



Annual Report and Financial Statements

Albion Community Power PLC

Annual Report and Financial Statements
for the year ended 30 November 2014

ALBION | COMMUNITY
POWER PLC

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Company information

Company number	08239147
Directors	V B Beckers, Chairman R M Armour OBE P H Reeve D Gudgin V C Hansrani
Management services provider, 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
Taxation advisers	Robertson Hare LLP 4 Staple Inn London, WC1V 7QH Moore Stephens LLP 150 Aldersgate Street London, EC1A 4AB
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 821 390 (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 Group 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: info@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 PLC (“ACP” or “the Company”) and its subsidiaries (“the Group”) build, own, and 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 and biogas plants.

Each plant is a stand-alone project which benefits from 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 rises with inflation as the Feed-In-Tariff increases by UK RPI each year. In addition, the electricity may be sold locally 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. In due course, ACP aims to aggregate them into a £100 million group.

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

Annual General Meeting
Date of next dividend

18 March 2015
31 March 2015

Financial highlights

Redeemable Ordinary shares

108.4p

Proforma net asset value per share at 30 November 2014.*

£3.7m

Funds raised (net of costs) to 30 November 2014 under the Albion Community Power PLC Offer for Subscription 2013 and 2014.

1.5p

Dividend per share paid to qualifying redeemable Ordinary shareholders during the year ended 30 November 2014.

*Proforma net asset value is defined in the Glossary on page 55.

Chairman's statement

Performance and progress

The year has been both a busy and a successful one for the Group, with a rise in our proforma net asset value from 100 pence per share in 2013 to 108.4 pence per share, after the payment of our first dividend of 1.5 pence per share.

The Group's first two renewable energy projects are now generating sufficient energy to power 660 homes, our 50kW biogas plant at Docking in Norfolk started generating in October 2014, and our 500kW wind turbine at Blaencilgoed in South West Wales was commissioned in December 2014.

Meanwhile, our third project, a 1.5MW wind turbine at Goathill Quarry in Scotland, is nearing completion, while work has commenced on our fourth, a 500kW wind turbine at Tafarnaubach in South East Wales. Behind these, we have an extensive pipeline of further consented projects, with particular strength in "run-of-river" hydro schemes in Scotland, where we have four projects ready for development.

Fundraising

The total level of fundraising for the redeemable Ordinary shares from retail investors is now £3.7 million, with £1.2 million being raised in the year to 30 November 2014. We will be launching a new prospectus shortly, with a view to raising up to £5 million in the future.

Following the year end, agreement has been reached with the Green Investment Bank ("GIB") and Strathclyde Pension Fund to raise an initial £35 million in a new class of "I" Shares, to be invested in projects alongside the redeemable Ordinary shares, with the two classes of share merging in the event of flotation. The fundraising was approved by Shareholders at the General Meeting held on 16 February 2015.

In addition, GIB has the right to elect to invest up to a further £25 million in the Company subject, inter alia, to matched investment from other institutional investors.

Current operational projects

The following are further details of our current operational renewable energy projects:

Together with our partner, AlphaGen Renewables, we have signed a 20 year agreement with Norfolk County Council for the use of the gas at their Docking landfill. We have installed a landfill gas engine to convert this gas into electricity and power generation commenced in October 2014. The 50kW project, in which ACP has a 51 per cent. interest, is currently generating on plan sufficient to power 130 homes. We hope to develop more sites with AlphaGen Renewables in 2015.



Work began on the 500kW wind turbine next to a quarry at Blaencilgoed in Wales in July 2014, with completion in December 2014, when power generation commenced. Our partner is the wind developer Infinite Renewables Limited and ACP now has an 80 per cent. interest in the project (a further 25 per cent. equity was purchased in January 2015). The turbine is performing according to plan, sufficient to power 530 homes.

Chairman's statement (continued)

Change of accounting reference date

In order to assist with GIB's reporting requirements, the Company will be changing its year end from 30 November to 31 January. This means that the next accounting period to be reported on will be the two months to 31 January 2015.

Financial results and dividends

At 30 November 2014, the Group had only just completed its first project, and so the Group's income was limited to a small amount of Feed-in-Tariff and electricity export income.

As at 30 November 2014, the proforma net asset value was 108.4 pence per share. This is following the revaluations of the Blaencilgoed wind and the Docking landfill gas projects, the former of which is subject to a third party professional valuation by PricewaterhouseCoopers LLP ("PwC"), and the latter of which is subject to a Directors' valuation (due to its smaller size), using metrics proposed by PwC. It is anticipated that an independent third party valuation will be carried out for this project in the forthcoming year. The Group's annual overheads are limited to 2.5 per cent. of its proforma net asset value, and accordingly Albion Ventures LLP has charged £86,000 of its management services charge as at 30 November 2014.

Because of the Company's redeemable capital structure, in addition to the statutory results set out on pages 27 and 28, we set out below the Group's proforma consolidated statement of comprehensive income and consolidated statement of financial position, adjusted, inter alia, for the revaluation of projects, and showing how the Group's capital position would have looked had the Ordinary shares not been redeemable and therefore not classified as debt.

Proforma consolidated statement of comprehensive income

	Year ended 30 November 2014
	£'000
Turnover	5
Administrative expenses	(84)
Net interest income	15
Loss on ordinary activities before tax	(64)
Tax	-
Total comprehensive income	(64)

Chairman's statement (continued)

Proforma consolidated statement of financial position

		As at 30 November 2014
		£'000
Fixed assets		3,040*
Debtors		873*
Cash		824*
Creditors	Note 13	(764)
Proforma net assets		3,973
Proforma net assets per share (pence)		108.4

* The figures above do not agree to the statutory Financial Statements as the above reflects the adjusted position excluding any third party balances.

As stated in the Company's 2014 prospectus, the Company is targeting paying dividends of 3 pence per redeemable Ordinary share per annum. Dividends 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. The Company's inaugural dividend of 1.5 pence per share was paid on 30 September 2014 to shareholders on the register on 30 August 2013 and the next dividend of 1.5 pence per share will be paid on 31 March 2015 to those shareholders on the register at 28 February 2014.

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

V B Beckers

Chairman

19 February 2015

Strategic report

Group objective and policy

The Group aims to be one of the UK's largest producers of community-scale renewable energy, through a variety of energy projects, building capacity of around 30MW at a cost of £100 million. This would represent approximately 0.1 per cent. of the UK target by 2020, equivalent to powering some 35,000 homes.

The Group undertakes community-scale (i.e. smaller) renewable projects principally in the wind, hydro-electricity, biogas and solar sectors, which will be of benefit to local communities. The renewable energy sectors are described below:

- Wind – Turbines on “brownfield” sites near existing developments such as industrial estates rather than “greenfield” developments in remote areas.
- Hydro-electricity – Power from water flow by diverting part of the stream from higher up a river and putting it through a turbine, before releasing it back into the river lower down.
- Biogas – A technology for converting organic matter (such as waste food or agricultural crops) into biogas, which can then be converted into electricity. This is sometimes called Anaerobic Digestion or AD.
- Solar – Rooftop systems providing electricity to households and larger ground mounted systems selling electricity to commercial users and via the National Grid.

The Group has two operational projects with another two currently under development, details of which are provided below (see Current projects and project pipeline).

The Group has an extensive pipeline of further projects, many of which are exclusive and some of which have planning consent. The Group uses a range of equipment and services suppliers, thus reducing reliance on any one provider, and operates in a broad and fast-growing market.

To date, the Company has raised £3.7 million and has funded £2.8 million to its current projects. The Group will develop future projects using the remaining funds already raised and from the monies raised in the future, including through the institutional “I” Share issue. Revenues generated by the Group's operations will be used to fund its on-going operations and, to the extent the Board resolves, to pay dividends.



Strategic report (continued)

Market overview

The Government has a long term commitment to the increased use of renewable energy. This is driven partly by commitments given to the European Union (“EU”), and partly by the needs of energy security. A potential shortage in supply towards the end of this decade also dictates an increase in renewable energy generation as part of the solution.

As part of the overall EU policy to reduce carbon emissions, the Government has made a binding commitment to the EU to generate 15 per cent. of energy from renewables by 2020. To achieve this approximately 30 per cent. of electricity generation will have to come from renewable sources by that date. This is because energy has a much wider definition than electricity generation but the scope for renewables to substitute for fossil fuels outside the electricity sector is currently quite limited. To meet the UK’s targets the renewable proportion of electricity generation has to be increased to make up for shortfalls elsewhere. In the year to 31 December 2013 renewable energy provided 14.8 per cent. of total UK electricity generation (compared to 11.3 per cent. in the year to 31 December 2012).

To encourage the generation of energy from renewable sources the Government has specific policies of incentives, in the form of Feed-in-Tariffs (“FITs”), Renewables Obligation Certificates (“ROCs”), and Renewable Heat Incentives (“RHIs”) to encourage distributed efficient generation of electricity and heat at the point of use.

FITs, ROCs and RHIs offer long-term support to installations that are accredited for FITs, ROCs and RHIs at pre-determined levels. All three incentives are relevant to the Group.

Current projects and project pipeline

A summary of the Group’s current active projects is set out below.

Technology	Location	Funding to date	Potential energy output	Expected date of commencement of generation
Biogas	Docking, Norfolk	£0.1 million	50kW	October 2014 (actual)
Wind	Blaencilgoed, South West Wales	£1.65 million	500kW	December 2014 (actual)
Wind	Goathill Quarry, Scotland	£0.6 million	1,500kW	March 2015
Wind	Tafarnaubach, South East Wales	£0.45 million	500kW	June 2015

Albion Ventures LLP’s current pipeline potentially available to the Group includes £92 million of wind, hydro-electricity, biogas and solar projects.

Strategic report (continued)

Operational arrangements

Albion Ventures LLP has extensive experience in the identification and development of renewable energy projects and has made this available to the Group. Three senior Albion Ventures LLP members and staff are executive Directors of the Company and Albion Ventures LLP also provides staff, advisory and administrative services to the Group. These services include:

- advising the Board on identification of potential projects and monitoring of projects undertaken, including specifying equipment, running tender processes and agreeing commercial terms with chosen suppliers, negotiating and agreeing leases with landlords, checking the planning conditions and grid connection offers, negotiating and agreeing management contracts with partners, running tender processes for engineering, procurement and construction contractors, appointing advisers such as architects and quantity surveyors, evaluating and agreeing power and heat off-take agreements, arranging annual valuations by third party valuers such as PricewaterhouseCoopers LLP, and tendering and agreeing aggregated maintenance and service contracts; and
- the provision of accounting, secretarial and other administrative services.

The appointment of Albion Ventures LLP to provide these services was for an initial period of 5 years, and thereafter on 2 years' notice. The management service charge payable to Albion Ventures LLP is 2 per cent. of the Group's proforma net asset value, less the cost of salaries paid to the executive Directors and staff provided by Albion Ventures LLP. The Group's annual central overheads including such fee and salaries are capped at 2.5 per cent. of proforma net asset value. The operating costs of the underlying renewable energy projects, however, will be accounted for separately.

In addition, Albion Ventures LLP will charge a one-off execution fee of 2 per cent. of the amount allocated by the Group to any project, to the extent that they are funded from the redeemable Ordinary shares. These fees are charged directly to the projects.

Following the passing of the resolutions at the General Meeting on 16 February 2015, the management services agreement was extended until 31 January 2035, subject to two years' notice from 29 May 2018.

Review of business and future changes

The proforma results of the Group show a negative revenue return of 1.75 pence per share, but a capital uplift of 8.4 pence per share. The statutory results for the year ended 30 November 2014 show a loss of 9.1 pence per share (period to 30 November 2013: loss of 0.5 pence per share).

A detailed review of the Group's business during the year and future prospects is contained in the Chairman's statement on pages 4 to 6 and within this Strategic report. Details of significant events which have occurred since the end of the financial year are listed in note 21 to the Financial Statements. Details of transactions with the Management Services Provider are shown in note 4 to the Financial Statements.

The Directors do not foresee any major changes in the activity undertaken by the Group in the current year. The Group continues with its objective to build renewable projects throughout the United Kingdom with a view to providing both capital growth and a reliable dividend income to shareholders over the long term.

Strategic report (continued)

Results

As shown in the consolidated statement of comprehensive income on page 27, the return to equity holders before the revaluation of debt due to redeemable Ordinary shareholders and warrants stands at a loss of £64,000.

The Group loss for the year of £348,000 (period to 30 November 2013: loss of £13,000) is mainly attributable to the fair value revaluation of the debt in respect of the redeemable Ordinary shares and warrants in the Company. This resulted in a loss of 9.1 pence per share (2013: 0.5 pence per share). This has no impact on the proforma net asset value which excludes any such revaluations on redeemable Ordinary shares and warrants.

The consolidated statement of financial position on page 28 shows that the proforma net asset value increased over the year from 100.0 to 108.4 pence per share, primarily reflecting the project valuation uplifts in the subsidiaries, namely our biogas plant at Docking in Norfolk and our wind turbine at Blaencilgoed in South Wales. No valuation uplifts have been recognised in the subsidiaries for our wind turbine at Goathill in Scotland and our wind turbine at Tafarnaubach in South Wales as these were under construction as at 30 November 2014.

The cash flow for the Group has been negative for the year mainly due to purchase of property, plant and equipment, compensated by new issues of the redeemable Ordinary shares. These shares have voting rights attached to them and although they are legally share capital, they are recognised as a financial liability as the Company has an obligation to settle on redemption (subject to the availability of liquid funds).

Discount management and share buy-back policy

Redeemable Ordinary shareholders may give the Company notice requiring it to redeem their shares and the Company will (subject to the terms of the Articles, the Act, any regulatory requirements and the availability of liquid funds) redeem those shares within three calendar months after the first anniversary of allotment of shares (subject to the Directors' dispensation to direct earlier redemptions).

It is the Board's intention for such buy-backs to be at a price equal to the proforma net asset value of the shares at the previous half year or year end (as stated in the most recent published annual audited or unaudited interim accounts at the date of the redemption notice) less a discount of 1 per cent. Any shares which are redeemed by the Company will be cancelled.

There were no shares bought back during the year ended 30 November 2014 (2013: nil).

Key performance indicators

Three key performance indicators are measured in the financial year. The total expenses ratio for the Group for the year ended 30 November 2014 was 2.1 (2013: 0.1) per cent. of proforma net asset value. As at 30 November 2014, the proforma net asset value per redeemable Ordinary share was 108.4 pence (2013: 100.0 pence). Dividend distribution during the year was 1.5 pence per redeemable Ordinary share to qualifying shareholders (2013: nil).

Environmental matters, social and community issues, employees and human rights

The Board recognises the requirement under section 414C of the Act to detail information about environmental matters, social and community issues, employees and human rights; including any policies it has in relation to these matters and effectiveness of these policies. Albion Ventures LLP, through its management service contract with the Company, provides all administrative services, and the Company has no employees other than the executive Directors. The Group recognises the importance of its environmental policies, monitors the impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Further details can be found in the Directors' report on page 16.

Strategic report (continued)

Risk management

The Board carries out a regular review of the risk environment in which the Group operates. The principal risks and uncertainties of the Group as identified by the Board and how they are managed are as follows:

Risk	Possible consequence	Risk management processes
Strategic risk	Unfavourable impact on the industry from changes in policy and legislation, impacting, amongst other areas, renewable subsidies.	The Board monitors prevailing legislative and political risk on a regular basis and engages with policymakers. In addition, preferred projects are those that would remain profitable even without subsidies.
Project risk	This is the risk of securing insufficient consented site projects, poor quality equipment, failure of recourse from warranties and poor construction performance which reduces the returns to shareholders, and negatively impacts on the Company's reputation.	To reduce this risk, the Board places reliance upon the skills and expertise of Albion Ventures and their extensive experience within the renewable energy sector. In addition, the Company operates a formal projects appraisal process, which includes a Project Committee, comprising the Board. Projects are actively and regularly monitored by Albion Ventures and the Board receives detailed reports on each project. The Board also regularly monitors and assesses the project pipeline. It is the policy of the Company for project companies not normally to have external borrowings.
Compliance risk	The Company is required to comply with the UK Companies Act, Accounting Standards and other legislation. Failure to comply with these regulations could result in penalties under the Companies Act or from financial reporting oversight bodies.	Board members and Albion Ventures have experience of operating at senior levels within quoted businesses. In addition, the Board and Albion Ventures receive regular updates on new regulation from its auditor, lawyers and other professional bodies.
Internal control risk	Failures in key controls, within the Board or within Albion Ventures' business, could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.	The Audit Committee meets with Albion Ventures Internal Auditor, PKF Littlejohn LLP, at least once a year, receiving a report regarding the last formal internal audit performed on Albion Ventures, and providing the opportunity for the Audit Committee to ask specific and detailed questions. Albion Ventures has a comprehensive business continuity plan in place in the event that operational continuity is threatened. Measures are in place to mitigate information risk in order to ensure the integrity, availability and confidentiality of information used within the business.
Reliance upon third parties risk	The Company is reliant upon the services of Albion Ventures for the provision of management and administrative functions.	There are provisions within the management agreement for the change of Albion Ventures under certain circumstances. In addition, Albion Ventures has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures.

Strategic report (continued)

Financial risk	The Company is exposed to credit risk and liquidity risk.	<p>The Company's policies for managing these risks are outlined in full in note 19 to the Financial Statements.</p> <p>Most of the Group's income and expenditure is denominated in sterling, with foreign currency transactions executed at the exchange spot rates prevailing at the transaction date. The Company is financed through the issue of redeemable Ordinary shares and does not have any other borrowings. The subsidiary companies are financed through the provision of loan stock financial instruments by the Company and other project partners. The Group uses banking counterparties that are at least Moodys' A credit grade.</p>
Business Property Relief ("BPR") qualifying risk	The Company's current business activities are regarded as trading activities and therefore a Qualifying Trade. In meeting this qualifying requirement for BPR, shareholders who have held shares in the Company for a two year period should be entitled to full relief from Inheritance Tax on the value of their holding. Failure to meet the qualifying requirements could result in no relief or only partial relief from Inheritance Tax.	The Company is an operating power generator and is therefore in line with government policy objectives for BPR. To reduce this risk, and to provide further formal reassurance, the Board has appointed Robertson Hare LLP as its taxation adviser. Robertson Hare LLP will review the Company's trading activities and advise the Board annually on the Company's Qualifying Trade status.
Cyber risk	Financial loss, disruption or damage to reputation from the failure of IT systems.	To reduce this risk, Albion Ventures Internal Auditor, PKF Littlejohn LLP, undertakes an IT security audit on a periodic basis, reporting their findings to the Board. Albion Ventures, in conjunction with the external IT provider have put measures in place to protect the confidentiality of information.

Future prospects

The Company has set out its strategy as outlined above and believes this strategy should enable it to provide a predictable stream of dividend payments to shareholders in the future combined with longer-term capital growth. The Board believes that this model will meet the Company objective and has the potential to deliver attractive returns to shareholders.

This Strategic report of the Group for the year ended 30 November 2014 has been prepared in accordance with the requirements of section 414A of the Companies Act 2006 (the "Act"). The purpose of this report is to inform shareholders and provide them with sufficient information to enable them to assess the extent to which the Directors have performed their duty to promote the success of the Group in accordance with section 172 of the Act.

On behalf of the Board,

PH Reeve

Director

19 February 2015

The Board of Directors

The following are the Directors of the Company, comprising two non-executive and three executive Directors:

Volker Beckers FEI, has extensive experience in the renewable energy sector. He was Group CEO of RWE Npower plc from 2010 to 2012 and prior to that its Group CFO from 2003 to 2009. He is a member of King's College London's advisory board at the European Centre for Energy and Resource Security and was voted the Outstanding Contribution Award at the 2012 Energy Awards. He is also a non-executive director of HM Revenue & Customs, chairman of SpencerAM Limited, non-executive director of Elexon Limited and is chairman of the advisory board at the Erasmus Centre for Future Energy Business at Erasmus University, Rotterdam. He graduated from Cologne University with a Diploma ("Diplom-Kaufmann") in Economics and Business Administration and is a fellow of the Energy Institute.

Robert Armour OBE, MBA, LLB, FIE, FCIS, General Counsel of British Energy Group and its predecessors from 1990 to 2009, he was originally a partner in a Scottish legal firm acting for energy clients. Following the takeover of British Energy by EDF in 2009, he managed the sale of EDF Energy's UK electricity distribution interests (now UK Power Networks) to CKI. He is currently chairman of Smarter Grid Solutions Limited and three companies in which Albion Ventures LLP's VCTs have invested. He is a trustee of The Nuclear Trust, as well as a director of Nuclear Liabilities Fund Limited, the nuclear decommissioning fund for EDF Energy's nuclear power stations, and is Senior Counsel at Gowlings, an international legal practice. He was also chairman of the Independent Expert Commission on Energy Regulation set up by the Scottish Government. He has an LLB and an MBA from Edinburgh University.

Patrick Reeve MA, ACA, qualified as a chartered accountant with Deloitte, Haskins & Sells before joining Cazenove & Co where he spent three years in the corporate finance department. He joined Close Brothers Group in 1989, working in both the development capital and corporate finance divisions before founding the venture capital division in 1996. He led the buy-out of this business from Close Brothers in 2009 and re-named it Albion Ventures LLP. He is the managing partner of Albion Ventures LLP and is a director of Albion Technology & General VCT PLC, Albion Enterprise VCT PLC and Albion Development VCT PLC, all managed by Albion Ventures LLP. He read modern languages at Oxford University. He is a Member of Council of the British Venture Capital Association and is a member of the Audit Committee of the University College London. He is also a director of UCL Business, the university's technology transfer arm.

David Gudgin BSc, ACMA, is the Head of Renewables at Albion Ventures LLP. David qualified as a management accountant with ICL and spent three years based at the BBC. In 1999, he joined 3i PLC as an investor in European technology based in London and Amsterdam. In 2002 he moved to Foursome Investments (now Frog Capital) as the lead investor for two funds, an environmental technology fund and a later stage development capital fund, before joining Albion Ventures LLP in 2005. He became a partner in Albion Ventures LLP in 2009. David has a BSc in Economics from Warwick University. David has been investing in Cleantech since 2003. He is a director, inter alia, of TEG Biogas (Perth), Chonais Hydro, ACP Infinite Limited, Harvest AD Limited, ACP Wind Limited, Alphagen Projects Limited and Infinite Ventures (Goathill) Limited.

Vikash Hansrani BA (Hons), ACA, qualified as a chartered accountant with RSM Tenon plc and latterly worked in its corporate finance team. He joined Albion Ventures LLP in 2010 where he is currently Finance Director. He has a BA (Hons) in Accountancy & Finance from Nottingham Business School.

The executive Directors are Patrick Reeve, David Gudgin and Vikash Hansrani who are not members of the Remuneration Committee and Nomination Committee (both of which Robert Armour is the Chairman).

All Directors are members of the Audit Committee and Volker Beckers is the Chairman.

The Management Services Provider

Albion Ventures LLP, is authorised and regulated by the Financial Conduct Authority and provides staff, advisory and administrative services to the Group pursuant to the management services agreement. In addition to the services provided to Albion Community Power PLC, it manages six venture capital trusts, and currently has total funds under management of approximately £245 million.

The following are specifically responsible for the management and administration of Albion Community Power PLC:

Patrick Reeve MA, ACA, details included in the Board of Directors section.

David Gudgin BSc (Hons), ACMA, details included in the Board of Directors section.

Emil Gigov BA (Hons), FCA, assists in sourcing wind projects for the Company. He graduated from the European Business School, London, with a BA (Hons) Degree in European Business Administration in 1994. He then joined KPMG in their financial services division and qualified as a chartered accountant in 1997. Following this he transferred to KPMG Corporate Finance and joined Albion Ventures LLP in 2000. Emil became a partner in 2009 and is responsible for Albion Ventures LLP's wind investments. He is a director of Infinite Ventures (Blaencilgoed) Limited.

Dr Christoph Ruedig MBA assists in sourcing hydro-electricity projects for the Group. He joined Albion Ventures LLP as an investment director in October 2011. He initially practised as a radiologist, before spending 3 years at Bain & Company. In 2006 he joined 3i working for their Healthcare Venture Capital arm. Most recently he has worked for General Electric UK. He holds a degree in medicine from Ludwig-Maximilians University, Munich and an MBA from INSEAD. He has led the Dragon Hydro, All't A Chonais and Ledgowan hydro-electricity investments for Albion Ventures LLP. He is a director of Chonais Hydro Limited.

Henry Stanford MA, ACA, assists David Gudgin in sourcing anaerobic digestion projects for the Group. He qualified as a chartered accountant with Arthur Andersen before joining the corporate finance department of Close Brothers Group in 1992. He joined Albion Ventures LLP in 1998, becoming a partner in 2009, where he has been responsible for much of the asset-based investment portfolio. He holds an MA degree in Classics from Oxford University. At Albion Ventures LLP, he has been on the boards of, inter alia, The Street by Street Solar Programme, Regenerco Renewable Energy and AVESI.

Vikash Hansrani BA (Hons), ACA, details included in the Board of Directors section.

Marco Yu MPhil, MA, MRICS, is responsible, inter alia, for sourcing wind and solar projects for the Group. He joined Albion Ventures LLP in 2007 and became an investment director in 2014. Marco spent two and a half years at Bouygues (UK), before moving to EC Harris in 2005, where he advised senior lenders on large capital projects. Marco graduated from Cambridge University with a first class degree in economics and is a Chartered Surveyor. At Albion Ventures LLP, Marco has worked on The Street by Street Solar Programme, Regenerco Renewable Energy, AVESI, Alto Prodotto Wind, Greenenerco and TEG Biogas (Perth) investments. He is a director of ACP Infinite Limited, Infinite Ventures (Blaencilgoed) Limited, Infinite Ventures (Goathill) Limited and Infinite Investments (Tafarnaubach) Limited.

Adam Chirkowski MA, is responsible primarily for assisting on projects in the hydro-electricity and anaerobic digestion sectors. Prior to joining Albion Ventures LLP in 2013, he spent five years working in corporate finance at Rothschild. He graduated from Nottingham University with a first class degree in industrial economics and a masters in corporate strategy and governance. At Albion Ventures LLP he has worked on the Green Highland Renewables (Ledgowan) investment. He is a director of Harvest AD Limited and Alphagen Projects Limited.

Directors' report

The Directors submit their Annual Report and the audited Financial Statements on the affairs of the Group and the Company for the year ended 30 November 2014.

Business review

Principal activity

The principal activity of the Group is the identification, development, construction, commissioning, registration and subsequently operation of renewable energy projects in the UK. The focus will be on community-scale (i.e. smaller) renewable projects principally in the wind, hydro-electric, biogas and solar sectors.

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in notes 14 and 16 to the Financial Statements. The redeemable Ordinary shares are designed for individuals who are professionally advised private investors, seeking, over the long term, exposure to a company with a diversified portfolio of renewable energy projects. The projects are intended to be spread over four renewable technologies, to produce a regular and predictable source of income, combined with the prospect of longer term capital growth.

Issue and buy-back of redeemable Ordinary shares

During the year, the Company issued a total of 1,174,955 redeemable Ordinary shares and nil A Ordinary shares. 1,155,067 redeemable Ordinary shares were issued under the Albion Community Power PLC Offer for Subscription 2013 and 2014 with 19,888 redeemable Ordinary shares issued under the Company's Dividend Reinvestment Scheme.

All classes of shares rank *pari passu* for voting rights, and each redeemable Ordinary share or A Ordinary share is entitled to one vote. The Directors are not aware of any restrictions on the transfer of shares or on voting rights.

Shareholders are entitled to receive dividends and the return on capital on winding up or other return on capital based on the surpluses attributable to the shares.

The Company operates a policy of buying back shares for cancellation. Details regarding the current policy can be found in the Strategic report on page 10.

Following the year end, agreement has been reached with the GIB and Strathclyde Pension Fund to raise an initial £35 million in a new class of "I" Shares, to be invested in projects alongside the redeemable Ordinary shares, with the two classes of share merging in the event of flotation. The fundraising was approved by Shareholders at the General Meeting held on 16 February 2015. In addition, GIB has the right to elect to invest up to a further £25 million in the Company subject, *inter alia*, to matched investment from other institutional investors.

Substantial interests and shareholder profile

As at 30 November 2014, the Company has only one equity shareholder with 100 A Ordinary shares of £0.01 in the capital of the Company. There are a total of 3,665,807 redeemable Ordinary shares in issue attributable to shareholders who have beneficial interest approximating to 99.9 per cent. of voting rights, which have been recognised as a financial liability in note 14 to the Financial Statements.

Directors' report (continued)

Results and dividends

The loss after taxation attributable to shareholders for the year was £348,000 (30 November 2013: £13,000).

On 30 September 2014, the Company paid a dividend of 1.5 pence per redeemable Ordinary share to all shareholders who have held shares for 12 months as at 30 August 2014. The Board has declared a second dividend of 1.5 pence per share, payable on 31 March 2015 to all shareholders who have held shares for 12 months as at 28 February 2015.

Principal risks and uncertainties

A summary of the principal risks and uncertainties faced by the Company is set out on pages 11 and 12 of the Strategic report. Details relating to risks concerning financial instruments are disclosed in note 19 to the Financial Statements.

Taxation status

It is intended that the redeemable Ordinary shares in the Company will be eligible for Business Property Relief and that therefore UK tax paying shareholders should obtain relief from Inheritance Tax, once the Shares have been held for two years. Shares in the Company should also be suitable for SIPPs.

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Group's impact on the environment include recycling and reducing energy consumption. The Group has no greenhouse gas emissions to report from the operations of the Group, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) regulations 2013.

Employees

The Company has a management service agreement with Albion Ventures LLP and hence has no employees other than its executive Directors. Patrick Reeve, David Gudgin and Vikash Hansrani are executive Directors and have service contracts with the Company.

Directors

The Directors who held office throughout the year, and their interests in the redeemable Ordinary shares of the Company (together with those of their immediate family) are shown below:

	30 November 2014	30 November 2013
Volker Beckers	75,000	25,000
Robert Armour	51,000	25,000
Patrick Reeve	36,540	36,000
David Gudgin	35,375	25,000
Vikash Hansrani	2,500	-

There have been no changes in the holdings of the Directors between 30 November 2014 and the date of this Report.

Directors' report (continued)

Partners and staff of Albion Ventures LLP hold 142,440 redeemable Ordinary shares in the Company. At the date of this Report Albion Ventures LLP holds 505,645 redeemable Ordinary shares in the Company.

All Directors are members of the Audit Committee, of which Volker Beckers is the Chairman.

The executive Directors, as members and staff of Albion Ventures LLP, are deemed to have an interest in the management service agreement to which the Company is party.

Further details regarding Directors' remuneration are shown in note 4.

Directors' indemnity

Each Director has entered into a Deed of Indemnity with the Company which indemnifies each Director, subject to the provisions of the Companies Act 2006 and the limitations set out in each deed, against any liability arising out of any claim made against him in relation to the performance of his duties as a Director of the Company. A copy of each Deed of Indemnity entered into by the Company for each Director is available at the registered office of the Company.

Re-election of Directors

Directors' retirement and re-election is subject to the Articles of Association. At the forthcoming Annual General Meeting, Patrick Reeve, David Gudgin and Vikash Hansrani having served as Directors will retire and offer themselves for re-election.

Management services agreement

Under the management services agreement, Albion Ventures LLP provides projects management, secretarial and administrative services to the Group. The management services agreement was for 5 years and was terminable by either party on 2 years' notice thereafter and is subject to earlier termination in the event of certain breaches or on the insolvency of either party. Albion Ventures LLP is paid a management service charge equal to 2.0 per cent. of the proforma net asset value of the Group, payable monthly in arrears. Total annual expenses, including the management service charge, are limited to 2.5 per cent. of the proforma net asset value.

Following the passing of the resolutions at the General Meeting on 16 February 2015, the management service agreement was extended until 31 January 2035, subject to two years notice from 29 May 2018.

From inception to 30 November 2014, Albion Ventures LLP has waived charges amounting to £22,500.

In line with common practice, Albion Ventures LLP is also entitled to an execution fee, payable by each project company, of approximately 2.0 per cent. of each project undertaken, to the extent that those projects are funded by the redeemable Ordinary shares.

Warrants

Albion Ventures LLP is the promoter of the Offer for Subscription and has been granted warrants to subscribe for one redeemable Ordinary share for every five new redeemable Ordinary shares issued at a strike price equal to the proforma net asset value of the Company at the time of issue of the warrants (as adjusted in certain circumstances). The exercise price will be adjusted downwards, on a penny-for-penny basis, to the extent to which cumulative dividends thereafter exceed 3 pence per share per annum provided the exercise price shall never be less than the nominal value of a Share from time to time.

Directors' report (continued)

Further warrants will be issued on the same basis in respect of subsequent offers of redeemable Ordinary shares in future years, though these issues will be limited to the extent that Share redemptions would otherwise increase the proportion of warrants in issue to over 20 per cent. of the issued share capital of the Company. The warrants will have an exercise period of 20 years from issue. Some warrants have, at the discretion of Albion Ventures LLP, been issued to third party investors (being certain institutional and family office investors, the members and staff of Albion Ventures LLP and their immediate families) instead of to Albion Ventures LLP. The warrants will not be freely transferable.

In addition, Albion Ventures LLP will be issued with "I" Share warrants relating to the proposed issue of "I" shares to institutional investors, including GIB.

Auditor

The Audit Committee annually reviews and evaluates the standard and quality of service provided by the Auditor, as well as value for money in the provision of these services. A resolution to re-appoint Moore Stephens LLP will be put to the Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS at 1.00 pm on 18 March 2015. The notice of the Annual General Meeting is at the end of this document.

The proxy form enclosed with this Annual Report and Financial Statements permits shareholders to disclose votes 'for', 'against', and 'withheld'. A 'vote withheld' is not a vote in law and will not be counted in the proportion of the votes for and against the resolution. Summary of proxies lodged at the Annual General Meeting will be published at www.albioncommunitypower.co.uk within the 'Investor Relations' section.

Recommendation

The Board believes that the passing of the resolutions is in the best interests of the Group and its shareholders as a whole, and unanimously recommends that you vote in favour of these resolutions, as the Directors intend to do in respect of their own beneficial shareholdings.

Events after the reporting date

Details of events that have occurred since 30 November 2014 are shown in note 21 to the Financial Statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law the Directors have elected to prepare the Financial Statements in accordance with The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland – FRS 102 (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 Group and of the comprehensive income of the Group for that period.

Directors' report (continued)

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 Group will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The names and functions of all the Directors are stated on page 13.

Disclosure of information to Auditor

In the case of the persons who are Directors of the Company at the date of approval of this report:

- so far as each of the Directors are aware, there is no relevant audit information of which the Group's Auditor is unaware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

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

By Order of the Board

PH Reeve

Director

19 February 2015

Statement of corporate governance

Background

Albion Community Power PLC is an unquoted trading company. The Board has implemented good corporate governance in line with best practice as described below.

Board of Directors

The Board consists of two non-executive Directors and three executive Directors. Day-to-day management responsibilities are delegated to the executive Directors. Patrick Reeve is the Chief Executive Officer, David Gudgin is the Managing Director and Vikash Hansrani is the Finance Director.

Volker Beckers is the Chairman, and he and Robert Armour, are considered independent Directors.

The Directors have a range of business and financial skills which are relevant to the Group; these are described in the Board of Directors section on page 13. Directors are provided with key information on the Group's activities, including regulatory and statutory requirements, and internal controls, by Albion Ventures LLP. The Board has access to secretarial advice and compliance services by Albion Ventures LLP, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with. All Directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with good corporate governance, the Group has in place Directors' & Officers' Liability Insurance.

The Directors have considered diversity in relation to the composition of the Board and have concluded that its membership is diverse in relation to experience and balance of skills. Further details on the recruitment of new directors can be found in the Nomination Committee section.

The Board met eleven times during 2013/2014 as part of its regular programme of Board meetings. All of the Directors attended each meeting. A sub-committee of the Board comprising at least two Directors met during the year to allot shares issued under the Albion Community Power PLC Dividend Reinvestment Scheme. A sub-committee of the Board also met during the year to approve the terms and contents of the Offer document under the Albion Community Power PLC Offer for Subscription 2014, and to allot shares under the Offer.

The executive team ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. The Board receives and considers reports regularly from Albion Ventures LLP and other key advisers, with ad hoc reports and information supplied to the Board as required. The Board has a formal schedule of matters reserved for it and the agreement between the Company and Albion Ventures LLP sets out the matters over which Albion Ventures LLP has authority and limits beyond which Board approval must be sought.

Albion Ventures LLP undertakes the management of the Group's projects, the organisation of custodial services, accounting, secretarial and administrative services. The main issues reserved for the Board include:

- the consideration and approval of future developments or changes to the Group policy, including risk and cash allocation;
- consideration of corporate strategy;
- application of good corporate governance and internal control;
- review of sub-committee recommendations, including the recommendation to shareholders for the appointment and remuneration of auditors;
- evaluation of non-audit services provided by the external auditor;
- approval of the appropriate dividend to be paid to shareholders;
- the appointment, evaluation, removal and remuneration of Albion Ventures LLP;

Statement of corporate governance (continued)

- the performance of the Group, including monitoring of the discount of the proforma net asset value and the share price;
- share buy-back policy; and
- monitoring shareholder profile and considering shareholder communications.

Committees' and Directors' performance evaluation

Performance of the Board and the Directors is assessed on the following bases:

- attendance at Board and Committee meetings; and
- the contribution made by individual Directors at, and outside of, Board and Committee meetings;

The evaluation process has identified that the Board works well together and has the right balance of skills, experience, independence and knowledge of the Company amongst the Directors. Diversity within the Board is achieved through the appointment of directors with different sector backgrounds.

Directors are offered training, both at the time of joining the Board and on other occasions where required. The Board also undertakes an evaluation of its committees on an annual basis.

In light of the structured performance evaluation, the Directors subject to re-election at the forthcoming Annual General Meeting, are considered to be effective Directors who demonstrate strong commitment to the role, and the Board believes it to be in the best interest of the Group to re-appoint them at the forthcoming Annual General Meeting.

Remuneration Committee

Robert Armour is the Chairman and he and Volker Beckers are members of this Committee. The Committee will meet when it believes a review of Directors responsibilities and of salaries against the market is required. Written terms of reference have been constituted for the Remuneration Committee and can be found on the Group's website at www.albioncommunitypower.co.uk within the 'Investor Relations' section.

Audit Committee

The Audit Committee consists of all Directors. Volker Beckers has been appointed the Chairman of the Audit Committee. Volker is the Chairman of both the Audit Committee and the Board of the Company as a result of the depth of his experience in this area. All members of the Audit Committee have recent and relevant financial experience.

Written terms of reference have been constituted for the Audit Committee and can be found on the Group's website at www.albioncommunitypower.co.uk within the 'Investor Relations' section.

During the year under review, the Committee discharged its responsibilities including:

- formally reviewing the Annual Report and Financial Statements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by Albion Ventures LLP;
- meeting with the external Auditor and reviewing their findings;
- highlighting specific issues relating to the Financial Statements, compliance with accounting standards and UK law, as well as going concern. These issues were addressed through detailed review, discussion and challenge by the Board of these matters, as well as by reference to underlying information;

Statement of corporate governance (continued)

- advising the Board on whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; and
- reviewing the performance of Albion Ventures LLP and making recommendations regarding their re-appointment to the Board.

The Committee reviews the performance and continued suitability of the Group's external Auditor on an annual basis. They assess the external Auditor's independence, qualification, extent of relevant experience, effectiveness of audit procedures as well as the robustness of their quality assurance procedures. In advance of each audit, the Committee obtains confirmation from the external Auditor that they are independent and of the level of non-audit fees earned by them and their affiliates. Non-audit fees totalling £5,000 (2013: £9,000) were charged to the Group during the year.

As part of its work, the Audit Committee has undertaken a formal evaluation of the external Auditor against the following criteria;

- Qualification
- Expertise
- Resources
- Effectiveness
- Independence
- Leadership

In order to form a view of the effectiveness of the external audit process, the Committee took into account information from Albion Ventures LLP regarding the audit process, the formal documentation issued to the Audit Committee and the Board by the external Auditor regarding the external audit for the year ended 30 November 2014, and assessments made by individual Directors.

As part of its annual review procedures, the Committee has obtained sufficient assurance from their own evaluation and the audit feedback documentation. Based on the assurance obtained, the Committee has recommended to the Board a resolution to re-appoint Moore Stephens LLP be proposed at the Annual General Meeting.

Nomination Committee

Robert Armour is the Chairman and he and Volker Beckers are members of this Committee. The terms of reference of the Nomination Committee are to evaluate the balance of skills, experience and time commitment of the current Board members and make recommendations to the Board as and when a particular appointment arises. The Nomination Committee did not meet during the year.

The Board's policy on the recruitment of new Directors is to attract a range of backgrounds, skills and experience and to ensure that appointments are made on the grounds of merit against clear and objective criteria and bear in mind gender and other diversity within the Board. Directors are offered training, both at the time of joining the Board and on other occasions where required.

Internal control

In accordance with good corporate governance, the Board has an established process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place throughout the year and continues to be subject to regular review by the Board. The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. However, acknowledging that such a system is designed to manage, rather than eliminate, the risks of failure to achieve the Group's business objectives, such controls can only provide reasonable and not absolute assurance against material misstatement or loss.

Statement of corporate governance (continued)

The Board, assisted by the Audit Committee, monitors all controls, including financial, operational and compliance controls, and risk management. The Audit Committee receives each year from Albion Ventures LLP a formal report, which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of Albion Ventures LLP, and which reports the details of any known internal control failures. Steps continue to be taken to embed the system of internal control and risk management into the operations and culture of the Group and its key suppliers, and to deal with areas of improvement which come to Albion Ventures LLP and the Audit Committee's attention.

The Board, through the Audit Committee, has performed a specific assessment for the purpose of this Annual Report. This assessment considers all significant aspects of internal control arising during the year. The Audit Committee assists the Board in discharging its review responsibilities.

The main features of the internal control system with respect to financial reporting, implemented throughout the year are:

- segregation of duties between project evaluation and recording in accounting records;
- independent project valuations of the majority of the fully operational projects be undertaken annually (when necessary);
- reviews of project valuations are carried out by the Chief Executive Officer and reviews of financial reports are carried out by the Finance Director;
- bank reconciliations are carried out monthly by Albion Ventures LLP;
- all published financial reports are reviewed by Albion Ventures LLP Compliance department;
- the Board reviews financial information; and
- a separate Audit Committee of the Board reviews financial information to be published.

During the year, as the Board has delegated the project management and administration to Albion Ventures LLP, the Board feels that it is not necessary to have its own internal audit function. Instead, the Board had access to PKF Littlejohn LLP, which, as internal Auditor for Albion Ventures LLP undertakes periodic examination of the business processes and controls environment at Albion Ventures LLP, and ensures that any recommendations to implement improvements in controls are carried out. PKF Littlejohn LLP report formally to the Board on an annual basis. The Board and the Audit Committee will continue to monitor its system of internal control in order to provide assurance that it operates as intended.

Going concern

The Board has assessed the Group's operation as a going concern. The Group has significant cash and liquid resources, and the major cash outflows of the Group (namely projects) are within the Group's control. The Group is in a net liability position due to the recognition of redeemable Ordinary shares as a liability, however, shares can only be redeemed when liquid funds are available. Accordingly, after making diligent enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts.

The Board's assessment of liquidity risk and details of the Group's policies for managing its capital and financial risks are shown in note 19 to the Financial Statements. The Group's business activities, together with details of its performance are shown in the Directors' report.

Statement of corporate governance (continued)

Conflicts of interest

Directors review the disclosure of conflicts of interest annually, with any changes reviewed and noted at the beginning of each Board meeting. A Director who has conflicts of interest has two (one independent) Directors authorise those conflicts. Procedures to disclose and authorise conflicts of interest have been adhered to throughout the year.

Capital structure and Articles of Association

Details regarding the Company's capital structure, substantial interests and Directors' powers to buy and issue shares are detailed in full on page 15.

Following the year end, agreement has been reached with the GIB and Strathclyde Pension Fund to raise an initial £35 million in a new class of "I" Shares, to be invested in projects alongside the redeemable Ordinary shares, with the two classes of share merging in the event of flotation. The fundraising was approved by Shareholders at the General Meeting held on 16 February 2015. In addition, GIB has the right to elect to invest up to a further £25 million in the Company subject, inter alia, to matched investment from other institutional investors.

The Group is not party to any other significant agreements that may take effect, alter or terminate upon a change of control of the Group following a takeover bid.

Any amendments to the Company's Articles of Association are by way of a special resolution subject to ratification by shareholders.

Relationships with shareholders

The Group's Annual General Meeting on 18 March 2015 will be used as an opportunity to meet with shareholders. The Board, including the Chairman of the Audit Committee, will be available to answer questions at the Annual General Meeting.

At the Annual General Meeting, the level of proxies lodged on each resolution, the balance for and against the resolution, and the number of votes withheld, are announced after the resolution has been voted on by a show of hands.

The Annual General Meeting will also include a presentation from the Executive team on the Group, and a presentation on the projects undertaken by the Group.

Shareholders are able to access the latest information on the Group via the Company website www.albioncommunitypower.co.uk under the "Investor Relations" section.

PH Reeve

Director

19 February 2015

Independent Auditor's report to the Members of Albion Community Power PLC

We have audited the Financial Statements of Albion Community Power PLC for the year ended 30 November 2014 which are set out on pages 27 to 51. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' responsibilities as set out on pages 18 and 19, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Parent Company's and Group's affairs as at 30 November 2014 and of the Group's result for the year then ended;
- have been properly prepared in accordance with The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland – FRS 102; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Independent Auditor's report to the Members of Albion Community Power PLC (continued)

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Michael Simms (Senior statutory auditor)

for and on behalf of Moore Stephens LLP, Statutory auditor

London, UK

19 February 2015

Albion Community Power PLC

Consolidated statement of comprehensive income

		Year ended 30 November 2014 £'000	For the period from 3 October 2012 to 30 November 2013 £'000
	Note		
Turnover	3	5	-
Cost of sales		-	-
Gross profit		5	-
Administrative expenses	4	(84)	(3)
Operating loss		(79)	(3)
Other interest receivable and similar income	5	18	3
Loss on the revaluation of debt due to redeemable Ordinary shareholders and warrants	14	(284)	(13)
Interest payable and similar charges		(3)	-
Loss on ordinary activities before tax		(348)	(13)
Tax on ordinary activities	7	-	-
Total comprehensive income for the period		(348)	(13)
Loss attributable to:			
Shareholders of parent		(334)	(13)
Non-controlling interest		(14)	-
		(348)	(13)
Total comprehensive income for the period attributable to:			
Shareholders of parent		(334)	(13)
Non-controlling interest		(14)	-
		(348)	(13)
Return attributable to shareholders			
Return per share (pence)*		(9.11)	(0.51)

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

The accompanying notes on pages 34 to 51 form an integral part of these Financial Statements.

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

Albion Community Power PLC

Consolidated statement of financial position

	Note	30 November 2014 £'000	30 November 2013 £'000
Fixed assets			
Tangible assets	10	3,866	-
		3,866	-
Current assets			
Trade and other debtors	11	619	2
Cash at bank and in hand	12	2,298	2,493
		2,917	2,495
Debtors: amounts receivable after one year	11	254	-
Total assets		7,037	2,495
Creditors: amounts falling due within one year	13	764	4
Creditors: amounts falling due after more than one year			
Debt due to redeemable Ordinary shareholders	14	3,932	2,466
Other liabilities	15	2,736	38
		6,668	2,504
Total liabilities		7,432	2,508
Capital and reserves			
Called up share capital	16	-	-
Retained earnings		(381)	(13)
Attributable to the shareholders of parent		(381)	(13)
Non-controlling interests		(14)	-
		(395)	(13)
Total liabilities & Capital and reserves		7,037	2,495
Proforma net asset value per share (pence)*		108.39	100.00

*Proforma net asset value is defined in the Glossary on page 55.

The accompanying notes on pages 34 to 51 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 19 February 2015 and were signed on its behalf by

PH Reeve

Director

Company number: 08239147

Albion Community Power PLC

Consolidated statement of changes in equity

	Called-up share capital £'000	Retained earnings £'000	Total £'000	Share holders of parent £'000	Non- controlling interest £'000
As at 1 December 2013	- ¹	(13)	(13)	(13)	-
Dividends paid	-	(34)	(34)	(34)	-
Total comprehensive income for the year	-	(348)	(348)	(334)	(14)
As at 30 November 2014	-	(395)	(395)	(381)	(14)
As at 3 October 2012	-	-	-	-	-
Issue of shares	- ¹	-	- ¹	-	-
Total comprehensive income for the period	-	(13)	(13)	(13)	-
As at 30 November 2013	- ¹	(13)	(13)	(13)	-

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

The accompanying notes on pages 34 to 51 form an integral part of these Financial Statements.

Albion Community Power PLC

Consolidated statement of cash flows

	Note	Year ended 30 November 2014 £'000	For the period from 3 October 2012 to 30 November 2013 £'000
Cash flows from operating activities			
Cash generated from operations	6	390	(1)
Net cash flow from/(used in) operating activities		390	(1)
Cash flows from investing activities			
Purchases of property, plant and equipment	10	(3,040)	-
Acquisition of subsidiaries	23	(827)	-
Loan made to related party	11	(250)	-
Interest received		14	3
Net cash flow (used in)/from investing activities		(4,103)	3
Cash flows from financing activities			
Proceeds from issue of redeemable Ordinary shares	14	850	2,491
Issue of loan stock	15	2,702	-
Dividends paid	8	(34)	-
Net cash flow from financing activities		3,518	2,491
Net movement in cash at bank and in hand			
Cash at bank and in hand at the beginning of the year/period	12	2,493	-
Cash at bank and in hand at the end of the year/period	12	2,298	2,493

The accompanying notes on pages 34 to 51 form an integral part of these Financial Statements.

Albion Community Power PLC

Company statement of financial position

	Note	30 November 2014 £'000	30 November 2013 £'000
Fixed assets			
Fixed asset investments	9	3,216	-
		3,216	-
Current assets			
Trade and other debtors	11	364	202
Cash at bank and in hand	12	427	2,293
		791	2,495
Debtors: amounts receivable after more than one year	11	254	-
Total assets		4,261	2,495
Creditors: amounts falling due within one year	13	146	4
Creditors: amounts falling due after more than one year			
Debt due to redeemable Ordinary shareholders	14	3,932	2,466
Other liabilities	15	31	38
		3,963	2,504
Total liabilities		4,109	2,508
Capital and reserves			
Called up share capital	16	-	-
Revaluation reserve	9	404	-
Retained earnings		(252)	(13)
		152	(13)
Total liabilities & Capital and reserves		4,261	2,495
Proforma net asset value per share (pence)*		112.25	100.00

*Proforma net asset value is defined in the Glossary on page 55.

The accompanying notes on pages 34 to 51 form an integral part of these Financial Statements.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 19 February 2015 and were signed on its behalf by

PH Reeve
Director
Company number: 08239147

Albion Community Power PLC

Company statement of changes in equity

	Called-up share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
As at 1 December 2013	- ¹	-	(13)	(13)
Dividends paid	-	-	(34)	(34)
Other comprehensive income	-	404	-	404
Total comprehensive income for the year	-	-	(205)	(205)
As at 30 November 2014	- ¹	404	(252)	152
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.

The accompanying notes on pages 34 to 51 form an integral part of these Financial Statements.

Albion Community Power PLC

Company statement of cash flows

	Note	Year ended 30 November 2014 £'000	For the period from 3 October 2012 to 30 November 2013 £'000
Cash flows from operating activities			
Cash generated from operations	6	218	(1)
Net cash flow from/(used in) operating activities		218	(1)
Cash flows from investing activities			
Interest received		162	3
Investments in subsidiaries	9	(2,812)	(200)
Loan made to related party	11	(250)	-
Net cash flow used in investing activities		(2,900)	(197)
Cash flows from financing activities			
Proceeds from issue of redeemable Ordinary shares	14	850	2,491
Dividends paid	8	(34)	-
Net cash flow from financing activities		816	2,491
Net movement in cash at bank and in hand		(1,866)	2,293
Cash at bank and in hand at the beginning of the year/period	12	2,293	-
Cash at bank and in hand at the end of the year/period	12	427	2,293

The accompanying notes on pages 34 to 51 form an integral part of these Financial Statements.

Albion Community Power PLC

Notes to the 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 Directors’ report on page 15 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 consolidated Financial Statements have been prepared in accordance with Financial Reporting Standard 102 as issued by the Financial Reporting Council. The principal accounting policies which have been applied consistently by all Group companies in these consolidated Financial Statements 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.

The loss for the year after taxation included in the accounts of the Company is £205,000 (period ended 30 November 2013: loss of £13,000). 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 Financial Statements. Further details of the Directors’ consideration of matters pertaining to the adoption of going concern basis are set out in the Corporate Governance report on page 23.

1.2 Consolidation

The consolidated Financial Statements comprise the 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.

The acquisition method of accounting is used by the Group when it undertakes a business combination. The fair value of consideration transferred at the acquisition date includes the fair value of assets transferred, liabilities incurred by the owners and equity instruments issued by the Group. Consideration can include cash, contingent consideration and options. The fair value of assets acquired and liabilities assumed are recognised at the acquisition date. At the acquisition date any equity interest held prior to the acquisition date is recognised as consideration at its fair value as at the time of the original transaction. Acquisition-related costs are expensed as incurred.

All companies in the Group have the same reporting date of 30 November, except Infinite Ventures (Goathill) Limited (31 December) and Infinite Investments (Tafarnaubach) Limited (31 January).

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

Albion Community Power PLC

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

1.3 Investment in subsidiaries

In respect of investments in subsidiaries, loans and equity are accounted for as a whole as the two items are considered to be indistinguishable and hence the valuation is prepared on a total basis. Investments in subsidiaries are revalued at the balance sheet date in the Company based on fair value of the underlying net assets of the subsidiary undertakings. The underlying constructed asset of the project is subject to independent third party professional valuation. Revaluation movements are recognised in the revaluation reserve.

1.4 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.

1.5 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 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.

Albion Community Power PLC

Notes to the 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 and capitalised borrowing 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, typically between 15 and 25 years
Office and computer equipment	3 to 8 years

1.7 Impairment

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

At each reporting date, the Group reviews the carrying amounts of its tangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Financial assets and liabilities

Financial instruments are recognised on 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.

1.9 Trade and 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.

Albion Community Power PLC

Notes to the Financial Statements

1. Summary of significant accounting policies (continued)

1.10 Revenue recognition

Power generation and related technical services

Revenue related to power generation is recognised in line with contracts. Estimates of revenue, income and costs to be incurred on contracts are regularly reviewed and revised. Any revisions are recognised in income in the period that caused the revision in estimate to occur. Revenue recognised in the statement of comprehensive income exclusive of VAT.

1.11 Other interest receivable and similar income

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

1.12 Cash at bank and in hand

Cash at bank and in hand consists of balances with banks with maturities of three months or less.

1.13 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.

1.14 Other interest payable and similar charges

Interest payable relates to the debt due to external loan stock obligations. Amounts attributable to the construction of property, plant and equipment are capitalised.

1.15 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.

1.16 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.

1.17 Dividend distributions

Dividend distribution to the Company's shareholders are accounted for in the Group's Financial Statements in the period in which the dividends are declared.

1.18 Operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Albion Community Power PLC

Notes to the Financial Statements

2. Critical accounting estimates and judgements

In preparing the 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.

Valuations

Unquoted equity and debt issued at a discount are designated as fair value through other comprehensive income. Fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines). The valuation of investments held at fair value through other comprehensive income or measured in assessing any impairment of loan stocks is determined by using valuation techniques. The Group and the Company use judgements to select methods and make assumptions that are mainly based on market conditions and project performance at each balance sheet date and use third party valuations when deemed appropriate.

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 make 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.

3. Turnover

An analysis of the Group's revenue is as follows:

	Year ended 30 November 2014 £'000	For the period from 3 October 2012 to 30 November 2013 £'000
Power generation	5	-
	5	-

Albion Community Power PLC

Notes to the Financial Statements

4. Administrative expenses

	Year ended 30 November 2014 £'000	For the period from 3 October 2012 to 30 November 2013 £'000
Management services costs chargeable in the year/period	(69)	(20)
Overheads	(17)	(5)
Total chargeable under management services agreement	(86)	(25)
Other gains/(costs)	3	(1)
Depreciation and amortisation	(1)	-
Amount of fees waived by Albion Ventures LLP	-	23
Net total charged in the statement of comprehensive income	(84)	(3)

During the year, Albion Ventures LLP charged £86,000 (period to 30 November 2013: £25,000) for the services of Albion partners and staff (£69,000) and the costs incurred on behalf of the Group (£17,000). Of this amount, £nil (period to 30 November 2013: £22,500) was waived.

During the year, 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 year the Company raised new funds through the Albion Community PLC Offer for Subscription 2014 as described in note 14. The cost of the issue of these shares is 2.5 pence per share or nil where fees were waived by Albion Ventures LLP. Of these costs, an amount of £20,700 (period to 30 November 2013: £9,146) 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 year end (2013: nil).

Albion Community Power PLC

Notes to the Financial Statements

4. Administrative expenses (continued)

Total chargeable expenses under management services agreement

	Year ended 30 November 2014 £'000	For the period from 3 October 2012 to 30 November 2013 £'000
Directors' fees (including NIC)	54	27
Other administrative expenses	209	-
Tax services	5	3
Auditor's remuneration for statutory audit services	22	14
Auditor's remuneration for other services	5	6
	295	50
Adjustment to reduce total costs to 2.5 per cent. of proforma net asset value attributable to redeemable Ordinary shareholders as per management service agreement	(209)	(25)
Albion Ventures' fees chargeable under the management services agreement	86	25

During the year, the Company has five Directors (2013: five Directors), and their remuneration has been disclosed above.

During the year, Albion Ventures charged one-off execution fees of 2 per cent. totalling £76,840 (2013: nil) in respect of amounts allotted by the Group in the projects undertaken.

5. Other interest receivable and similar income

	Year ended 30 November 2014 £'000	For the period from 3 October 2012 to 30 November 2013 £'000
Interest on bank deposits	14	3
Interest from external loan stock	4	-
	18	3

Albion Community Power PLC

Notes to the Financial Statements

6. Cash generated from operations

	Group Year ended 30 November 2014 £'000	Company Year ended 30 November 2014 £'000	Group and Company for the period from 3 October 2012 to 30 November 2013 £'000
Loss on ordinary activities before taxation	(348)	(205)	(13)
<u>Adjustments for:</u>			
Loss on debt due to redeemable Ordinary shareholders and warrants	284	284	13
Interest payable and similar charges	3	-	-
Other interest receivable and similar income	(18)	(166)	(3)
Depreciation	1	-	-
<u>Changes in working capital:</u>			
Trade and other debtors	(292)	163	(2)
Trade and other creditors	760	142	4
	390	218	(1)

7. Tax charge on ordinary activities

	Year ended 30 November 2014 £'000	For the period from 3 October 2012 to 30 November 2013 £'000
UK corporation tax in respect of current year/period	-	-
	-	-

Albion Community Power PLC

Notes to the Financial Statements

7. Tax charge on ordinary activities (continued)

Factors affecting the tax charge:

	Year ended 30 November 2014 £'000	For the period from 3 October 2012 to 30 November 2013 £'000
Loss on ordinary activities before taxation	(348)	(13)
Tax charge on profit at the small companies rate of 20%	(70)	(3)
Factors affecting the charge:		
Disallowable expenses	47	3
Accelerated capital allowances	(98)	-
Unrecognised tax losses	121	-
	-	-

No provision for deferred tax has been made in the year. The Group has not recognised a net deferred tax asset of £23,000 in the light of accelerated capital allowances and unutilised taxable losses.

8. Dividends

	Year ended 30 November 2014 £'000	For the period from 3 October 2012 to 30 November 2013 £'000
Dividend paid on 30 September 2014 (1.5 pence per share)	34	-

The Board has declared a dividend of 1.5 pence per share to be paid on 31 March 2015 to all shareholders on the register who have held shares for 12 months as at 28 February 2015. The total dividend will be approximately £41,000. For further information on distributable reserves, please refer to note 17.

Albion Community Power PLC

Notes to the Financial Statements

9. Subsidiary undertakings

As at 30 November 2014, the Group had the following subsidiaries which have been included in the consolidated Financial Statements:

Company	Residence	Principal activity	Ownership and voting rights	Share capital Ordinary shares	Par value	Cost £'000	Fair value £'000
Direct Shareholdings							
ACP Infinite Limited	UK	Generation of renewable energy	100%	100	£0.01	2,250	2,612
ACP I Shareco Limited	UK	Dormant	100%	1	£1.00	-	-
ACP Ordinary Shareco Limited	UK	Dormant	100%	1	£1.00	-	-
ACP Wind Limited	UK	Generation of renewable energy	100%	1	£1.00	450	450
Alphagen Projects Limited	UK	LFG power developer and operator	51%	51	£1.00	112	154
Total						2,812	3,216
Indirect Shareholdings							
Infinite Ventures (Blaencilgoed) Limited	UK	Wind power developer and operator	55%	110	£1.00		
Infinite Investments (Tafarnaubach) Limited	UK	Wind power developer and operator	51%	51	£1.00		
Infinite Ventures (Goathill) Limited	UK	Wind power developer and operator	51%	510,000	£0.00002		

Investments in subsidiaries are revalued at the balance sheet date based on the fair value of the underlying net assets of the subsidiary undertakings. Valuations are performed by the Management Services Provider and supported by third party asset valuations for projects that have been commissioned. Revaluation movements are recognised in the revaluation reserve.

ACP PLC acquired an indirect interest in Infinite Ventures (Blaencilgoed) Limited for £1,650,000 which includes consideration of £325,000 and loan stock of £1,650,000 issued at a discount of £1,325,000. The loan stock is subject to interest at 10 per cent. per annum and will mature in 2026. As both are mutually exclusive and cannot be distinguishable between debt and equity, they have been classified all under one category in accordance to the “unit of account” principal noted in IPEVCV. A fair value uplift of £362,000 as at 30 November 2014 has being recognised in the fixed asset investment and in the revaluation reserve of ACP Infinite Limited.

ACP PLC acquired an indirect interest in Infinite Ventures (Goathill) Limited for £600,000 which includes consideration of £272,000 and loan stock of £600,000 issued at a discount of £328,000. The loan stock is subject to interest at 10 per cent. per annum and will mature in 2032. As both are mutually exclusive and cannot be distinguishable between debt and equity, they have been classified all under one category in accordance to the “unit of account” principal noted in IPEVCV. No uplift as at 30 November 2014 has being recognised as the project is still under construction.

ACP PLC acquired an indirect interest in Infinite Investments (Tafarnaubach) Limited for £450,000 which includes consideration of £230,000 and loan stock of £450,000 issued at a discount of £220,000. The loan stock is subject to interest at 10 per cent. per annum and will mature in 2034. As both are mutually exclusive and cannot be distinguishable between debt and equity, they have been classified all under one category in accordance to the “unit of account” principal noted in IPEVCV. No uplift as at 30 November 2014 has being recognised as the project is still under construction.

Albion Community Power PLC

Notes to the Financial Statements

9. Subsidiary undertakings (continued)

Albion Community Power PLC acquired an interest in Alphagen Projects Limited for £112,000 which includes consideration of £112 and loan stock of £111,888 issued at par value. The loan stock is subject to interest at 9.8 per cent. per annum and will mature in 2019. As both are mutually exclusive and cannot be distinguishable between debt and equity, they have been classified all under one category in accordance to the “unit of account” principal noted in IPEVCV. A fair value uplift of £42,000 as at 30 November 2014 has being recognised in the fixed asset investment and in the revaluation reserve of Albion Community Power PLC.

10. Tangible assets

Group plant and equipment	30 November 2014 £'000	30 November 2013 £'000
Cost or valuation		
At 1 December	-	-
Acquisition of subsidiaries (note 23)	827	-
Additions	3,040	-
At 30 November	3,867	-
Accumulated depreciation and impairment		
At 1 December	-	-
Charge for the year	(1)	-
At 30 November	(1)	-
Net book value		
At 30 November	3,866	-

At 30 November 2014, plant and equipment with a carrying value of £3,084,000 were under construction. Included within the additions in the year are capitalised loan stock interest of £59,000.

At 30 November 2014, plant and equipment with a carrying value of £1,728,000 is secured against loan stock (note 15).

Albion Community Power PLC

Notes to the Financial Statements

11. Trade and other debtors

	30 November 2014		30 November 2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Prepayments and accrued income	5	-	2	2
Trade debtors	1	-	-	-
Other debtors	366	350	-	-
VAT receivable	247	10	-	-
Amounts due from subsidiary companies	-	4	-	200
	619	364	2	202

At 30 November 2014, other debtors includes £324,000 for amounts subscribed for redeemable Ordinary shares which had not cleared the bank at 30 November 2014.

At 30 November 2013, £200,000 related to the consideration due for the purchase of Infinite Ventures (Blaencilgoed) Limited.

Amounts receivable after one year relates to loan stock issued to third parties of £250,000 and accrued interest of £4,000 (2013: £Nil). The loan stock is subject to interest at 7 per cent. per annum and will mature in 2016.

12. Cash at bank and in hand

	30 November 2014		30 November 2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Cash at bank	2,298	427	2,293	2,293
Restricted deposit	-	-	200	-
	2,298	427	2,493	2,293

At 30 November 2013, £200,000 was held by Bird and Bird LLP 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.

Albion Community Power PLC

Notes to the Financial Statements

13. Creditors: amounts falling due within one year

	30 November 2014		30 November 2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Accruals and deferred income	31	31	2	2
Other creditors	733	82	2	2
Amounts due to subsidiary companies	-	33	-	-
	<u>764</u>	<u>146</u>	<u>4</u>	<u>4</u>

14. Debt due to redeemable Ordinary shareholders

Debt due to redeemable Ordinary shareholders relate 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 and 2014, the following redeemable Ordinary shares were allotted during the year:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price	£'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
31 July 2014	251,340	2.5	102.50	251
30 September 2014	19,888	0.2	100.00	20
28 November 2014	430,728	4.3	102.50	431
28 November 2014	117,499	1.2	100.00	117
	<u>3,665,807</u>	<u>36.7</u>		<u>3,665</u>

The net amount subscribed of £3,665,000 relates to both the issue of the redeemable Ordinary shares and the issue of warrants. Net amount subscribed in the year amounted to £1,174,000, out of which £324,000 had not cleared the bank at 30 November 2014. The fair value of the warrants amounting to £31,000 is classified as other liabilities. The fair value of the redeemable Ordinary shares at 30 November 2014 is calculated using the redemption price and equates to £3,932,000 (2013: £2,466,000), with a £284,000 (2013: £13,000) loss from the increase in fair value being recognised in the consolidated statement of comprehensive income.

Albion Community Power PLC

Notes to the Financial Statements

15. Other liabilities

	30 November 2014		30 November 2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Warrants	31	31	38	38
Loan stock	2,705	-	-	-
	2,736	31	38	38

The warrants issued to redeemable Ordinary shareholders are 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 30 November 2014 (£)	Fair value at 30 November 2014 (£'000)
To 30 November 2013	498,170	0.04	22
19 December 2013	19,839	0.04	1
19 December 2013	19,000	0.04	1
31 January 2014	9,560	0.04	-
19 March 2014	22,700	0.04	1
31 July 2014	50,268	0.04	2
30 September 2014	3,978	0.04	-
28 November 2014	86,145	0.04	3
28 November 2014	23,500	0.04	1
	733,160		31

There have been no warrants exercised during the year.

Albion Community Power PLC

Notes to the Financial Statements

15. Other liabilities (continued)

The fair values of the warrants have been calculated using the Black Scholes model at grant date and re-valued at the year end. The assumptions used are summarised as:

	30 November 2014	30 November 2013
Weighted average share price	£1.08	£1.00
Exercise price	£1.00	£1.00
Volatility on warrants	5%	5%
Dividends on warrants	£0.03	£Nil
Risk free rate	1.12%	1.12%
Warrant life	5 years	5 years
Total number of warrants	733,160	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 30 November 2014 have changed from the grant date as operations have commenced and the assumptions now reflect the Company's target annual dividends at 3 pence per share.

The loan stock relates to the Goathill project and has been issued to external parties linked to Albion Ventures. The loan stock has a principal value of £2,830,000 and was issued at a discounted value of £2,702,000. The loan stock is 10 per cent. interest bearing, maturing in 2032, with principal repayment commencing 12 months following the start of the loan. Assets with a net book value of £1,728,000 are secured against the loan stock issued to external providers. The balance at the year end comprises the loan stock and accrued interest of £3,000.

16. Called up share capital

	30 November 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 have the same voting rights.

Albion Community Power PLC

Notes to the Financial Statements

17. Cancellation of share premium account

Shareholders approved the cancellation of the Company's share premium account by way of special resolution at a General Meeting on 30 May 2013. The share premium account in respect of the allotment and issue of the 2,846,352 redeemable Ordinary shares pursuant to the 2013 Prospectus amounting to £2,818,000 was subsequently cancelled on 5 November 2014 by order of the High Court and the Notice regarding the cancellation was registered at Companies House on 13 November 2014. The purpose of this cancellation was to increase the reserves available for distribution as dividends or for any other distributable purpose under the Companies Act 2006. This has no impact on the consolidated Financial Statements.

18. Ultimate controlling party

As at 30 November 2014, there is no ultimate controlling party.

19. 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.

Categories of financial instruments

Other than debt due to redeemable Ordinary shareholders and warrants 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 30 November 2014, concentration of credit risk exists to the extent that 79% (2013: 99%) of current assets are in respect of cash balances held with three financial institutions with high credit ratings assigned by international credit-rating agencies.

Albion Community Power PLC

Notes to the Financial Statements

Liquidity risk

At 30 November 2014, the Group was not exposed to any significant liquidity risk (2013: nil) other than the redemption of shares, which can only be redeemed when liquid funds are available and the loan stock due to other external parties in the Goathill project which is structured to mature in 2032. The Group has adequate cash surpluses to meet any current obligation.

Market risk

At 30 November 2014, the Group is not exposed to significant interest rate risk other than the interest due on the Goathill loan stock which is fixed at 10 per cent. per annum (2013: nil). The Group is exposed to limited foreign currency risk (2013:nil) at the balance sheet date. All transactions are paid in the denomination in which they are invoiced. However, the Group held foreign currency bank accounts at 30 November 2014 which are subject to translation risk. These balances are monitored on a monthly basis to minimise the risk.

20. Commitments

As at 30 November 2014, the Company was party to a management services agreement with Albion Ventures LLP for a minimum length of five years.

During the year, the Group has entered into contracts to construct wind turbines. As at 30 November 2014, the Group is committed to pay £1,346,000 of the remainder of the contract price.

As at 30 November 2014, the Group had the following operating lease commitments:

	£'000
Within 1 year	38
2-5 years	192
Over 5 years	130
	<u>360</u>

As at 30 November 2014, the Group has also entered into operating lease agreements for the rental of sites and the maintenance of the biogas project. The lease rates are based on a number of variables including 15 per cent. of FITs income, 4 per cent. of revenue and 25 per cent. of EBITDA.

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

21. Events after the reporting date

ACP Infinite Limited purchased an additional 25 per cent. equity stake in Infinite Ventures (Blaencilgoed) Limited on 18 January 2015.

Following the year end, agreement has been reached with the GIB and Strathclyde Pension Fund to raise an initial £35 million in a new class of "I" Shares, to be invested in projects alongside the redeemable Ordinary shares, with the two classes of share merging in the event of flotation. The fundraising was approved by Shareholders at the General Meeting held on 16 February 2015.

In addition, GIB has the right to elect to invest up to a further £25 million in the Company subject, inter alia, to matched investment from other institutional investors.

Albion Community Power PLC

Notes to the Financial Statements

21. Events after the reporting date (continued)

On 17 February 2015, drawdown notices were given to the GIB, Strathclyde Pension Fund and Albion Ventures LLP which totalled £1.77 million. This money was used to repay Albion VCTs £1.77 million of the £2.7 million loan stock in Infinite Ventures (Goathill) Limited. In exchange, GIB received 880,575 I Shares, Strathclyde 880,575 I Shares and Albion Ventures received 8,850 I Shares.

22. Related party transactions

During the year, the Group provided Infinite Renewables Limited, a partner in the Wind projects undertaken by the Group, with a loan of £250,000 to assist in the development of future projects.

During the year, the Group issued external parties linked to Albion Ventures with loan stock as described in note 15. Loan stock interest amounting to £55,000 has been charged in the financial year and has been capitalised as plant and equipment.

Albion Ventures fees totalling £77,000 in respect of execution fees in respect of the projects undertaken by the Group has been capitalised as plant and equipment.

Other than above and the transactions with Albion Ventures LLP as described in note 4 and those with Group companies as described in notes 11 and 21, there were no other transactions with related parties.

23. Acquisition of subsidiaries

During the year, the group entered in to share purchase agreements to acquire 55 per cent. interest in Infinite Ventures (Blanciligoed) Limited, 51 per cent. interest in Infinite Ventures (Goathill) Limited, 51 per cent. in Infinite Investments (Tafarnaubach) Limited and 51 per cent. in AlphaGen Projects Limited.

The fair value of assets and liabilities acquired were as follows:

	£'000
Plant and equipment (note 10)	827
Total net assets acquired	827
Purchase consideration settled in cash	827
Cash at bank and in hand in subsidiaries acquired	-
Cash outflow on acquisition	827

The entities acquired were non-trading on the date of acquisition and the consideration paid reflects the fair value of the pre-commissioned sites for the assets before construction commenced.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Albion Community Power PLC (the “Company”) will be held at the City of London Club, 19 Old Broad Street, London EC2N 1DS on 18 March 2015 at 1.00pm for the following purposes:

To consider and, if thought fit, to pass the following ordinary resolutions.

Ordinary Business

1. To receive and adopt the Company's Annual Report and Financial Statements for the year ended 30 November 2014 together with the report of the Directors and Auditor.
2. To re-elect Patrick Reeve as a Director of the Company.
3. To re-elect David Gudgin as a Director of the Company.
4. To re-elect Vikash Hansrani as a Director of the Company.
5. To re-appoint Moore Stephens LLP as Auditor of the Company in accordance with Section 489 of the Companies Act 2006, until the conclusion of the next general meeting of the Company at which audited accounts are to be laid.
6. To authorise the Directors to agree the Auditor's remuneration.

By order of the Board

Albion Ventures LLP

Company Secretary
Registered office
1 King's Arms Yard
London, EC2R 7AF

19 February 2015

Notes

1. Members entitled to attend, speak and vote at the Annual General Meeting (“AGM”) may appoint a proxy or proxies (who need not be a member of the Company) to exercise these rights in their place at the meeting. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Proxies may only be appointed by:

- completing and returning the Form of Proxy enclosed with this Notice to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey, GU9 7LL: or,
- by scanning and emailing the completed proxy form to proxies@shareregistrars.uk.com; or,
- by faxing the completed proxy form to 01252 719232; or,
- going to www.shareregistrars.co.uk and following the instructions provided.

Return of the Form of Proxy will not preclude a member from attending the meeting and voting in person. You may not use any electronic address provided in the Notice of this AGM to communicate with the Company for any purposes other than those expressly stated.

To be effective the Form of Proxy must be completed in accordance with the instructions and received by the Registrars of the Company by 1.00pm on 16 March 2015.

2. Any person to whom this Notice is sent who is a person nominated under section 146 Companies Act 2006 to enjoy information rights (a “Nominated Person”) may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

The statement of rights of members in relation to the appointment of proxies in Note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by members of the Company.

3. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 1.00pm on 16 March 2015 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

4. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

5. A copy of this Notice, and other information regarding the AGM, as required by section 311A Companies Act 2006, is available from www.albioncommunitypower.co.uk.

6. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

7. As at 19 February 2015 (being the latest practicable date prior to the publication of this Notice), the Company’s issued share capital consists of 3,665,807 redeemable Ordinary shares and 1,770,000 I shares carrying one vote each. The Company also holds 100 A Ordinary shares.

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 “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
“Business Property Relief” or “BPR”	business property relief as set out in the Inheritance Tax Act 1984
“Company” or “ACP” or “Albion Community Power”	Albion Community Power PLC
“Feed-in-Tariffs” or “FITs”	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
“GW”	Gigawatt, a standard unit of electricity power equal to 1 million kilowatts
“HMRC”	HM Revenue & Customs
“IHT”	Inheritance Tax
“IPEVCV”	International Private Equity and Venture Capital Valuation
“I Shares”	I Ordinary shares of £0.01 each in the capital of the Company
“kW”	Kilowatt, a standard unit of electricity power equal to 1,000 watts
“Management Services Agreement”	the agreement between the Company and Albion Ventures LLP governing the management services provided by Albion Ventures LLP to the Company
“MW”	Megawatt, a standard unit of power equal to 1,000 Kilowatts

Glossary (continued)

“Proforma Net Asset Value” or “Proforma NAV”	<p>(i) the net asset value of the Company attributable to holders of or 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>
“Qualifying Trade”	is any business so long as it is carried on with a view to making a profit and does not consist wholly or mainly of dealing in land and buildings, stocks and shares, or making or holding investments
“Relevant Period” or “Two Year Period”	the period beginning on the date on which the Shares are issued and ending two years after that date or two years after the commencement of the Company’s trade, whichever is later
“Registrars”	Share Registrars Limited
“RHIs”	Renewable Heat Incentives
“ROCs”	Renewables Obligation Certificates
“RPI”	The Retail Prices Index
“Shares”	redeemable Ordinary shares of £0.01 each in the share capital of the Company
“Shareholders”	holders of Shares
“SIPPs”	Self-invested personal pension schemes
“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 LLP and certain third party investors
“Warrants”	the warrants to subscribe for Shares issued by the Company under the Warrant Instrument

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