



# Annual Report and Financial Statements

**Albion Community Power PLC**

Annual Report and Financial Statements  
for the period ended 30 November 2013

**ALBION** | **COMMUNITY  
POWER PLC**

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## Company information

<b>Company number</b>	08239147
<b>Directors</b>	V B Beckers, Chairman R M Armour OBE P H Reeve D Gudgin V Hansrani
<b>Promoter, company secretary, registered and principal office</b>	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
<b>Registrar</b>	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey, GU9 7LL
<b>Auditor</b>	Moore Stephens LLP 150 Aldersgate Street London, EC1A 4AB
<b>Taxation adviser</b>	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
<b>Legal adviser</b>	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

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### Shareholder information

For help relating to dividend payments, shareholdings and share certificates please contact Share Registrars Limited:  
Tel: 0125 282 1390 (UK National Rate call, lines are open 9.00am – 5.30pm; Mon – Fri, calls may be recorded)  
Website: [www.shareregistrars.uk.com](http://www.shareregistrars.uk.com)

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

### Financial adviser information

For enquiries relating to the performance of the Company and for financial adviser information please contact Stuart Mant at Albion Community Power PLC:  
Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri, calls may be recorded)  
Email: [info@albioncommunitypower.co.uk](mailto:info@albioncommunitypower.co.uk)  
Website: [www.albioncommunitypower.co.uk](http://www.albioncommunitypower.co.uk)

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

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## Background

The core nature of the Group's business is to generate power. The business began on 1 August 2013 with a view to identifying, developing, constructing, commissioning, registering and subsequently operating renewable energy projects in the UK. The focus is on community-scale (i.e. smaller) renewable projects principally in the wind, hydro-electricity, solar and biogas sectors, which will be of benefit to local communities, for example by the provision of free roof top solar-generated electricity to social housing tenants, or the sale of electricity generated from other sources to local users at a lower price than they could otherwise obtain.

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

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

For individual shareholders, it is intended that shares in the Company will be eligible for Business Property Relief ("BPR") and that therefore a shareholding in the Company by a UK tax payer should obtain relief from Inheritance Tax, once the Shares have been held for two years. Shares in the Company should also be suitable for self-invested personal pension schemes ("SIPPs").

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	21 May 2014
Announcement of half-yearly results for the six months ended 31 May 2014	July 2014
Forecast date for first dividend	30 September 2014

## Financial highlights

### Redeemable Ordinary shares

100.00p

Proforma net asset value per share at 30 November 2013.\*

£2.5m

Funds raised (net of costs) to 30 November 2013 under the Albion Community Power PLC Offer for Subscription 2013/14.

### Total shares (A Ordinary and redeemable Ordinary)

	30 November 2013 (pence per share)
Dividends paid	0.00
Proforma net asset value attributable to holders of redeemable Ordinary shares*	100.00

\*Proforma net asset value is defined in the Glossary on page 45.

# Chairman's statement

## Introduction

Albion Community Power PLC is a holding company for entities that 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, rooftop solar and biogas plants.

Each plant is a standalone asset subject to government incentives, principally Feed-In-Tariffs or FITs. Smaller scale renewable energy projects have a number of attractions: the Feed-In-Tariff is fixed for 20 years, giving the plant a known income for each unit of electricity generated, in advance of construction. This income increases in line with inflation as the Feed-In-Tariff increases by RPI each year. In addition, the electricity can be sold locally, typically at a discount, to local households and businesses giving them a further reason to support renewable energy in their community.

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. Over time Albion Community Power PLC aims to aggregate and consolidate many projects into a £100 million Group.

Following the Company's first fund-raising closing in July 2013, it has started to deploy its funds in its first project, a wind turbine next to a quarry at Blaencilgoed in Wales. In addition, the Company has signed Heads of Terms for its next two projects.

## Board of Directors

The Company has an experienced Board. As Chairman and non-executive Director of the Company, I have extensive management experience in the energy sector, most recently as Group CEO of RWE Npower plc from 2010 to 2012 and prior to that as Group CFO from 2003 to 2009. As CEO, I oversaw over £3bn of investment in new low-carbon energy infrastructure and improved the environmental performance of existing assets across Europe.

In Robert Armour we also have a non-executive Director with extensive energy experience, first as General Counsel of British Energy Group for 20 years, and now as an energy lawyer and advisor. He is also Chairman of Smarter Grid Solutions Limited and three solar companies in which Albion Ventures LLP VCTs have invested.

The Board also has executive management from Albion Ventures LLP, Patrick Reeve the Managing Partner, David Gudgin the Head of Renewables, and Vikash Hansrani the Finance Director. Albion Ventures LLP sources projects for the Company and advises on and manages projects on its behalf under a management services contract.

## Albion Community Power PLC Offer for Subscription 2013/14

On 6 June 2013, the Company announced the launch of the Albion Community Power PLC Offer for Subscription 2013/14. As at 30 November 2013, net proceeds of £2.5 million had been raised. Since then, a further £0.4 million has been raised, with good prospects for further funds from both institutional and individual investors.

## Financial results and dividends

In the period to 30 November 2013, the Group was engaged in plans to develop its first project, as detailed further below, with financial completion in January 2014. Consequently, the Group's income was limited to a small amount of interest on cash on deposit. Albion Ventures LLP agreed to waive some of its management services fee for the period, as detailed further on page 16.

## Chairman's statement (continued)

As at 30 November 2013, the proforma net asset value was 100 pence per share. This is before any asset revaluation that might arise from the Blaencilgoed wind project. The Group's annual overheads are limited to 2.5 per cent. of its proforma net asset value.

As stated in the Company's prospectus, dividends are paid to those who have been on the register for the previous 12 months and hence no dividend was paid in the financial period to 30 November 2013. The Company has a target first dividend for the financial year to 30 November 2014 of 1.5 pence per redeemable Ordinary share; this will be payable on 30 September 2014 to shareholders on the register on 30 August 2013.

The Company believes that it meets the qualifying conditions for Business Property Relief and those investors who have held their shares for at least two years should therefore be eligible for Inheritance Tax Relief in respect of their shareholdings.

## Investment performance and progress

In November 2013, a new wholly owned subsidiary named ACP Infinite Limited was formed with the sole purpose of developing wind projects. ACP Infinite Limited has undertaken the development of its first wind project at Blaencilgoed in Wales, and is expected to commence generating electricity in October 2014. The site has full planning permission to construct a wind turbine next to a quarry. There is a power purchase agreement with the quarry to take 100 per cent. of the electricity generated for the full 20 years lifetime of the project. The estimated project return to the Group will be in the region of 14 per cent. The turbine will be the same as Albion Ventures LLP has used on a previous industrial wind site shown below:



## Outlook and prospects

The renewable energy sector in the UK continues to have real prospects for sustained growth and strong value creation. We have a pipeline of named projects sufficient to deliver a £100 million Group, including 19 individual industrial wind projects, 2 rooftop solar projects, 6 "run-of-river" hydro projects and 3 biogas projects.

The next two projects are at Heads of Terms stage and are expected to close shortly. These are both smaller scale renewables projects which qualify under the Feed-In-Tariff regime. Across these two projects, and the Blaencilgoed project above, the Group is starting to build projects across different locations, technologies and inputs as part of a diversified renewable energy portfolio.

I look forward to carrying on this work with Albion Community Power over the rest of 2014.

**VB Beckers**  
Chairman  
3 April 2014

## Strategic report

The Directors present the Strategic report of the Group for the period from 3 October 2012 to 30 November 2013 which 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.

### 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 30 MW 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 will undertake community-scale (i.e. smaller) renewable projects principally in the wind, hydro-electricity, solar and biogas sectors, which will be of benefit to local communities. 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.
- Solar – Rooftop systems providing electricity to households and larger ground mounted systems selling electricity to commercial users and via the National Grid.
- 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.

The Group’s first project is currently under development, details of which are provided below (see Current Projects and Project Pipeline).

The Group has a strong pipeline of further projects, many of which are exclusive and some of which have planning consent. The Group does not expect to be reliant on a limited number of suppliers and/or developers and, given the potential size of the renewable energy market, does not believe that there are any significant competitors who could have a material impact on the Group’s strategy.

To date, the Company has raised £2.9 million and has committed £1.5 million to its first project in Infinite Ventures (Blaencilgoed) Limited. The Group will develop future projects using the remaining funds already raised and from the monies raised in the future. 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.

### 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.

The Government has given a commitment to the EU to generate 15 per cent. of all power from renewable energy by 2020. To meet the target the Government has identified wind, biogas and biomass as the main technologies to be built. It has also expressed an interest in vehicles powered by renewable sources of energy, small scale hydro-electricity and solar and marine electricity generation.

## Strategic report (continued)

To achieve the 15 per cent. target for all power, an increasing proportion of electricity will have to result from renewable generation. This is because the renewable energy technologies needed to substitute the fossil fuels used in surface transport and heating are at an early stage. Given the proportion of electricity within the total UK energy consumption, this would require approximately 30 per cent. of electricity to be generated from renewable sources. In the year to June 2012 renewable energy provided 10.4 per cent. of total UK electricity generation (compared to 9 per cent. in 2011).

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.

ROCs, FITs and RHIs offer long-term support to installations that are accredited for ROCs, FITs or RHIs at pre-determined levels. While it is possible that these subsidy mechanisms may change in the future, the UK Government generally has a good record of not changing legislation retrospectively. In addition, it has always emphasised its commitment to the policy of “grandfathering” to ensure that installations that have been accredited for ROCs, FITs or RHIs will always receive the tariff they were accredited at regardless of any falls or depressions to tariffs in the future. All three incentives are relevant to the Group.

## Current Projects and Project Pipeline

An important event in implementation of the Group’s strategy was its first project in the wind sector, to which it committed in November 2013. The project is being undertaken through Infinite Ventures (Blaencilgoed) Limited, a limited liability company with a project partner; as at 31 January 2014, ACP Infinite Limited (a wholly owned subsidiary of the Company) owned 55 per cent. of the shares in the project company.

A summary of the project is set out below.

Technology	Location	Cost	Energy output	Expected date of commencement of generation
Wind	South West Wales	£1.5 million	500kW	October 2014

Albion Ventures LLP’s current pipeline potentially available to the Group includes the following additional projects:

- Wind – 19 projects around the UK at a cost of £45.5 million.
- Hydro-electricity – 6 hydro schemes in England and Scotland at a cost of £71.1 million.
- Solar – 2 projects for roof top solar around the UK at a cost of £10.0 million.
- Biogas – 3 projects around the UK at a cost of £18.0 million.

## Current project pipeline technology allocation

As mentioned above, it is intended that the Group’s project pipeline will be split across the renewable energy technologies mentioned in the Group’s objectives. Details of the current project pipeline by technology available to the Group are shown above.



## Strategic report (continued)

### Operational arrangements

Albion Ventures LLP has extensive experience in developing renewable energy projects and has made this available to the Group. Three senior Albion Ventures members 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 is for an initial period of 5 years, and thereafter on 2 year's notice. The annual fee payable to Albion Ventures LLP will be 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 in any project. These fees will be charged directly to the projects.

### Review of business and future changes

The results for the period from incorporation on 3 October 2012 to 30 November 2013 show a loss of 0.51 pence per share.

A detailed review of the Group's business during the period and future prospects is contained in the Chairman's statement on pages 4 and 5 and Director's report on page 14. Details of significant events which have occurred since the end of the financial period are listed in note 16 to the Financial Statements. Details of transactions with the Promoter are shown in note 3.

The Directors do not foresee any major changes in the activity undertaken by the Group in the current period. 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.

### Results

As shown in the statement of comprehensive income on page 26, the return to equity holders before the revaluation of debt due to redeemable Ordinary shareholders stands at breakeven due to Albion Ventures reducing its management and expense charges from £25,000 to £2,000.

The loss for the period of £13,000 is mainly attributable to the fair value revaluation of the debt in respect of the redeemable Ordinary shares in the Company. This resulted in a small loss of 0.51 pence per share. This has no impact on the proforma net asset value which excludes any such revaluations on redeemable Ordinary shares.

## Strategic report (continued)

The statement of financial position on page 27 shows that the proforma net asset value remains unchanged over the last period at 100.00 pence per share, primarily reflecting the value of the redeemable Ordinary shares and associated warrants in the statement of financial position.

The cash flow for the business has been positive for the period mainly due to the new issue 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.

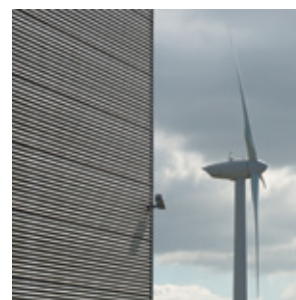
There were no shares bought back during the period ended 30 November 2013.

## Key performance indicators

Three key performance indicators are measured in the financial period. The total expenses ratio for the Group for the period ended 30 November 2013 was 0.1 per cent of proforma net asset value. As at 30 November 2013, the proforma net asset value per redeemable Ordinary share was 100.00 pence. The distribution per share for the period was 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. As the Promoter, through its management service contract with the Company, provides all administrative services, the Company has no employees other than the Directors. Hence, the Company has no policies in these matters and as such these requirements do not apply.



## 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
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 sufficient 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 LLP and their extensive experience within the renewable energy sector. In addition, the Company operates a formal and structured projects appraisal process, which includes a Project Committee, comprising experienced managers from the Promoter and the executive team. The Promoter also invites and takes account of comments from non-executive Directors of the Company on projects discussed at the Project Committee meetings. Projects are actively and regularly monitored by the Promoter 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 to not normally 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 the Promoter have experience of operating at senior levels within quoted businesses. In addition, the Board and the Promoter 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 the Promoter's 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 the Promoter's Internal Auditor, PKF Littlejohn LLP, at least once a year, receiving a report regarding the last formal internal audit performed on the Promoter, and providing the opportunity for the Audit Committee to ask specific and detailed questions. The Promoter 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.

## Strategic report (continued)

Reliance upon third parties risk	The Company is reliant upon the services of Albion Ventures LLP for the provision of management and administrative functions.	There are provisions within the management agreement for the change of Promoter under certain circumstances. In addition, the Promoter has demonstrated to the Board that there is no undue reliance placed upon any one individual within Albion Ventures LLP.
Financial risk	The Company is exposed to credit risk and liquidity risk.	The Company's policies for managing these risks are outlined in full in note 14 to the Financial Statements.  Most of the Company'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 Company uses banking counterparties that are at least Moodys' A credit grade.
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 PricewaterhouseCoopers LLP as its taxation adviser. PricewaterhouseCoopers LLP will review the Company's trading activities and advise the Board annually on the Company's Qualifying Trade status.

## Future prospects

The Company has set out its strategy as outlined above and believes this strategy would 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. Further details on the Company's outlook and prospects can be found in the Chairman's statement on page 5.

On behalf of the Board,

**PH Reeve**  
Director  
3 April 2014

## The Board of Directors

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

**Volker Beckers FEI, (appointed 18 September 2013)** 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 of Erasmus Universiteit in Rotterdam. He has a Master degree, Diploma in Finance and Economics from the University of Cologne and is a fellow of the Energy Institute.

**Robert Armour OBE, MBA, LLB, (appointed 30 May 2013).** 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 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 is 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, (appointed 3 October 2012)** 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 BVCA and is a member of the Audit Committee of the University College London. He is also a director of UCL Business, the university technology transfer arm.

**David Gudgin BSc, ACMA, (appointed 30 May 2013)** is the Head of Renewables at Albion Ventures LLP, with particular expertise in biogas. 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 and ACP Infinite Limited.

**Vikash Hansrani BA (Hons), ACA, (appointed 18 September 2013)** 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 and are not members of the Remuneration Committee (of which Volker Beckers is Chairman) and Nomination Committee (of which Robert Armour is Chairman).

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

## The Promoter

Albion Ventures LLP, is authorised and regulated by the Financial Conduct Authority and is the Promoter of Albion Community Power PLC. Albion Ventures LLP 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 £240 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.

**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 manager in 2009. 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 and Infinite Ventures (Blaencilgoed) Limited.

**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.

**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 is currently on the boards of inter alia, The Street by Street Solar Programme, Regenerco Renewable Energy and AVESI.

**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.

## Directors' report

The Directors submit their Annual Report and the audited Financial Statements on the affairs of the Group and the Company for the period ended 30 November 2013.

### Business review

#### Principal activity and status

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 solar, wind, biogas and hydro-electric sectors.

It is intended that 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.

#### Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the period are shown in note 12 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 currently 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 its first financial period the Company issued a total of 2,490,852 redeemable Ordinary shares and 100 A Ordinary shares. The 2,490,852 redeemable Ordinary shares were issued under the Albion Community Power PLC Offer for Subscription 2013/14 with nil 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 9.

#### Substantial interests and shareholder profile

As at 30 November 2013, 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 2,490,852 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 10 to the Financial Statements.

## Directors' report (continued)

### Results and dividends

The loss after taxation attributable to shareholders for the period was £13,000.

During the period, the Company did not propose or pay any dividend.

As shown in the Chairman's statement, the Board has a target for a first dividend for the financial year ending 30 November 2014, of 1.50 pence per share payable on 30 September 2014 to shareholders on the register on 30 August 2013.

### Principal risks and uncertainties

A summary of the principal risks and uncertainties faced by the Company is set out on pages 10 to 11 of the Strategic report. Details relating to risks concerning financial instruments are disclosed in note 14 to the Financial Statements.

### Environment

The management and administration of the Company is undertaken by the Board of Directors and executed by the executive team. 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.

### Global greenhouse gas emissions

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 Directors.

### Directors

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

	<b>30 November 2013</b>
Volker Beckers (appointed 18 September 2013)	<b>25,000</b>
Robert Armour (appointed 30 May 2013)	<b>25,000</b>
Patrick Reeve (appointed 3 October 2012)	<b>36,000</b>
David Gudgin (appointed 30 May 2013)	<b>25,000</b>
Vikash Hansrani (appointed 18 September 2013)	-
Isabel Dolan (appointed 30 May 2013, resigned 18 September 2013)	<b>10,000</b>
Timothy Yeo (appointed 30 May 2013, resigned 12 June 2013)	-

In addition, Patrick Reeve is the holder of the 100 A Ordinary shares.

There have been no changes in the holdings of the Directors between 30 November 2013 and the date of this Report.



## Directors' report (continued)

Partners and staff of Albion Ventures LLP hold 134,500 Shares in the Company. Pursuant to the Offer Agreement Albion Ventures LLP underwrote £500,000 under the Offer to facilitate the Company reaching the Minimum Subscription. At the date of this Report it had subscribed £500,000 for 500,000 redeemable Ordinary shares in the Company.

Patrick Reeve, David Gudgin and Vikash Hansrani are executive Directors and have service contracts with the Company.

All Directors are members of the Audit Committee, of which Volker Beckers is 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 on page 36.

## 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.

## Election of Directors

Directors' retirement and election is subject to the Articles of Association. At the forthcoming Annual General Meeting, all Directors having served as Directors will retire and offer themselves for 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 is for 5 years and can be terminated 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 an annual fee equal to 2.0 per cent. of the net asset value of the Group, payable monthly in arrears. Total annual expenses, including the management fee, are limited to 2.5 per cent. of the net asset value. For the period to 30 November 2013, Albion Ventures LLP has agreed to waive fees of £22,500.

In recognition of Albion Ventures LLP's goodwill gesture and appreciation of the Group's strategic objectives, in future years and subject to the Group's proforma net asset value exceeding 100 pence per share, the Board will consider whether the amount waived may be fully or partially repaid.

In line with common practice, Albion Ventures LLP is also entitled to an arrangement fee, payable by each project company, of approximately 2 per cent. of each project undertaken.

## Warrants

Albion Ventures LLP is the promoter of the Offer and will receive fees and be 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 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 may, at the discretion of Albion Ventures LLP, be issued to third party investors (being certain institutional and family office investors and Directors and members of Albion Ventures LLP and their immediate families) instead of to Albion Ventures LLP. The warrants will not be freely transferable.

## Auditor

With effect from 30 June 2013, the Board appointed Moore Stephens LLP as the Group's 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 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 11.00 am on 21 May 2014. 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](http://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 2013 are shown in note 16 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 judgments 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 12.

## 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

### **Albion Ventures LLP**

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

3 April 2014

# 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 12. Directors are provided with key information on the Group's activities, including regulatory and statutory requirements, and internal controls, by the Promoter. The Board has access to secretarial advice and compliance services by the Promoter, 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 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 period to allot shares issued under the Albion Community Power PLC Offer for Subscription 2013/14. A sub-committee of the Board also met during the period to approve the terms and contents of the Offer document under the Albion Community Power PLC Offer for Subscription 2013/14, 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 the Promoter 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 its Promoter sets out the matters over which the Promoter has authority and limits beyond which Board approval must be sought.

The Promoter 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 the Promoter;

## 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, all of whom are subject to 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 appoint these Directors at the forthcoming Annual General Meeting.

## Remuneration Committee

A Remuneration Committee has been formed during the period. Robert Armour is chairman and all of the Directors 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](http://www.albioncommunitypower.co.uk) within the 'Investor Relations' section.

## Audit Committee

The Audit Committee consists of all Directors. Volker Beckers has been appointed Chairman of the Audit Committee. Volker is 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](http://www.albioncommunitypower.co.uk) within the 'Investor Relations' section.

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

- formally reviewing the Annual Report and Financial Statements, with particular focus on the main areas requiring judgment and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Promoter;
- meeting with the external Auditor and reviewing their findings;

## Statement of corporate governance (continued)

- 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;
- 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 the Promoter 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 £9,000 were charged to the Group during the period.

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 the Promoter 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 period from 3 October 2012 to 30 November 2013, 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 appoint Moore Stephens LLP be proposed at the Annual General Meeting.

## Nomination Committee

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.

Terms of reference for the Nomination Committee can be found on the Group's website at [www.albioncommunitypower.co.uk](http://www.albioncommunitypower.co.uk) within the 'Investor Relations' section.

## Statement of corporate governance (continued)

### 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 period 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.

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 the Promoter a formal report, which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Promoter, 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 the Promoter's 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 period. 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 period 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 and stock reconciliations are carried out monthly by the Promoter;
- 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 period, 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, 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.

## Statement of corporate governance (continued)

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 14 to the Financial Statements. The Group's business activities, together with details of its performance are shown in the Directors' report.

### 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 period.

### 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 pages 9 and 14. The Group is not party to any 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 21 May 2014 will be used as an opportunity to communicate 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 Blaencilgoed wind project.

Shareholders are able to access the latest information on the Group via the Company website [www.albioncommunitypower.co.uk](http://www.albioncommunitypower.co.uk) under the "Investor Relations" section. Access to shareholding information is provided in full on page 2.

**PH Reeve**  
Director  
3 April 2014



# 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 period from 3 October 2012 to 30 November 2013 which are set out on pages 26 to 42. 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 17 and 18, 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](http://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 2013 and of the Group's result for the period 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 period 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

3 April 2014

# Albion Community Power PLC

## Consolidated statement of comprehensive income

	Note	For the period from 3 October 2012 to 30 November 2013 £'000
<b>Turnover</b>		–
Cost of sales		–
<b>Gross profit</b>		–
Administrative expenses	3	(3)
<b>Operating loss</b>		(3)
Other interest receivable and similar income		3
Loss on the revaluation of debt due to redeemable Ordinary shareholders	10	(13)
<b>Loss on ordinary activities before tax</b>		(13)
Tax on ordinary activities	5	–
<b>Total comprehensive income for the period</b>		(13)
<b>Return attributable to shareholders</b>		
Return per share (pence)*		<b>(0.51)</b>

The accompanying notes on pages 33 to 42 form an integral part of these Financial Statements.

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

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

# Albion Community Power PLC

## Consolidated statement of financial position

	Note	30 November 2013 £'000
<b>Current assets</b>		
Other debtors	7	2
Cash at bank and in hand	8	2,493
		2,495
<b>Total assets</b>		<b>2,495</b>
<b>Creditors: amounts falling due within one year</b>	9	4
		4
<b>Creditors: amounts falling due after more than one year</b>		
Debt due to redeemable Ordinary shareholders	10	2,466
Other liabilities	11	38
		2,504
<b>Total liabilities</b>		<b>2,508</b>
<b>Capital and reserves</b>		
Called up share capital	12	–
Retained earnings		(13)
		(13)
<b>Total liabilities &amp; Capital and reserves</b>		<b>2,495</b>
Proforma net asset value per share (pence)*		<b>100.00</b>

The accompanying notes on pages 33 to 42 form an integral part of these Financial Statements.

\*Proforma net asset value is defined in the Glossary on page 45.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 3 April 2014 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
As at 3 October 2012	–	–	–
Issue of shares	– <sup>1</sup>	–	– <sup>1</sup>
Total comprehensive income for the period	–	(13)	(13)
<b>As at 30 November 2013</b>	<b>–<sup>1</sup></b>	<b>(13)</b>	<b>(13)</b>

The accompanying notes on pages 33 to 42 form an integral part of these Financial Statements.

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

# Albion Community Power PLC

## Consolidated statement of cash flows

	Note	For the period from 3 October 2012 to 30 November 2013 £'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	4	(1)
<b>Net cash flow from operating activities</b>		(1)
<b>Cash flows from investing activities</b>		
Interest received		3
<b>Net cash flow from investing activities</b>		3
<b>Cash flows from financing activities</b>		
Proceeds from issue of called up share capital		–
Proceeds from issue of redeemable Ordinary shares	10	2,491
<b>Net cash flow from financing activities</b>		2,491
<b>Net increase in cash at bank and in hand</b>		
Cash at bank and in hand at the beginning of the period		–
<b>Cash at bank and in hand at the end of the period</b>	8	2,493

The accompanying notes on pages 33 to 42 form an integral part of these Financial Statements.

# Albion Community Power PLC

## Company statement of financial position

		<b>30 November 2013 £'000</b>
	<b>Note</b>	
<b>Current assets</b>		
Other debtors	7	202
Cash at bank and in hand	8	2,293
		2,495
<b>Total assets</b>		<b>2,495</b>
<b>Creditors: amounts falling due within one year</b>	9	4
		4
<b>Creditors: amounts falling due after more than one year</b>		
Debt due to redeemable Ordinary shareholders	10	2,466
Other liabilities	11	38
		2,504
<b>Total liabilities</b>		<b>2,508</b>
<b>Capital and reserves</b>		
Called up share capital	12	–
Retained earnings		(13)
		(13)
<b>Total liabilities &amp; Capital and reserves</b>		<b>2,495</b>
Proforma net asset value per share (pence)*		<b>100.00</b>

The accompanying notes on pages 33 to 42 form an integral part of these Financial Statements.

\*Proforma net asset value is defined in the Glossary on page 45.

These Financial Statements were approved by the Board of Directors, and were authorised for issue on 3 April 2014 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	Retained earnings £'000	Total £'000
As at 3 October 2012	–	–	–
Issue of shares	– <sup>1</sup>	–	– <sup>1</sup>
Total comprehensive income for the period	–	(13)	(13)
<b>As at 30 November 2013</b>	<b>–<sup>1</sup></b>	<b>(13)</b>	<b>(13)</b>

The accompanying notes on pages 33 to 42 form an integral part of these Financial Statements.

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



# Albion Community Power PLC

## Company statement of cash flows

	Note	For the period from 3 October 2012 to 30 November 2013 £'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	4	(1)
<b>Net cash flow from operating activities</b>		(1)
<b>Cash flows from investing activities</b>		
Interest received		3
Amounts paid to subsidiary company		(200)
<b>Net cash flow from investing activities</b>		(197)
<b>Cash flows from financing activities</b>		
Proceeds from issue of called up share capital		–
Proceeds from issue of redeemable Ordinary shares	10	2,491
<b>Net cash flow from financing activities</b>		2,491
<b>Net increase in cash at bank and in hand</b>		
Cash at bank and in hand at the beginning of the period		–
<b>Cash at bank and in hand at the end of the period</b>	8	2,293

The accompanying notes on pages 33 to 42 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 14 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 have been applied consistently by all Group companies presented 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 Company was incorporated in the UK on 3 October 2012 and this is the first period of operation as reflected through the presentation of a long accounting period. The loss for the period after taxation included in the accounts of the Company is £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 22.

#### 1.2 Consolidation

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

All companies in the Group have the same reporting date of 30 November.

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 Foreign currencies

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

#### 1.4 Taxation

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

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

#### 1.5 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 of the financial instruments to be equivalent to the amortised cost.

#### 1.6 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 of other debtors to be equivalent to the amortised cost. The Group reviews the ageing analysis of debtors on a regular basis.

#### 1.7 Other interest receivable and similar income

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

#### 1.8 Cash at bank and in hand

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

# Albion Community Power PLC

## Notes to the Financial Statements

### 1. Summary of significant accounting policies (continued)

#### 1.9 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.

#### 1.10 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.

#### 1.11 Warrants

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

### 2. Critical accounting estimates and judgements

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

#### *Warrants*

The warrants in issue at the end of the reporting period are attached to redeemable Ordinary shares and are not traded in an active market (e.g. unquoted debt instrument), thus as a result its fair value is determined by using the Black Scholes valuation model. Management uses its judgement in selecting a suitable valuation method, and 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.

# Albion Community Power PLC

## Notes to the Financial Statements

### 3. Administrative expenses

	<b>For the period from 3 October 2012 to 30 November 2013 £'000</b>
Management fee charged in the period	(20)
Overheads	(5)
Total chargeable under management service agreement	(25)
Other costs	(1)
Amount of fees waived by Albion Ventures LLP	23
Net total charged in the statement of comprehensive income	(3)

During the period, Albion Ventures LLP charged a management fee totalling £25,000 for the services of Albion partners and staff and the costs incurred on behalf of the Group. Of this amount, £22,500 was waived. In future years and subject to the Group's proforma net asset value exceeding 100 pence per share, the Board would consider whether the amount waived may be fully or partially repaid.

As at the date of the signing of these Financial Statements, Albion Ventures LLP had underwritten £500,000 under the Offer. During the period, the Company was not charged by Albion Ventures LLP in respect of the services of the auditors and those of Albion partners and staff as executive Directors. The associated costs were absorbed within the management service fee above and have been detailed below.

During the period the Company raised new funds through the Albion Community PLC Offer for Subscription 2013/14 as described in note 10. The cost of the issue of these shares is 2.5 pence per share or nil where fees were waived by Albion Ventures. Of these costs, an amount of £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 period end.

#### Total chargeable expenses under management service agreement

	<b>For the period from 3 October 2012 to 30 November 2013 £'000</b>
Directors' fees (including NIC)	27
Other administrative expenses	–
Tax services	3
Auditor's remuneration for statutory audit services	14
Auditor's remuneration for other services	6
	50
Adjustment to reduce total costs to 2.5% of proforma net asset value attributable to redeemable Ordinary shareholders as per management service agreement	(25)
Albion Ventures LLP's fees chargeable under the management services agreement	25

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

# Albion Community Power PLC

## Notes to the Financial Statements

### 4. Cash generated from operations

For the period from 3 October  
2012 to 30 November 2013  
£'000

Loss on ordinary activities before tax	(13)
<u>Adjustments for:</u>	
Loss on debt due to redeemable Ordinary shareholders	13
Interest receivable	(3)
<u>Changes in working capital:</u>	
Other debtors	(2)
Creditors	4
	<u>(1)</u>

### 5. Tax charge on ordinary activities

For the period from 3 October  
2012 to 30 November 2013  
£'000

UK corporation tax in respect of current period	–
	<u>–</u>

### Factors affecting the tax charge:

For the period from 3 October  
2012 to 30 November 2013  
£'000

Loss on ordinary activities before taxation	(13)
Tax charge on profit at the small companies rate of 20%	(3)
<u>Factors affecting the charge:</u>	
Disallowable expenses	3
	<u>–</u>

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

# Albion Community Power PLC

## Notes to the Financial Statements

### 6. Subsidiary undertaking

As at 30 November 2013, the Group had the following subsidiary which has been included in the consolidated Financial Statements:

<b>Company</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Ownership</b>	<b>Voting rights</b>
ACP Infinite Limited	UK	Generation of renewable energy	100%	100%

The share capital of ACP Infinite Limited consists of 100 Ordinary shares with a par value of £0.01 each.

### 7. Other debtors

	<b>30 November 2013</b>	
	<b>Group £'000</b>	<b>Company £'000</b>
Prepayments and accrued income	2	2
Amounts due from subsidiary company	–	200
	<u>2</u>	<u>202</u>

The amounts due from the subsidiary company are interest free, unsecured and repayable on demand. This balance relates to the initial consideration due for the purchase of Infinite Ventures (Blaencilgoed) Limited (see note 15).

### 8. Cash at bank and in hand

	<b>30 November 2013</b>	
	<b>Group £'000</b>	<b>Company £'000</b>
Cash at bank	2,293	2,293
Restricted deposit	200	–
	<u>2,493</u>	<u>2,293</u>

£200,000 is held by the lawyers on behalf of the Company's subsidiary, in respect of the purchase price of the project as described in note 15.

# Albion Community Power PLC

## Notes to the Financial Statements

### 9. Creditors: amounts falling due within one year

	30 November 2013	
	Group £'000	Company £'000
Accruals and deferred income	2	2
Other creditors	2	2
	<u>4</u>	<u>4</u>

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

### 10. 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 2013/14, the following redeemable Ordinary shares were allotted during the period:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net amounts subscribed (£'000)	Issue price (net of costs) on allotment date (pence per share)
31 July 2013	1,500,000	15.0	100.00	1,500	100.00
9 August 2013	550,000	5.5	100.00	550	100.00
30 August 2013	243,901	2.4	102.50	244	100.00
4 October 2013	121,951	1.2	102.50	122	100.00
4 October 2013	25,000	0.3	100.00	25	100.00
29 November 2013	50,000	0.5	100.00	50	100.00
	<u>2,490,852</u>	<u>24.9</u>		<u>2,491</u>	

The net amount subscribed of £2,491,000 relates to both the issue of the redeemable Ordinary shares and the issue of warrants. On inception, the fair value of the warrants amounting to £38,000 was classified as other liabilities. The fair value of the redeemable Ordinary shares at 30 November 2013 is calculated using the redemption price, with a £13,000 loss from the increase in fair value being recognised in the consolidated statement of comprehensive income, and equates to £2,466,000.



# Albion Community Power PLC

## Notes to the Financial Statements

### 11. Other liabilities

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

Date of allotment	Number of shares allotted	Fair value per warrant at grant date (£)	Fair value (£'000)
31 July 2013	300,000	0.08	24
9 August 2013	110,000	0.08	9
30 August 2013	48,780	0.08	3
4 October 2013	24,390	0.08	1
4 October 2013	5,000	0.08	–
29 November 2013	10,000	0.08	1
	<u>498,170</u>		<u>38</u>

There have been no warrants exercised during the period.

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

Weighted average share price	£1.00
Exercise price	£1.00
Volatility on warrants	5%
Dividends on warrants	£Nil
Risk free rate	1.12%
Warrant life	5 years
	<u>498,170</u>

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 2013 have not significantly changed from the grant date as operations have not fully commenced.

### 12. Called up share capital

30 November 2013  
£

#### Allotted, called up and fully paid

100 A Ordinary shares of £0.01 each (Incorporation: 1 Ordinary share of 100p each)	<u>1</u>
--	----------

All A Ordinary shares and redeemable Ordinary shares (note 10) have the same voting rights.

# Albion Community Power PLC

## Notes to the Financial Statements

### 13. Ultimate controlling party

As at 30 November 2013, there is no ultimate controlling party.

### 14. 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 other liabilities which are recognised at fair value through profit and loss all other financial instruments are recognised at amortised cost. The fair value of all financial instruments recognised at amortised cost is considered to be equivalent to its carrying value.

#### *Credit risk*

At 30 November 2013, concentration of credit risk exists to the extent that 92% of current assets are in respect of cash balances held with two financial institutions with high credit ratings assigned by international credit-rating agencies.

#### *Liquidity risk*

At 30 November 2013, the Group was not exposed to any significant liquidity risk other than the redemption of shares, which can only be redeemed when liquid funds are available. The Group has adequate cash surpluses to meet any current obligation.

#### *Market risk*

At 30 November 2013, the Group is not exposed to significant interest rate or foreign currency risk.

### 15. Commitments

On 29 November 2013, the Company's subsidiary entered into an agreement to acquire 55% interest in Infinite Ventures (Blaencilgoed) Limited for a total consideration of £325,000. All of the conditions of the acquisition were not satisfied until 31 January 2014 and the initial payment of £200,000 due on completion was held on account by the Group's solicitor (note 8) at the financial reporting date. On completion, the Group has committed to issuing loan stock to Infinite Ventures (Blaencilgoed) Limited with a par value of £1,500,000 for a consideration of £1,175,000. The loan stock is subject to interest at 10% per annum.

The Group is committed to the management service contract with Albion Ventures LLP for a minimum length of five years.

# Albion Community Power PLC

## Notes to the Financial Statements

### **16. Events after the reporting date**

On 31 January 2014, the Group completed the transaction to acquire Infinite Ventures (Blaencilgoed) Limited as summarised in note 15.

The Company also issued a further 355,000 redeemable Ordinary shares and raised funds of £0.4 million, net of issue costs through the Company's Offer for Subscription 2013/14.

### **17. Related party transactions**

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

## 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 21 May 2014 at 11.00am 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 period ended 30 November 2013 together with the report of the Directors and Auditor.
2. To elect Volker Beckers as a Director of the Company.
3. To elect Robert Armour as a Director of the Company.
4. To elect Patrick Reeve as a Director of the Company.
5. To elect David Gudgin as a Director of the Company.
6. To elect Vikash Hansrani as a Director of the Company.
7. To 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.
8. 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

3 April 2014

## 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](mailto:proxies@shareregistrars.uk.com); or,
- by faxing the completed proxy form to 01252 719232; or,
- going to [www.shareregistrars.co.uk](http://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 11.00am on 19 May 2014.

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 11.00am on 19 May 2014 (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](http://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 31 March 2014 (being the latest practicable date prior to the publication of this Notice), the Company’s issued share capital consists of 2,846,352 redeemable Ordinary shares carrying one vote each. The Company also holds 100 A Ordinary shares. Therefore, the total voting rights in the Company as at 31 March 2014 are 2,846,452.

## Glossary

<b>“A Shares”</b>	non-redeemable A Ordinary shares of £0.01 each in the capital of the Company
<b>“Act”</b>	the Companies Act 2006 (as may be amended from time to time)
<b>“Albion Ventures” or “Promoter” or “Albion”</b>	Albion Ventures LLP which is authorised and regulated by the Financial Conduct Authority, or its predecessor business
<b>“Articles”</b>	means the articles of association of the Company (as amended from time to time)
<b>“Board” or “Directors”</b>	the board of directors of the Company, whose names appear on page 12
<b>“Business Property Relief” or “BPR”</b>	business property relief as set out in the Inheritance Tax Act 1984
<b>“Company” or “ACP” or “Albion Community Power”</b>	Albion Community Power PLC
<b>“Feed in Tariffs” or “FITs”</b>	means the system introduced by the Government pursuant to powers in the Energy Act 2008 to incentivise low carbon electricity generation
<b>“Group”</b>	Albion Community Power PLC and its subsidiary companies
<b>“Government”</b>	the UK Government and the Scottish Government or either Government as the context permits
<b>“GW”</b>	Gigawatt, a standard unit of electricity power equal to 1 million kilowatts
<b>“HMRC”</b>	HM Revenue & Customs
<b>“IHT”</b>	Inheritance Tax
<b>“kW”</b>	Kilowatt, a standard unit of electricity power equal to 1,000 watts
<b>“Management Services Agreement”</b>	the agreement between the Company and Albion Ventures governing the management services provided by Albion Ventures to the Company
<b>“MW”</b>	Megawatt, a standard unit of power equal to 1,000 Kilowatts
<b>“Proforma Net Asset Value” or “ Proforma NAV”</b>	<p>(i) the net asset value of the Company attributable to holders of Shares – adjusted for the revaluation of projects as determined by independent third party professional valuations</p> <p>(ii) the proforma net asset value per share is equivalent to the sum of capital and reserves, the nominal value of debt attributable to the holders of redeemable Ordinary shares, excluding any fair value gains or losses on the redeemable Ordinary shares and including any fair value movements on investments</p>

<b>“Qualifying Trade”</b>	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
<b>“Relevant Period” or “Two Year Period”</b>	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
<b>“Registrars”</b>	Share Registrars Limited
<b>“RHIs”</b>	Renewable Heat Incentives
<b>“ROCs”</b>	Renewables Obligation Certificates
<b>“RPI”</b>	The Retail Prices Index
<b>“Shares”</b>	redeemable Ordinary shares of £0.01 each in the share capital of the Company
<b>“Shareholders”</b>	holders of Shares
<b>“SIPPs”</b>	Self-invested personal pension schemes
<b>“Venture Capital Trust” or “VCT”</b>	a company approved as a venture capital trust under section 274 Income Tax Act 2007
<b>“Warrant Instrument”</b>	the warrant instrument pursuant to which the Company issues warrants to Albion Ventures and certain third party investors
<b>“Warrants”</b>	the warrants to subscribe for Shares issued by the Company under the Warrant Instrument

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