



Albion Community Power PLC

Half-yearly Financial Report for the
six months to 31 May 2014 (unaudited)

Contents

- 2 Company information
- 3 Background, financial calendar and financial highlights
- 4 Chairman's statement
- 6 Condensed consolidated statement of comprehensive income
- 7 Condensed consolidated statement of financial position
- 8 Condensed consolidated statement of changes in equity
- 9 Condensed consolidated statement of cash flows
- 10 Condensed company statement of financial position
- 11 Condensed company statement of changes in equity
- 12 Condensed company statement of cash flows
- 13 Notes to the condensed Financial Statements
- 25 Glossary

This Half-yearly Financial Report has not been audited or reviewed by the Auditor.

Company information

Company number	08239147
Directors	V B Beckers, Chairman R M Armour OBE P H Reeve D Gudgin V Hansrani
Promoter, company secretary, registered and principal office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey, GU9 7LL
Auditor	Moore Stephens LLP 150 Aldersgate Street London, EC1A 4AB
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Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Shareholder information For help relating to dividend payments, shareholdings and share certificates, please contact Share Registrars Limited:
Tel: 01252 821390 (UK National Rate call, lines are open 9.00am-5.30pm, Mon-Fri; calls may be recorded)
Website: www.shareregistrars.uk.com

Shareholders can access information regarding their holdings by registering on Share Registrars' website.

Financial adviser information For enquiries relating to the performance of the Company and for financial adviser information please contact Stuart Mant at Albion Community Power PLC:

Tel: 020 7601 1850 (lines are open 9.00am-5.30pm, Mon-Fri; calls may be recorded)
Email: smant@albioncommunitypower.co.uk
Website: www.albioncommunitypower.co.uk

Please note that these contacts are unable to provide financial or taxation advice.

Background

Albion Community Power is a distributed generator of renewable energy. The company identifies, develops, constructs, commissions, registers and subsequently operates renewable energy projects in the UK. The focus is on community-scale (i.e. smaller) renewable projects principally in the wind, hydro-electricity, solar and biogas sectors, which will be of benefit to local communities, for example by the provision of free roof top solar-generated electricity to social housing tenants, or the sale of electricity generated from other sources to local users at a lower price than they could otherwise obtain.

As a generator of renewable energy, Albion Community Power and its subsidiaries, together the Group, will provide access to a diversified range of long-term electricity generation infrastructure projects at a time when a substantial portion of the UK's power generation capacity is scheduled for closure due to obsolescence or regulation.

At a time of increasing concerns over climate change, the Group offers shareholders an interest in low carbon footprint sources of renewable electricity.

The Company is targeting a dividend of approximately 3 pence per share per annum and a longer term total return (i.e. capital plus income) of approximately 6 per cent. per annum, although this should not be regarded as a profit or dividend forecast. Dividends made and returns generated will be dependent on the Group generating distributable profits.

Financial calendar

Forecast date for first dividend
Financial year end

30 September 2014
30 November 2014

Financial highlights

Redeemable Ordinary shares

100.00p

Proforma net asset value per share at 31 May 2014.*

£2.85m

Funds raised (net of costs) to 31 May 2014 under the Albion Community Power PLC Offer for Subscription 2013/14.

*Proforma net asset value is defined in the Glossary on page 25.

Chairman's statement

Introduction

Albion Community Power PLC is a company which, together with our partners, builds, owns, and will operate renewable energy plants across the UK. The Group focuses on smaller-scale renewables assets including single wind turbines in industrial locations, "run-of-river" hydro, rooftop solar and biogas plants.

Each plant is a stand-alone asset subject to government incentives, principally Feed-In-Tariffs. Smaller scale renewable energy projects have a number of attractions: the Feed-In-Tariff is fixed for 20 years, giving the plant a known income for each unit of electricity generated, in advance of construction. This income increases in line with inflation as the Feed-In-Tariff increases by RPI each year. In addition, the electricity can be sold locally, typically at a discount, to local households and businesses giving them a further reason to support renewable energy in their community. To encourage greater use of community-generated electricity, the Company is assisting the Department for Energy and Climate Change with "Licence Lite", making it easier for small generators to sell to a wider range of customers.

The Group is building a diversified portfolio of projects across the different renewable sectors to provide a natural weather hedge; e.g. solar performs well on sunny days, while hydro performs well when it rains. Albion Community Power PLC aims to aggregate and consolidate many projects into a £100 million group.

Performance and progress

Following the Company's commencement of trading in August 2013, its first project is now being developed; a wind turbine next to a quarry at Blaencilgoed in Wales, with completion expected by October 2014, when power generation will commence. Our partner is the proven wind developer Infinite Renewables Limited, and the turbine will be the same as Albion Ventures LLP has used on a previous industrial wind site shown below:



On 22 July 2014 the Company completed its first biogas project. Together with our partner, AlphaGen Renewables, we have signed a 15 year agreement with Norfolk County Council for the use of the gas at Docking Landfill. We are installing a landfill gas engine to convert this gas into electricity, with power generation again due to commence in October 2014. We hope to build more sites with AlphaGen Renewables in 2015.



Outlook and prospects

The renewable energy sector in the UK continues to have real prospects for sustained growth and strong value creation. We have a pipeline of named projects sufficient to be confident we can successfully deploy £100 million of projects. These projects include individual industrial wind projects, rooftop solar projects, "run-of-river" hydro projects and biogas projects. All of the £100 million pipeline is under letters of intent and exclusivity arrangements with our partners.

Albion Community Power PLC Offer for Subscription 2013/14

On 30 April 2014, the Offer for Subscription 2013/14 closed with net proceeds of £2.85 million raised. Since then, the Company has launched a new prospectus offer, Albion Community Power PLC Offer for Subscription 2014, with good prospects for further funds from both institutional and individual investors. The Company is engaged in active discussions with a range of pension funds, banks and funds of funds in order to build out the pipeline described above.

Financial results and dividends

In the period to 31 May 2014, the Group was in the process of developing its first project with electricity generation due in October 2014. Consequently, the Group's income was limited to a small amount of interest from cash on deposit. Albion Ventures LLP agreed to waive some of its management services fee for the period, as detailed further in note 3.

As at 31 May 2014, the proforma net asset value was 100 pence per share. This is before any asset revaluation that might arise from the Blaencilgoed wind project. The Group's annual overheads are limited to 2.5 per cent. of its proforma net asset value.

As stated in the Company's 2014 prospectus, the Company is targeting paying dividends of approximately 3 pence per share per annum. Dividends (if any) will be paid twice a year following the publication of the annual audited and interim unaudited accounts to those Shareholders who have been on the register for the previous 12 months. Hence, no dividend was paid in the financial period to 31 May 2014. The Company's inaugural dividend of 1.5 pence per share will be paid on 30 September 2014 to all shareholders who have held shares for 12 months as at 30 August 2014.

I look forward to continuing to oversee the Company's ongoing growth.

V B Beckers

Chairman

31 July 2014

Albion Community Power PLC

Condensed consolidated statement of comprehensive income

	Note	Six months to 31 May 2014 (unaudited) £'000	For the period from 3 October 2012 to 30 November 2013 (audited) £'000
Turnover		–	–
Cost of sales		–	–
Gross profit		–	–
Administrative expenses	3	(8)	(3)
Operating loss		(8)	(3)
Other interest receivable and similar income		8	3
Loss on the revaluation of debt due to redeemable Ordinary shareholders	12	(2)	(13)
Loss on ordinary activities before tax		(2)	(13)
Tax on ordinary activities	5	–	–
Total comprehensive income for the period		(2)	(13)
Profit/(loss) attributable to:			
Shareholders of parent		25	(13)
Non-controlling interest		(27)	–
		(2)	(13)
Total comprehensive income for the year attributable to:			
Shareholders of parent		25	(13)
Non-controlling interest		(27)	–
		(2)	(13)
Return attributable to shareholders			
Return per share (pence)*		(0.07)	(0.51)

*Return per share is calculated by dividing the total comprehensive income for the period by the number of redeemable Ordinary shares in issue at the financial reporting date.

Comparative figures have been extracted from the audited statutory accounts for the period ended 30 November 2013.

Comparative figures for the six months ended 31 May 2013 have not been included in the Half-yearly Financial Report as the Company was not trading and had no transactions to report.

The accompanying notes on pages 13 to 24 form an integral part of this Half-yearly Financial Report.

There were no other items of comprehensive income in the period.

Albion Community Power PLC

Condensed consolidated statement of financial position

	Note	31 May 2014 (unaudited) £'000	30 November 2013 (audited) £'000
Fixed assets			
Intangible assets	7	319	–
Tangible assets	8	516	–
		835	–
Current assets			
Other debtors	9	20	2
Cash at bank and in hand	10	1,995	2,493
		2,015	2,495
Total assets		2,850	2,495
Creditors: amounts falling due within one year	11	4	4
		4	4
Creditors: amounts falling due after more than one year			
Debt due to redeemable Ordinary shareholders	12	2,818	2,466
Other liabilities	13	43	38
		2,861	2,504
Total liabilities		2,865	2,508
Capital and reserves			
Called up share capital	14	–	–
Retained earnings		12	(13)
Non-controlling interests		(27)	–
		(15)	(13)
Total liabilities & Capital and reserves		2,850	2,495
Proforma net asset value per share (pence)*		100.00	100.00

*Proforma net asset value is defined in the Glossary on page 25.

Comparative figures have been extracted from the audited statutory accounts for the period ended 30 November 2013.

Comparative figures for the six months ended 31 May 2013 have not been included in the Half-yearly Financial Report as the Company was not trading and had no transactions to report.

The accompanying notes on pages 13 to 24 form an integral part of this Half-yearly Financial Report.

These Condensed Financial Statements were approved by the Board of Directors, and were authorised for issue on 31 July 2014 and were signed on its behalf by

P H Reeve

Director

Company number: 08239147

Albion Community Power PLC

Condensed consolidated statement of changes in equity

	Called-up share capital £'000	Retained earnings £'000	Total £'000	Shareholders of parent	Non- controlling interest
As at 30 November 2013 (audited)	- ¹	(13)	(13)	(13)	-
Issue of shares	-	-	-	-	-
Total comprehensive income for the period	-	(2)	(2)	25	(27)
As at 31 May 2014 (unaudited)	- ¹	(15)	(15)	12	(27)
As at 3 October 2012 (audited)	-	-	-	-	-
Issue of shares	- ¹	-	- ¹	- ¹	-
Total comprehensive income for the period	-	(13)	(13)	(13)	-
As at 30 November 2013 (audited)	- ¹	(13)	(13)	(13)	-

¹ Share capital consists of 100 A Ordinary shares issued at a par value of £0.01 each.

Comparative figures have been extracted from the audited statutory accounts for the period ended 30 November 2013.

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Albion Community Power PLC

Condensed consolidated statement of cash flows

	Note	Six months to 31 May 2014 (unaudited) £'000	For the period from 3 October 2012 to 30 November 2013 (audited) £'000
Cash flows from operating activities			
Cash generated from operations	4	(3)	(1)
Net cash flow from operating activities		(3)	(1)
Cash flows from investing activities			
Purchase of intangible assets	7	(325)	–
Purchases of property, plant and equipment	8	(533)	–
Interest received		8	3
Net cash flow from investing activities		(850)	3
Cash flows from financing activities			
Proceeds from issue of called up share capital		–	–
Proceeds from issue of redeemable Ordinary shares	12	355	2,491
Net cash flow from financing activities		355	2,491
Net change in cash at bank and in hand			
Cash at bank and in hand at the beginning of the period		2,493	–
Cash at bank and in hand at the end of the period	10	1,995	2,493

Comparative figures have been extracted from the audited statutory accounts for the period ended 30 November 2013.

Comparative figures for the six months ended 31 May 2013 have not been included in the Half-yearly Financial Report as the Company was not trading and had no transactions to report.

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Albion Community Power PLC

Condensed company statement of financial position

	Note	31 May 2014 £'000	30 November 2013 £'000
Current assets			
Other debtors	9	1,552	202
Cash at bank and in hand	10	1,663	2,293
		3,215	2,495
Total assets		3,215	2,495
Creditors: amounts falling due within one year			
	11	313	4
		313	4
Creditors: amounts falling due after more than one year			
Debt due to redeemable Ordinary shareholders	12	2,818	2,466
Other liabilities	13	43	38
		2,861	2,504
Total liabilities		3,174	2,508
Capital and reserves			
Called up share capital	14	–	–
Retained earnings		41	(13)
		41	(13)
Total liabilities & Capital and reserves		3,215	2,495
Proforma net asset value per share (pence)*		100.00	100.00

*Proforma net asset value is defined in the Glossary on page 25.

Comparative figures have been extracted from the audited statutory accounts for the period ended 30 November 2013.

Comparative figures for the six months ended 31 May 2013 have not been included in the Half-yearly Financial Report as the Company was not trading and had no transactions to report.

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P H Reeve

Director

Company number: 08239147

Albion Community Power PLC

Condensed company statement of changes in equity

	Called-up share capital £'000	Retained earnings £'000	Total £'000
As at 30 November 2013	- ¹	(13)	(13)
Issue of shares	-	-	-
Total comprehensive income for the period	-	54	54
As at 31 May 2014	- ¹	41	41
As at 3 October 2012	-	-	-
Issue of shares	- ¹	-	- ¹
Total comprehensive income for the period	-	(13)	(13)
As at 30 November 2013	- ¹	(13)	(13)

¹ Share capital consists of 100 A Ordinary shares issued at a par value of £0.01 each.

Comparative figures have been extracted from the audited statutory accounts for the period ended 30 November 2013.

Comparative figures for the six months ended 31 May 2013 have not been included in the Half-yearly Financial Report as the Company was not trading and had no transactions to report.

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Albion Community Power PLC

Condensed company statement of cash flows

	Note	Six months to 31 May 2014 (unaudited) £'000	For the period from 3 October 2012 to 30 November 2013 (audited) £'000
Cash flows from operating activities			
Cash generated from operations		50	(1)
Net cash flow from operating activities		50	(1)
Cash flows from investing activities			
Interest received		8	3
Amounts paid to subsidiary company		(1,043)	(200)
Net cash flow from investing activities		(1,035)	(197)
Cash flows from financing activities			
Proceeds from issue of called up share capital		–	–
Proceeds from issue of redeemable Ordinary shares	12	355	2,491
Net cash flow from financing activities		355	2,491
Net change in cash at bank and in hand			
Cash at bank and in hand at the beginning of the period		2,293	–
Cash at bank and in hand at the end of the period	10	1,663	2,293

Comparative figures have been extracted from the audited statutory accounts for the period ended 30 November 2013.

Comparative figures for the six months ended 31 May 2013 have not been included in the Half-yearly Financial Report as the Company was not trading and had no transactions to report.

The accompanying notes on pages 13 to 24 form an integral part of this Half-yearly Financial Report.

Albion Community Power PLC

Notes to the condensed Financial Statements

1. Summary of significant accounting policies

Albion Community Power PLC is a Company incorporated in the United Kingdom under the Companies Act 2006 (“the Act”) on 3 October 2012. The nature of the Group’s operations and its principal activities are set out in the Background section on page 3 and information pertaining to the Group’s registered office and place of business are set out in the Company’s Information section on page 2.

1.1 Basis of preparation

The financial information for the period ended 31 May 2014 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group’s statutory Financial Statements for the period ended 30 November 2013 have been filed with the Registrar of Companies. The auditor’s report on those Financial Statements was unmodified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

The interim financial information has been prepared using the same accounting policies and estimation techniques as adopted in the Group financial statements for the period ended 30 November 2013. The Group Financial Statements for the period ended 30 November 2013 were prepared in accordance with Financial Reporting Standard 102 as issued by the Financial Reporting Council. The principal accounting policies have been applied consistently by all Group companies presented in these condensed consolidated Financial Statements and are set out below.

The preparation of Financial Statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the Group. 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. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

Comparative figures for the six months ended 31 May 2013 have not been included in the Half-yearly Financial Report as the Company was not trading and had no transactions to report.

The profit for the period after taxation included in the accounts of the Company is £54,000. As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented.

Disclosures are presented in Pounds Sterling (GBP) and are rounded to the nearest thousand.

The Directors have adopted the going concern basis of accounting in preparing the interim Financial Statements.

1.2 Consolidation

The condensed consolidated interim Financial Statements comprise the interim Financial Statements of the Company and its subsidiary companies. Subsidiaries which are directly or indirectly controlled by the Group are consolidated. Control is achieved where the Company has the power to govern the financial and operating policies of a project so as to obtain benefits from its activities, which generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

All significant intra-group transactions and balances between Group entities are eliminated on consolidation.

Albion Community Power PLC

Notes to the condensed Financial Statements

1. Summary of significant accounting policies (continued)

1.3 Foreign currencies

The functional and presentational currency is the Pound Sterling as this is the currency of the economic environment in which the Group predominantly operates. Transactions in other denominated foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities in other currencies are translated at the exchange rates ruling at the date of financial position. Foreign exchange gains and losses are included in profit or loss.

1.4 Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the financial reporting date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and tax law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the interim Financial Statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

1.5 Intangible assets

Licences - Consented site

A consented site is land/property that has an approved lease and planning permission for the development of a renewable energy generating project and has been accredited with an electricity grid connection offer by its appropriate Distribution Network Operator.

Licences are measured at cost and are amortised on a straight-line basis over their estimated useful lives, which is the shorter of the licence term and the useful economic life of the asset. The useful economic lives of licences in respect of consented sites range from 10 to 20 years and are determined by the generating life of the respective renewable energy project.

Albion Community Power PLC

Notes to the condensed Financial Statements

1. Summary of significant accounting policies (continued)

1.6 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. All items are carried at depreciated cost, except plant and equipment under construction which are carried at cost.

Depreciation is provided on a straight line basis to write off the cost, less estimated residual values, of property, plant and equipment over their expected useful lives. It is calculated at the following rates:

Improvement to leasehold buildings –	Over the lease term
Plant and equipment (under construction) –	No depreciation is applied during the period of construction
Plant and equipment –	Over the estimated useful life of the energy generating plant/project
Office and computer equipment –	3 to 8 years

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

1.7 Financial assets and liabilities

Financial instruments are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments, other than redeemable Ordinary shares and warrants, are initially measured at fair value, which generally equates to acquisition cost, and are subsequently measured at amortised cost using the effective interest rate method. The Directors consider the fair value equivalent to the amortised cost.

1.8 Other debtors

Other debtors are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method less allowances for credit losses. Directors consider the fair value equivalent to the amortised cost. The Group reviews the ageing analysis of debtors on a regular basis.

1.9 Other interest receivable and similar income

Interest receivable relates to bank interest and is recognised on an accruals basis.

1.10 Cash at bank and in hand

Cash at bank and in hand consists of balances with banks.

1.11 Trade and other creditors

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

Albion Community Power PLC

Notes to the condensed Financial Statements

1. Summary of significant accounting policies (continued)

1.12 Share capital and redeemable shares

The A Ordinary shares are classified as equity and the redeemable Ordinary shares are recognised as a liability at fair value on inception and are re-measured at each reporting date up to the date of settlement. The fair value is based on the exercise price at the reporting date. Changes in the fair value are recognised in profit or loss.

1.13 Warrants

The Company issues warrants for every five redeemable Ordinary shares allotted. These are recognised as a liability at fair value on inception and are re-measured at each reporting date over the exercise period and up to the date of settlement. Changes in the fair value are recognised in profit or loss.

2. Critical accounting estimates and judgements

In preparing the interim Financial Statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Warrants

The warrants in issue at the end of the reporting period are attached to redeemable Ordinary shares and are not traded in an active market (e.g. unquoted debt instrument), thus as a result its fair value is determined by using the Black Scholes valuation model. Management uses its judgement in selecting a suitable valuation method, and makes assumptions that are mainly based on judgement, sector experience and market conditions existing at the end of each reporting period. The variables that were subject to judgement are the expected life of the warrants, the expected dividends and the annualised volatility rate. The volatility rate was based on related sector comparable companies.

Albion Community Power PLC

Notes to the condensed Financial Statements

3. Administrative expenses

	Six months to 31 May 2014 (unaudited) £'000	For the period from 3 October 2012 to 30 November 2013 (audited) £'000
Management fee charged in the period	(28)	(20)
Overheads	(7)	(5)
Total chargeable under management service agreement	(35)	(25)
Other costs	(5)	(1)
Amount of fees waived by Albion Ventures LLP	32	23
Net total charged in the statement of comprehensive income	(8)	(3)

During the period, Albion Ventures LLP charged a management fee totalling £35,000 (2013: £25,000) for the services of Albion partners and staff and the costs incurred on behalf of the Group. Of this amount, £32,350 (2013: £22,500) was waived. In future years and subject to the Group's proforma net asset value exceeding 100 pence per share, the Board will consider whether the amount waived may be fully or partially repaid. During the period, the Company was not charged by Albion Ventures LLP in respect of the services of the auditors and those of Albion partners and staff as executive Directors. The associated costs were absorbed within the management service fee above and have been detailed below.

During the period the Company raised new funds through the Albion Community PLC Offer for Subscription 2013/14 as described in note 12. The cost of the issue of these shares is 2.5 pence per share or nil where fees were waived by Albion Ventures. Of these costs, an amount of £3,625 was paid to Albion Ventures LLP in respect of receiving agent services. There were no sums outstanding in respect of receiving agent services at the period end.

Total chargeable expenses under management service agreement

	Six months to 31 May 2014 (unaudited) £'000	For the period from 3 October 2012 to 30 November 2013 (audited) £'000
Directors' fees (including NIC)	27	27
Tax services	2	3
Auditor's remuneration for statutory audit services	7	14
Auditor's remuneration for other services	–	6
	36	50
Adjustment to reduce total costs to 2.5% of proforma net asset value attributable to redeemable Ordinary shareholders as per management service agreement	(1)	(25)
Albion Ventures LLP's fees chargeable under the management services agreement	35	25

During the period, the Company has 5 employed Directors, and their remuneration has been disclosed above.

Albion Community Power PLC

Notes to the condensed Financial Statements

4. Cash generated from operations

	Six months to 31 May 2014 (unaudited) £'000	For the period from 3 October 2012 to 30 November 2013 (audited) £'000
Loss on ordinary activities before tax	(2)	(13)
Adjustments for:		
Amortisation of intangible assets	6	–
Loss on debt due to redeemable Ordinary shareholders	2	13
Interest receivable	(8)	(3)
Changes in working capital:		
Other debtors	(1)	(2)
Creditors	–	4
	(3)	(1)

5. Tax charge on ordinary activities

	Six months to 31 May 2014 (unaudited) £'000	For the period from 3 October 2012 to 30 November 2013 (audited) £'000
UK corporation tax in respect of current period	–	–
	–	–

Factors affecting the tax charge:

	Six months to 31 May 2014 (unaudited) £'000	For the period from 3 October 2012 to 30 November 2013 (audited) £'000
Loss on ordinary activities before taxation	(2)	(13)
Tax charge on profit at the small companies rate of 20%	–	(3)
Factors affecting the charge:		
Disallowable expenses	–	3
	–	–

No deferred tax asset or liability has arisen in the period.

Albion Community Power PLC

Notes to the condensed Financial Statements

6. Subsidiary undertaking

As at 31 May 2014, the Group had the following subsidiaries which have been included in the condensed consolidated Financial Statements:

Company	Country of incorporation	Principal activity	Ownership	Voting rights	Share capital Ordinary shares	Par value
ACP Infinite Limited	UK	Intermediate holding company	100%	100%	100	£0.01
Infinite Ventures (Blaencilgoed) Limited	UK	Wind power developer and operator	55%	55%	110	£1.00
ACP Solar (Hafod) Limited	UK	Dormant	100%	100%	1	£1.00

7. Intangible assets

Group Licences - Consented site (£'000)

Cost or valuation	
At 1 December 2013	–
Additions	325
At 31 May 2014	325
Accumulated amortisation and impairment	
At 1 December 2013	–
Charge for the year	(6)
At 31 May 2014	(6)
Carrying amount	
At 31 May 2014	319
At 30 November 2013	–

At 31 May 2014, the Group had intangible assets with at a carrying amount of £319,000 (30 November 2013: £nil) in respect of the acquisition of Infinite Ventures (Blaencilgoed) Limited.

Albion Community Power PLC

Notes to the condensed Financial Statements

8. Tangible assets

	Group Plant and equipment (£'000)
Cost or valuation	
At 1 December 2013	–
Additions	516
At 31 May 2014	516
Accumulated depreciation and impairment	
At 1 December 2013	–
Charge for the year	–
At 31 May 2014	–
Net book value	
At 31 May 2014	516
At 30 November 2013	–

At 31 May 2014, the Group had plant and equipment under construction held at cost of £516,000 excluding VAT of £17,000 (30 November 2013: £nil) in respect of the Blaencilgoed project's wind turbine.

9. Other debtors

	31 May 2014		30 November 2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Prepayments and accrued income	3	2	2	2
VAT receivable	17	–	–	–
Amounts due from subsidiary company	–	1,550	–	200
	20	1,552	2	202

At 31 May 2014, the amounts due from the subsidiary company of £1,550,000 relate to loan stock issued to the Group by Infinite Ventures (Blaencilgoed) Limited. At 30 November 2013, £200,000 related to the consideration due for the purchase of Infinite Ventures (Blaencilgoed) Limited.

Albion Community Power PLC

Notes to the condensed Financial Statements

10. Cash at bank and in hand

	31 May 2014		30 November 2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Cash at bank	1,995	1,663	2,293	2,293
Restricted deposit	–	–	200	–
	1,995	1,663	2,493	2,293

At 30 November 2013, £200,000 was held by the lawyers on behalf of the Company's subsidiary, in respect of the purchase price of the Blaencilgoed project until all of the conditions of the acquisition were satisfied on 31 January 2014.

11. Creditors: amounts falling due within one year

	31 May 2014		30 November 2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Accruals and deferred income	–	2	2	2
Other creditors	4	2	2	2
Amounts due to subsidiary company	–	309	–	–
	4	313	4	4

Audit and tax fees in relation to the financial reporting period are payable by Albion Ventures LLP, and recharged as detailed in note 3.

Albion Community Power PLC

Notes to the condensed Financial Statements

12. Debt due to redeemable Ordinary shareholders

Debt due to redeemable Ordinary shareholders relates to redeemable Ordinary shares recognised at fair value. The redeemable Ordinary shares can be redeemed on any date on or after the first anniversary of the allotment of those shares. The redemption price is equivalent to net asset value per share less a discount of one per cent.

Under the terms of the Albion Community Power PLC Offer for Subscription 2013/14, the following redeemable Ordinary shares were allotted during the period:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net amounts subscribed (£'000)
To 30 November 2013	2,490,852	24.9	100.00 & 102.50	2,491
19 December 2013	97,000	1.0	100.00	97
19 December 2013	97,195	1.0	102.50	97
31 January 2014	47,805	0.5	102.50	48
19 March 2014	113,500	1.1	100.00	113
	<u>2,846,352</u>	<u>28.5</u>		<u>2,846</u>

The net amount subscribed of £2,846,000 for the period ended 31 May 2014 relates to both the issue of the redeemable Ordinary shares and the issue of warrants. On inception, the fair value of the warrants amounting to £43,000 was classified as other liabilities. The fair value of the redeemable Ordinary shares at 31 May 2014 is calculated using the redemption price and equates to £2,818,000, with a £2,000 loss from the increase in fair value being recognised in the consolidated statement of comprehensive income.

13. Other liabilities

Other liabilities consist of the warrants issued to redeemable Ordinary shareholders recognised at fair value. The warrants entitle the holder to subscribe for redeemable Ordinary shares at any point up to 20 years after the date of issue at a price equivalent to the net asset value at the date of issue. The number of warrants issued and their fair value at grant date has been summarised below:

Date of allotment	Number of warrants allotted	Fair value per warrant at grant date (£)	Fair value
To 30 November 2013	498,170	0.08	38
19 December 2013	19,839	0.08	1
19 December 2013	19,000	0.08	1
31 January 2014	9,561	0.08	1
19 March 2014	22,700	0.08	2
	<u>569,270</u>		<u>43</u>

There have been no warrants exercised during the period.

Albion Community Power PLC

Notes to the condensed Financial Statements

13. Other liabilities (continued)

The fair values of the warrants have been calculated using the Black Scholes model at grant date. The assumptions used are summarised as:

	31 May 2014	30 November 2013
Weighted average share price	£1.00	£1.00
Exercise price	£1.00	£1.00
Volatility on warrants	5%	5%
Dividends on warrants	£Nil	£Nil
Risk free rate	1.12%	1.12%
Warrant life	5 years	5 years
	569,270	498,170

The expected volatility has been determined based on the historical share price data of comparable companies operating in the same industry as the Company. The assumptions as at 31 May 2014 have not significantly changed from the grant date as operations have not fully commenced.

14. Called up share capital

	31 May 2014 £	30 November 2013 £
Allotted, called up and fully paid		
100 A Ordinary shares of £0.01 each (Incorporation: 1 Ordinary share of 100p each)	1	1

All A Ordinary shares and redeemable Ordinary shares (note 12) have the same voting rights.

15. Ultimate controlling party

As at 31 May 2014, there is no ultimate controlling party.

16. Capital and financial instruments risk management

The Group's key financial risks arising from its operating activities and its financial instruments are:

- Credit risk;
- Liquidity risk; and
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit Committee which is responsible for developing and monitoring the Group's risk management strategy and policies. The Committee reports regularly to the Board of Directors on its activities.

Albion Community Power PLC

Notes to the condensed Financial Statements

16. Capital and financial instruments risk management (continued)

Categories of financial instruments

Other than debt due to redeemable Ordinary shareholders and other liabilities which are recognised at fair value through profit and loss all other financial instruments are recognised at amortised cost. The fair value of all financial instruments recognised at amortised cost is considered to be equivalent to its carrying value.

Credit risk

At 31 May 2014, concentration of credit risk exists to the extent that 99% of current assets are in respect of cash balances held with two financial institutions with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

At 31 May 2014, the Group was not exposed to any significant liquidity risk other than the redemption of shares, which can only be redeemed when liquid funds are available. The Group has adequate cash surpluses to meet any current obligation.

Market risk

At 31 May 2014, the Group is not exposed to significant interest rate or foreign currency risk.

17. Commitments

As at 31 May 2014, the Company had no financial commitments except the management services contract with Albion Ventures LLP for a minimum length of five years.

There are no contingent liabilities or guarantees given by the Group as at 31 May 2014 (30 November 2013: £nil).

18. Events after the reporting date

Since 31 May 2014, the Group has completed the following transactions:

- On 22 July 2014, the Company acquired an interest in AlphaGen Renewables Limited, a company that will engage in small-scale Landfill Gas (LFG) power schemes in the UK.
- On 23 July 2014, the Company's subsidiary, ACP Infinite Limited, acquired an interest in a company that will undertake a wind project.

On 31 July 2014, the Company issued a further 251,340 redeemable Ordinary shares and raised funds of £251,340, net of issue costs through the Company's Offer for Subscription 2014.

19. Related party transactions

Other than the transactions with Albion Ventures LLP as described in note 3, there were no other transactions with related parties.

Glossary

Definitions and Terms

“A Shares”	non-redeemable A Ordinary shares of £0.01 each in the capital of the Company
“Act”	the Companies Act 2006 (as may be amended from time to time)
“Albion Ventures” or “Promoter” or “Albion”	Albion Ventures LLP which is authorised and regulated by the Financial Conduct Authority, or its predecessor business
“Articles”	means the articles of association of the Company (as amended from time to time)
“Board” or “Directors”	the board of directors of the Company, whose names appear on page 2
“Company” or “ACP” or “Albion Community Power”	Albion Community Power PLC
“Distribution Network Operators” or “DNOs”	These are companies licensed to distribute electricity in Great Britain by the Office of Gas and Electricity Markets
“Feed in Tariffs” or “FITs”	means the system introduced by the Government pursuant to powers in the Energy Act 2008 to incentivise low carbon electricity generation
“Group”	Albion Community Power PLC and its subsidiary companies
“Government”	the UK Government and the Scottish Government or either Government as the context permits
“Licence Lite”	Licence Lite, a means by which small generators / suppliers can gain direct access to the retail market, rather than relying on the sale of their output wholesale to licensed suppliers
“Management Services Agreement”	the agreement between the Company and Albion Ventures governing the management services provided by Albion Ventures to the Company
“Proforma Net Asset Value” or “ Proforma NAV”	<p>(i) the net asset value of the Company attributable to holders of Shares – adjusted for the revaluation of projects as determined by independent third party professional valuations</p> <p>(ii) the proforma net asset value per share is equivalent to the sum of capital and reserves, the nominal value of debt attributable to the holders of redeemable Ordinary shares, excluding any fair value gains or losses on the redeemable Ordinary shares and including any fair value movements on projects</p>

“Registrars”	Share Registrars Limited
“RPI”	The Retail Prices Index
“Shares”	redeemable Ordinary shares of £0.01 each in the share capital of the Company
“Shareholders”	holders of Shares
“Venture Capital Trust” or “VCT”	a company approved as a venture capital trust under section 274 Income Tax Act 2007
“Warrant Instrument”	the warrant instrument pursuant to which the Company issues warrants to Albion Ventures and certain third party investors
“Warrants”	the warrants to subscribe for Shares issued by the Company under the Warrant Instrument

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