs")

The principal KPI for the Company is development time and cost against budget. Additional KPIs are disclosed in the financial statements of the Company's intermediate parent undertaking, Falck Renewables SpA, which are publicly available.

Events after the balance sheet date

We have not noted any post balance sheet events.

Directors' liabilities

The holding company of the Falck Renewables Wind Limited Group, Falck Renewables S.p.A, maintains directors' and officers' liability insurance with a third party which gives appropriate cover for any legal action brought against the Company's directors.

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the parent company Falck Renewables Wind Limited. The directors have received confirmation that Falck Renewables Wind Limited intends to support the Company for at least one year after these financial statements are signed and will not recall its loan to the Company in this period.

Auditors

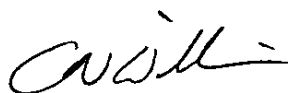
A resolution to reappoint Ernst & Young LLP as auditors will be proposed at the annual general meeting.

Directors' statement as to the disclosure of information to auditors

The directors who were members of the board at the time of approving the Directors' Report are listed on page 3. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board



C N Williams
Director
11 March 2014

WEST BROWNCastle WIND ENERGY LIMITED

DIRECTORS' REPORT (continued)

Period ended 31 December 2013

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable UK 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 the affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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

Period ended 31 December 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST BROWNCastle WIND ENERGY LIMITED

We have audited the financial statements of West BrownCastle Wind Energy Limited for the period ended 31 December 2013 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 14. 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 101 'Reduced Disclosure Framework'.

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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 Boards 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 and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the period 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Period ended 31 December 2013

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.



Natalia Moolman (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

12 March 2014

WEST BROWNCastle WIND ENERGY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
Period ended 31 December 2013

	Note	2013 £'000
Administrative expenses		(11)
Loss on ordinary activities before taxation	3	(11)
Tax income	4	3
Loss for the period		(8)
Total comprehensive expense for the period		(8)

All realised profits and losses arise as a result of continuing operations.

The notes on pages 11 to 16 are an integral part of these financial statements.

WEST BROWNCastle WIND ENERGY LIMITED**BALANCE SHEET****at 31 December 2013**

	Note	2013 £'000
Fixed assets		
Tangible fixed assets	5	34,616
Deferred tax asset	6	3
		<u>34,619</u>
Current assets		
Trade debtors	7	2
Cash at bank and in hand	8	-
		<u>2</u>
Total Assets		<u><u>34,621</u></u>
Capital and reserves		
Equity share capital	9	-
Retained deficit		(8)
Total equity		<u>(8)</u>
Creditors: amounts falling due after more than one year		
Provision for liabilities and charges	10	720
		<u>720</u>
Creditors: amounts falling due within one year		
Loans	11	939
Trade creditors	12	32,970
		<u>33,909</u>
Total liabilities		<u>34,629</u>
Total equity and liabilities		<u><u>34,621</u></u>

The notes on pages 11 to 16 are an integral part of these financial statements.

The financial statements on pages 8 to 16 were approved by the Board of Directors on 11 March 2014 and were signed on its behalf by:

C N Williams
Director



WEST BROWNCASTLE WIND ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
Period ended 31 December 2013

	Share capital £'000	Retained earnings £'000	Total equity £'000
Loss for the period and total comprehensive expense for the period	-	(8)	(8)
At 31 December 2013	-	(8)	(8)

The notes on pages 11 to 16 are an integral part of these financial statements.

WEST BROWNCASTLE WIND ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December 2013

1 General information

West Browncastle Wind Energy Limited's ("the Company") principal activity is the generation of renewable energy through the development, construction and operation of The West Browncastle wind farm, located in Scotland..

The Company is a private limited company incorporated and domiciled in the UK and the address of its registered office is Beauly House, Dochfour Business Centre, Dochgarroch, Inverness IV3 8GY.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (i) the requirements of IFRS 7 Financial Instruments: Disclosures; and
- (ii) the requirements of IAS 7 Statement of Cash Flows.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The financial statements have been prepared on a going concern basis and under the historical cost convention as modified by the revaluation of financial assets and financial liabilities, including derivative instruments, at fair value through profit or loss as disclosed in the accounting policies below. The parent company, Falck Renewables Wind Limited, has undertaken to support the Company for a period of at least one year from the date of signing of these financial statements, and will not recall its loan to the Company in this period.

Critical accounting estimates are used in preparation of the financial statements. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2(g).

(b) Interest payable

Interest payable is recognised on a time-proportion basis using the effective interest rate method and expensed in the profit and loss account.

(c) Trade and other debtors

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtors.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss account within administrative expenses. When a trade debtor is uncollectible, it is written off against the allowance account for trade debtors. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the profit and loss account.

WEST BROWNCastle WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Period ended 31 December 2013

2 Accounting policies (continued)

(d) Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within loans in current liabilities on the balance sheet where no right of set off exists.

(e) Trade creditors

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(f) Loans and loan costs

All loans are initially recognised at the fair value of the consideration received net of issue costs associated with the loan. Loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value and other loan costs is recognised in the profit and loss account over the period of the loan using the effective interest method.

Loan costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other loan costs are expensed.

Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date.

(g) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimation of decommissioning costs

The Company estimates, at the time of construction, the likely cost of removing wind farm equipment and making good the damage to the site where a contractual decommissioning and restoration obligation exists. The provision reflects the present value (based on an appropriate discount rate where material), at the balance sheet date of the decommissioning liability.

(h) New standards and interpretations

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2013 and have a significant impact on the Company:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

(i) Tangible fixed assets

Costs related to assets under construction are capitalised where, in the opinion of the Directors, the related project is highly likely to be successfully developed and the economic benefits arising from future operations will exceed the amount of capitalised expenditure incurred to date and the cost can be measured reliably. Costs incurred prior to meeting the criteria for capitalisation are recorded as an expense within operating costs in the profit and loss account.

Loan costs which are directly attributable to assets under construction and which meet the criteria in IAS23 are capitalised as part of the cost of those assets. Capitalisation ceases when the asset is fully operational.

WEST BROWNCASTLE WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Period ended 31 December 2013

(i) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Where contractually obliged, the Company creates provisions for the decommissioning of wind turbines from wind farms and environmental restoration. The decommissioning and restoration provisions reflect the present value, at the balance sheet date, of the estimated cost. The provisions are reviewed at each balance sheet date and are adjusted to reflect the present value of the expense expected to be realised for the settlement of the liability.

The future cost is recognised as an increase in the acquisition value of wind turbines. The depreciation expense of capitalised decommissioning and restoration costs are included in the profit and loss account together with the depreciation charge on wind farm assets. Any change in estimation in the estimated cost or the discount rate are added or deducted from the fixed asset's cost. The discounting effect on the provision is recorded in the profit and loss account, where material, as a finance cost.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3 Loss on ordinary activities before taxation

The company paid £8,595 to its auditors in respect of the audit of the financial statements.

The directors of the Company receive remuneration from separate limited companies. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of the separate limited companies.

There are no employees in the Company and therefore no employee costs.

4 Taxation

	2013 £'000
Deferred tax credit	3
	<u>3</u>

The tax on the Company's profit before tax agrees to the theoretical amount that would arise using the standard rate of corporation tax in the UK applicable to profits of the Company as follows:

	2013 £'000
Loss on ordinary activities before taxation	(11)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25%	3
	<u>3</u>

WEST BROWNCastle WIND ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****Period ended 31 December 2013****5 Tangible fixed assets**

	Assets under construction £'000
Cost	
Additions	34,616
At 31 December 2013	<u>34,616</u>
Accumulated depreciation	
Charge	-
At 31 December 2013	<u>-</u>
Net book amount	
At 31 December 2013	<u>34,616</u>

6 Deferred tax

The calculation of deferred tax balances at the period-end takes into account the reduction in the UK main corporation tax rate to 23%, effective from 1 April 2013, and two further reductions to 21% and 20%, substantively enacted on 2 July 2013 that will be effective from 1 April 2014 and 1 April 2015 respectively.

The amount for which a deferred tax asset has been recognised is £3,000.

7 Trade debtors

	2013 £'000
VAT receivable	2
	<u>2</u>

Due to their short maturities, the fair value of other debtors approximates to their book value. No debtors are past due or impaired.

The maximum exposure to credit risk at each reporting date is the fair value of each receivable shown above.

8 Cash at bank and in hand

	2013 £'000
Cash at bank and in hand	-

WEST BROWNCastle WIND ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****Period ended 31 December 2013****9 Authorised and issued share capital**

	2013	2013
	Number	£'000
Authorised and issued ordinary shares		
Ordinary shares with a par value of £1	100	-
	<u>100</u>	<u>-</u>

All issued shares are fully paid.

There are no differential rights, restrictions or preferences attached to the shares above.

10 Provisions for liabilities and charges

	2013
	£'000
Provision made in period	720
Balance at end of period	<u>720</u>

The decommissioning provision of £720,000 comprises future obligations in relation to the decommissioning of plant and equipment at the end of its useful life, based on independent expert valuations.

11 Loans

	2013
	£'000
Current	
Loans from related parties	939
Total Loans	<u>939</u>

Amounts due to related parties are unsecured, have no fixed terms of repayment and carry interest at 11.5% per annum.

The amortised cost (carrying amount) and fair value of loans are as follows:

	Amortised	Fair value
	cost	
	2013	2013
	£'000	£'000
Loans from related parties	939	939
	<u>939</u>	<u>939</u>

WEST BROWNCastle WIND ENERGY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****Period ended 31 December 2013**

12 Trade creditors

	2013 £'000
Trade creditors	20
Amounts due to related parties	32,950
	32,970

Due to their short maturities, the fair value of trade and other creditors approximates to their book value. All trade and other creditors are recorded at amortised cost.

13 Related party transactions

The following transactions with related parties occurred during the period:

Loans from related parties (note 11)

	2013 £'000
<i>Loans from parent undertakings:</i>	
Loans advanced during the period	939
Balance at end of period	939

Amounts due to related parties are unsecured, have no fixed terms of repayment and carry interest at 11.5% per annum.

14 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Falck Renewables Wind Limited.

The ultimate parent undertaking and controlling party is Finmeria Srl, a company incorporated in Italy.

Finmeria Srl is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2013. The consolidated financial statements of Finmeria Srl are available from Corso Genova 5, 20123 Milano, Italy.

Falck Renewables S.p.A is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Falck Renewables S.p.A can be obtained from via Alberto Falck 4-16, 20099 Sesto San Giovanni, Italy.
