

**ENERGY FINANCE PROTECTED CELL COMPANY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
5 APRIL 2015**

**ENERGY FINANCE PROTECTED CELL COMPANY LIMITED**  
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**ENERGY FINANCE PROTECTED CELL COMPANY LIMITED  
COMPANY SUMMARY**

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INCORPORATION DATE:	27 June 2012
REGISTRATION NUMBER:	55304
COUNTRY OF INCORPORATION:	Guernsey
DIRECTORS:	Ian Powell Saffery Limited
	The address for each of the directors is that of the registered office.
REGISTERED OFFICE:	PO Box 141 La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
ADMINISTRATOR, PAYING AGENT, CALCULATION AGENT AND SECRETARY:	Saffery Champness Fund Services Limited PO Box 141 La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
SPONSOR:	Carey Commercial Limited 1st & 2nd Floor Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
INDEPENDENT AUDITOR:	BDO Limited PO Box 180 Place du Pré Rue du Pré St Peter Port Guernsey GY1 3LL
GUERNSEY LEGAL ADVISER:	Carey Olsen Carey House Les Banques St Peter Port Guernsey GY1 4BZ
UK LEGAL ADVISER:	Allen & Overy LLP One Bishops Square London United Kingdom E1 6AD

## **ENERGY FINANCE PROTECTED CELL COMPANY LIMITED**

### **DIRECTORS' REPORT**

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The Directors submit their report and the audited financial statements of the Company for the year ended 5 April 2015.

#### **Activities**

The Company has been established to raise capital for energy-related projects through the issue of debt securities. Proceeds from the issue of debt securities by Cell A have been used to purchase loan notes issued by Brehon Property Unit Trust, proceeds from the issue of debt securities by Cell B have been used to purchase loan notes issued by Casquets Property Unit Trust. Both unit trusts have been formed to provide an opportunity for investors to invest in a UK property investment business based on the operation of energy generation assets on agricultural properties in England.

#### **Results and dividends**

The profit and loss account for the year is set out on page 5. The Directors have not recommended a dividend for the year (2014: Nil).

#### **Directors**

The Directors of the Company who served during the year and to the date of this report are set out on page 1.

#### **Statement of Directors' responsibilities in respect of the financial statements**

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

Guernsey 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 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 estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for the keeping of proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. Furthermore the Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

**ENERGY FINANCE PROTECTED CELL COMPANY LIMITED**  
**DIRECTORS' REPORT**

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**Statement of disclosure to the auditor**

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Independent Auditor**

A resolution proposing the re-appointment of BDO Limited as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



.....  
Signed for and on behalf of  
Saffery Limited



.....  
Ian Powell

Date.....

**ENERGY FINANCE PROTECTED CELL COMPANY LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

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We have audited the financial statements of Energy Finance Protected Cell Company Limited for the year ended 5 April 2015 which comprise the Profit and Loss Account, the Statement of Changes in Shareholders' Funds, the Balance Sheet and the related notes 1 to 10. 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 Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is 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 the directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities within the Directors' Report, 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 Financial Reporting Council'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 Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 5 April 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

CHARTERED ACCOUNTANTS

Place du Pré

Rue du Pré

St Peter Port

Guernsey

Date:

**ENERGY FINANCE PROTECTED CELL COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 5 April 2015

		2015				2014			
	Notes	Class A Cell £	Class B Cell £	Core £	Aggregated £	Class A Cell £	Class B Cell £	Core £	Aggregated £
Finance income - loan notes	5	539,255	133,824	-	673,079	793,870	176,933	-	970,803
Finance cost - loan notes	6	525,677	130,508	-	656,185	781,327	173,881	-	955,208
Profit for the year		13,578	3,316	-	16,894	12,543	3,052	-	15,595

All results relate to continuing operations. There are no recognised gains or losses for the period other than those recognised in the profit and loss

The notes on pages 8 to 12 form an integral part of these financial statements.

**ENERGY FINANCE PROTECTED CELL COMPANY LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' FUNDS**  
for the year ended 5 April 2015

	Capital Account £	Revenue Reserve £	Total £
<b>Class A Cell:</b>			
Balance at 6 April 2013	11	5,016	5,027
Profit for the year	-	12,543	12,543
Balance at 5 April 2014	11	17,559	17,570
Profit for the year	-	13,578	13,578
Balance at 5 April 2015	11	31,137	31,148
<b>Class B Cell:</b>			
Balance at 6 April 2013	1	24	25
Profit for the year	-	3,052	3,052
Balance at 5 April 2014	1	3,076	3,077
Profit for the year	-	3,316	3,316
Balance at 5 April 2015	1	6,392	6,393
<b>Core Shares:</b>			
Balance at 6 April 2013, 5 April 2014 and 5 April 2015	11	-	11
<b>Aggregated:</b>			
Balance at 6 April 2013	23	5,040	5,063
Profit for the year	-	15,595	15,595
Balance at 5 April 2014	23	20,635	20,658
Profit for the year	-	16,894	16,894
Balance at 5 April 2015	23	37,529	37,552

The notes on pages 8 to 12 form an integral part of these financial statements.



**ENERGY FINANCE PROTECTED CELL COMPANY LIMITED**  
**BALANCE SHEET**  
As at 5 April 2015

		2015				2014			
	Notes	Class A Cell £	Class B Cell £	Core £	Aggregated £	Class A Cell £	Class B Cell £	Core £	Aggregated £
<b>NON CURRENT ASSETS</b>									
Loan notes and accrued									
finance income receivable	5	13,249,031	3,287,947	-	16,536,978	12,709,776	3,154,123	-	15,863,899
<b>CURRENT ASSETS</b>									
Debtors									
Cash at bank		-	1	11	12	-	1	11	12
		22	4	-	26	22	4	-	26
<b>CURRENT LIABILITIES</b>									
Creditors									
		22	5	11	38	22	5	11	38
		(11)	(4)	-	(15)	(11)	(4)	-	(15)
<b>NET CURRENT ASSETS</b>									
		11	1	11	23	11	1	11	23
<b>NON CURRENT LIABILITIES</b>									
Loan notes and accrued									
finance cost payable	6	(13,217,894)	(3,281,555)	-	(16,499,449)	(12,692,217)	(3,151,047)	-	(15,843,264)
<b>TOTAL NET ASSETS</b>		<b>31,148</b>	<b>6,393</b>	<b>11</b>	<b>37,552</b>	<b>17,570</b>	<b>3,077</b>	<b>11</b>	<b>20,658</b>
<b>NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS</b>									
Capital	7	11	1	11	23	11	1	11	23
Revenue reserve		31,137	6,392	-	37,529	17,559	3,076	-	20,635
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>31,148</b>	<b>6,393</b>	<b>11</b>	<b>37,552</b>	<b>11</b>	<b>3,077</b>	<b>11</b>	<b>20,658</b>

The financial statements were approved and authorised by the Directors on October 2015.



Signed for and on behalf of Saffery Limited



Ian Powell

The notes on pages 8 to 12 form an integral part of these financial statements.

**ENERGY FINANCE PROTECTED CELL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 5 April 2015

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**1. COMPANY BACKGROUND**

Energy Finance Protected Cell Company Limited (the "Company") is a protected cell company incorporated in Guernsey on 27 June 2012 under the provisions of the Companies (Guernsey) Law, 2008. As at 5 April 2015, the Company had 2 cells.

The assets of the Company can be either cellular or non-cellular assets. The assets attributable to a particular cell comprise assets represented by the proceeds of cell share capital, reserves and any other assets attributed to the cell. The non-cellular assets comprise the assets of the Company which are not cellular assets. Where a liability arises from a transaction in respect of a particular cell and there are insufficient assets within that cell, there may be recourse to the non-cellular assets but not to the assets of any other cell. The aggregated results do not represent the pooling of economic interests of the individual cells.

The Company invests in debt instruments issued by Brehon Property Unit Trust and Casquets Property Unit Trust (the "Trusts"), which operate energy generation units on agricultural properties in England.

During the year, the Company continued to be listed on the Channel Islands Securities Exchange, (formerly known as the Channel Islands Stock Exchange), in respect of the Class A Cell and Class B Cell loan notes payable.

**2. ACCOUNTING POLICIES**

These financial statements have been prepared under the historical cost convention and give a true and fair view. The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles and comply with the Companies (Guernsey) Law, 2008. The principal accounting policies, which have been consistently applied, are set out below:-

**Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The loan notes receivable are stated at cost, less any provision for impairment, in accordance with FRS 11 "Impairment of fixed assets and goodwill".

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Loan notes payable are stated at net proceeds. Finance costs are allocated at a constant rate on the carrying amount.

**Income and Expenditure**

Income and expenditure is reported on an accruals basis.

**Basis of Aggregation**

The Company's aggregated financial statements, which are shown in the total column, represent the sum of the Cell and the non-cellular assets and liabilities within the PCC.

**Cash Flow Statement**

Under Financial Reporting Standard No. 1 the Company is exempt from preparing a Cash Flow Statement on the grounds of its size.

### **3. RISK DISCLOSURES**

The principal underlying business risk to the Company arises from the potential under-performance of the Trusts' energy generation units, since the repayment of the Company's loan notes and associated interest depends primarily on this. To mitigate this, the cells hold floating charges over the Trusts' assets.

The main financial risks faced by the Company comprise currency risk, interest rate risk, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing each of these risks as follows:

#### **Currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has limited currency risk since the debt instruments which it has issued are denominated in Sterling, which is the same currency in which it has made its investments. Other net assets are also primarily denominated in Sterling.

#### **Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate on the Company's loan notes payable is variable as it is based on a fixed interest rate of 3% but adjusted for movements in the RPI. The interest rate on the loan notes receivable is also on such a basis, but at a higher fixed rate (3.1% compared with 3.0% and subject to the same RPI adjustment) which acts as a mitigating factor to cash flow interest rate risks. It is anticipated that the value of loan notes receivable will remain higher than the value of loan notes payable given this difference in the fixed rate of return with other terms and amounts being comparable. The loan notes payable are for fixed terms which match those of the loan notes receivable and for similar amounts. The loan notes payable are not redeemable other than at the option of the Company. As the purpose of the borrowings is exclusively to finance the acquisition of the loan notes receivable, it is not considered likely these will require to be refinanced or that changes in market interest rates will significantly affect overall returns to either loan note holders or shareholders of the Company.

#### **Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will default on its contractual obligations resulting in loss to the Company. As noted above the Directors of the Company have effected charges over the assets of the counterparties, as detailed in note 5, and representatives of the Directors also act as Trustees to the Trusts. The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

#### **Liquidity risk**

The maturity dates of the instruments issued by the Company exactly match those of the instruments in which it has invested. Furthermore, all operating expenses of the Company are paid by the Trusts. The fixed nature of the margin earned by the Company along with the agreement regarding expenses means that the Company should always be in a position to settle its obligations as they fall due and, should it receive early repayment on loan notes receivable, will also be in a position to make early repayment on an equivalent amount of loan notes payable. The contractual maturities of the financial liabilities are shown in note 6.

#### **Capital Risk Management**

The capital of the Company is represented by the net assets attributable to shareholders and non-current liabilities. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern while maximising returns for shareholders through optimising the debt to equity mix and maintaining a strong capital base. The Company is not subject to any externally imposed capital requirements.

**ENERGY FINANCE PROTECTED CELL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 5 April 2015

**4. TAXATION**

The Administrator of Income Tax in Guernsey has confirmed that the Company is exempt from Guernsey income tax under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, and that any surplus income of the Company may be distributed without deduction of Guernsey income tax.

**5. NON CURRENT ASSETS**

**LOAN NOTES RECEIVABLE**

**Class A Cell**

Issued by Brehon Property Unit Trust at 3.1% plus RPI	2015 £	2014 £
Loan notes receivable on 31 October 2022	2,500,000	2,500,000
Loan notes receivable on 31 October 2027	4,000,000	4,000,000
Loan notes receivable on 31 October 2030	5,163,000	5,163,000
Accrued finance income receivable	1,586,031	1,046,776
	<b>13,249,031</b>	<b>12,709,776</b>

**Class B Cell**

Issued by Casquets Property Unit Trust at 3.1% plus RPI	2015 £	2014 £
Loan notes receivable on 3 April 2023	297,643	297,643
Loan notes receivable on 3 April 2028	1,190,572	1,190,572
Loan notes receivable on 3 April 2031	1,488,216	1,488,216
Accrued finance income receivable	311,516	177,692
	<b>3,287,947</b>	<b>3,154,123</b>

The Brehon Property Unit Trust and the Casquet Property Unit Trust have entered into Security Agreements whereby the Trustees have granted security over the Trust Property to Class A Cell and Class B Cell to secure the Trusts' obligations to repay the Trusts' Loan Notes, represented by a fixed charge over each Trust's land, plant and machinery and a floating charge over all their other assets.

**ENERGY FINANCE PROTECTED CELL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 5 April 2015

**6. NON CURRENT LIABILITIES**

**LOAN NOTES PAYABLE IN MORE THAN FIVE YEARS:**

<b>Class A Cell</b>	<b>2015</b>	<b>2014</b>
Issued by the Cell at 3% plus RPI	£	£
Loan notes repayable on 31 October 2022	2,500,000	2,500,000
Loan notes repayable on 31 October 2027	4,000,000	4,000,000
Loan notes repayable on 31 October 2030	5,163,000	5,163,000
Accrued finance cost payable on 31 October 2022	333,296	220,616
Accrued finance cost payable on 31 October 2027	533,274	352,985
Accrued finance cost payable on 31 October 2030	688,324	455,616
	<b>13,217,894</b>	<b>12,692,217</b>
<b>Class B Cell</b>	<b>2015</b>	<b>2014</b>
Issued by the Cell at 3% plus RPI	£	£
Loan notes repayable on 3 April 2023	297,643	297,643
Loan notes repayable on 3 April 2028	1,190,572	1,190,572
Loan notes repayable on 3 April 2031	1,488,216	1,488,216
Accrued finance cost payable 3 April 2023	30,512	17,462
Accrued finance cost payable 3 April 2027	122,050	69,846
Accrued finance cost payable 3 April 2030	152,562	87,308
	<b>3,281,555</b>	<b>3,151,047</b>

Loan notes are recorded at amortised cost and interest thereon is recognised using the effective interest rate method. The instruments issued by the Company accrue a premium at an annual rate of 3.0 per cent compounded annually and also carry additional finance costs equivalent to the change in the retail price index (RPI) applied to the outstanding amounts. The instruments acquired by the Company earn interest at an annual rate of 3.1 per cent, compounded annually and a right to also receive an RPI linked adjustment to the outstanding amounts. The loan notes payable are repayable at an amount equal to their par value plus accrued premium, adjusted by the change in the RPI between the issue date and the repayment, or pre-payment date, and such early repayment can be made at the option of the Company. Loan notes receivable are also repayable at an amount equal to their par value plus accrued interest, adjusted by the change in the RPI between the issue date and the repayment or pre-payment date. Early repayment on loan notes receivable is at the option of the Trustees of the Trusts in which they are invested.

The Company's loan notes payable for both Cells are listed on the Channel Islands Securities Exchange.

**ENERGY FINANCE PROTECTED CELL COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 5 April 2015

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**7. SHARE CAPITAL**

**Issued Share Capital:**

11 Core Shares of £1.00 each

12 Participating Redeemable Shares of £1.00 each - 11 Class A Cell and 1 Class B Cell

**Core Shares**

The Core Shares carry the right to receive notice of, attend and vote at general meetings of the Company and the Core. The Core Shares are not redeemable. Core Shares carry no right to any Dividends or Distribution and on a winding up of the Company the holders of Core Shares shall be entitled only to the return of the capital paid up thereon after all holders of Participating Shares have been paid in full. Any variation of the rights attaching to the Core Shares shall be deemed to be a variation of the rights attaching to the Participating Shares of each Cell and, accordingly, no such variation shall be effected unless it is approved by a Special Resolution of both Cells.

**Participating Shares**

The Participating Redeemable Shares are allotted and issued in accordance with Article 8 of the Company's Memorandum and Articles of Association. The Participating Redeemable Shares carry the right to receive notice of and attend general meetings of the Company but have no right to vote at such meetings. The Participating Redeemable Shares are redeemable only at the discretion of the Company. The Participating Redeemable Shares carry the right to Dividends and Distributions (including rights on a winding up).

**8. RELATED PARTY DISCLOSURES**

As explained in note 3, expenses of the Company have been borne by the Trusts in which the Company has loan notes receivable. During the year, expenses of the Company totalling £156,584 (2014: £91,302) were paid by the Trusts of which £92,535 (2014: £68,122) was outstanding as at 5 April 2015. Of these amounts borne on behalf of the Company the following related party transactions have taken place:

During the year, administration fees amounting to £10,339 (2014: £10,067) were due to Saffery Champness Fund Services Limited, of which £2,565 (2014: £2,499) was outstanding as at 5 April 2015. Accounting fees amounting to £9,370 (2014: £7,300) were due to Saffery Champness Fund Services Limited, of which £4,000 (2014: £4,000) was outstanding as at 5 April 2015. Saffery Champness Fund Services Limited performs a key management function.

Directors fees due to Ian Powell for the year amounted to £5,000 (2014: £5,000) of which £2,490 (2014: £5,000) was outstanding as at 5 April 2015. Directors fees due to Saffery Limited for the period amounted to £2,000 (2014: £2,000) of which £1,000 (2014: £2,000) was outstanding as at 5 April 2015.

**9. ULTIMATE CONTROLLING PARTY**

The Directors are not aware of the existence of any ultimate controlling party.

**10. EVENTS AFTER THE REPORTING DATE**

On 2 July 2015, Brehon Property Unit Trust made a prepayment of £725,000 towards the repayment of the loan note repayable on 31 October 2022 to the Class A Cell of the Company and Casquets Property Unit Trust made a prepayment of £100,000 towards the repayment of the loan note repayable on 3 April 2023 to the Class B Cell of the Company.

Also on 2 July 2015, the Class A Cell of the Company made a prepayment of £723,091 towards the repayment of the loan note repayable on 31 October 2022 and the Class B Cell of the Company made a prepayment of £99,783 towards the repayment of the loan note repayable on 3 April 2023.