

Registration number: 04364643

# Dundee Merchant Wind Park Limited

Directors' Report and Financial Statements

for the Year Ended 30 April 2017



# **Dundee Merchant Wind Park Limited**

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# **Dundee Merchant Wind Park Limited**

## **Company Information**

<b>Directors</b>	Dale Vince Asif Rehmanwala
<b>Company secretary</b>	Philip Catherall
<b>Registered office</b>	172 Southgate Street Gloucester Gloucestershire GL1 2EZ
<b>Auditor</b>	KPMG LLP Chartered Accountants 66 Queen Square Bristol BS1 4BE

## **Dundee Merchant Wind Park Limited**

### **Directors' Report for the Year Ended 30 April 2017**

The Directors present their report and the financial statements for the year ended 30 April 2017.

#### **Principal activities**

The principal activity of the Company is the production and supply of wind powered electricity.

#### **Directors of the Company**

The directors who held office during the year were as follows:

Dale Vince

Paul Wheatcroft (resigned 22 February 2017)

Asif Rehmanwala (appointed 23 January 2017)

Garry Peagam (appointed 12 April 2017 and resigned 6 July 2017)

#### **Dividends**

No dividends were paid during the year (2016 : £625,792).

#### **Disclosure of information to the auditor**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

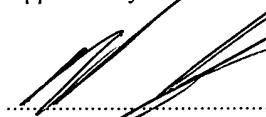
#### **Reappointment of auditor**

Pursant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

#### **Small companies provision statement**

The Company has taken advantage of the small companies exemption provided in section 415A of the Companies Act 2006 in preparing the Directors' Report and the small companies exemption in section 414B in preparing the Strategic Report.

Approved by the Board on 18 October 2017 and signed on its behalf by:



Asif Rehmanwala  
Director

Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

## **Dundee Merchant Wind Park Limited**

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing 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 year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Dundee Merchant Wind Park Limited**

### **Independent Auditor's Report to the Members of Dundee Merchant Wind Park Limited**

We have audited the financial statements of Dundee Merchant Wind Park Limited for the year ended 30 April 2017, set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including 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 (set out on page 3), 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 Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

The description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements. Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

- we have not identified material misstatements in that report; and
- in our opinion, that Report has been prepared in accordance with the Companies Act 2006.

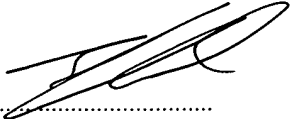
## **Dundee Merchant Wind Park Limited**

### **Independent Auditor's Report to the Members of Dundee Merchant Wind Park Limited**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report; or
- we have not received all the information and explanations we require for our audit.



.....  
**James Ledward (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountant*  
KPMG LLP  
66 Queen Square  
Bristol  
BS1 4BE

Date: 20 October 2017

## **Dundee Merchant Wind Park Limited**

### **Profit and Loss Account for the Year Ended 30 April 2017**

	Note	2017 £	2016 £
Turnover	3	687,758	769,039
Administrative expenses		<u>(591,432)</u>	<u>(395,008)</u>
Profit before taxation		96,326	374,031
Taxation on profit	7	<u>45,716</u>	<u>62,497</u>
Profit for the financial year		<u><u>142,042</u></u>	<u><u>436,528</u></u>

The notes on pages 10 to 18 form an integral part of these financial statements.



## Dundee Merchant Wind Park Limited

### Statement of Other Comprehensive Income for the Year Ended 30 April 2017

	Note	2017 £	2016 £
Profit for the financial year		142,042	436,528
Income tax on other comprehensive income	7	34,146	67,361
Other comprehensive income for the year, net of income tax		34,146	67,361
Total comprehensive income for the year		176,188	503,889

The notes on pages 10 to 18 form an integral part of these financial statements.

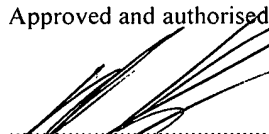
# Dundee Merchant Wind Park Limited

(Registration number: 04364643)

Balance Sheet as at 30 April 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	8	4,679,239	4,928,429
<b>Current assets</b>			
Debtors	9	371,843	37,475
Cash at bank and in hand	10	15,000	5,000
		386,843	42,475
<b>Creditors: Amounts falling due within one year</b>	11	(62,500)	(63,648)
<b>Net current assets/(liabilities)</b>		324,343	(21,173)
<b>Total assets less current liabilities</b>		5,003,582	4,907,256
<b>Provisions for liabilities</b>	12	(755,007)	(834,869)
<b>Net assets</b>		4,248,575	4,072,387
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Revaluation reserve		2,350,147	2,455,985
Profit and loss account		1,898,328	1,616,302
<b>Total equity</b>		4,248,575	4,072,387

Approved and authorised by the Board on 18 October 2017 and signed on its behalf by:



Asif Rehmanwala

Director

Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

The notes on pages 10 to 18 form an integral part of these financial statements.

# Dundee Merchant Wind Park Limited

## Statement of Changes in Equity for the Year Ended 30 April 2017

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 May 2016	100	2,455,985	1,616,302	4,072,387
Profit for the year	-	-	142,042	142,042
Other comprehensive income	-	34,146	-	34,146
Transfers from revaluation reserve	-	(139,984)	139,984	-
At 30 April 2017	100	2,350,147	1,898,328	4,248,575
	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 May 2015	100	2,526,895	1,667,295	4,194,290
Profit for the year	-	-	436,528	436,528
Other comprehensive income	-	67,361	-	67,361
Dividends	-	-	(625,792)	(625,792)
Transfers from revaluation reserve	-	(138,271)	138,271	-
At 30 April 2016	100	2,455,985	1,616,302	4,072,387

The notes on pages 10 to 18 form an integral part of these financial statements.

## **Dundee Merchant Wind Park Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2017**

#### **1 General information**

The company is a private company limited by share capital incorporated in the UK. The presentation currency of these financial statements is sterling.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except for power generating assets which are measured in accordance with the revaluation model.

##### **Name of parent of group**

These financial statements are consolidated in the financial statements of the company's ultimate parent undertaking, Ecotricity Group Limited.

The financial statements of Ecotricity Group Limited may be obtained from Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.

In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of Ecotricity Group Ltd include the equivalent disclosures, the Company has also taken the exemptions in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

##### **Going concern**

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

##### **Turnover**

Turnover comprises the fair value of the consideration received or receivable for the sale of electricity and related renewable credits in the ordinary course of the Company's activities. Turnover is shown net of value added tax.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the power is supplied.

## **Dundee Merchant Wind Park Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2017**

#### **2 Accounting policies (continued)**

##### **Interest receivable and interest payable**

Interest income and interest payable are recognised in the profit and loss as they accrue on funds invested or borrowed, using the effective interest method.

##### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Timing differences between accumulated depreciation and tax allowances for the cost of a fixed asset are not provided if and when all conditions for retaining tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities and other future taxable profits.

##### **Tangible assets**

Tangible assets are stated at fair value less any subsequent accumulated depreciation.

Gains on revaluation are recognised in other comprehensive income and accumulated in the revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

At the end of each financial period, the Company assesses whether tangible fixed assets are impaired.

##### **Depreciation**

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

##### **Asset class**

Plant and machinery

##### **Depreciation method and rate**

24 years with estimated residual value being 25% of the revalued amount

## **Dundee Merchant Wind Park Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2017**

#### **2 Accounting policies (continued)**

##### **Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss, except to the extent that they reverse any previously recognised valuation increase accumulated in equity in respect of that asset; any excess is recognised in profit and loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Trade debtors**

Trade debtors include amounts due from customers for electricity sold and renewables credits earned in the ordinary course of business.

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

##### **Trade creditors**

Trade creditors include obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

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

##### **Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Lease incentives are recognised over the length of the lease.

## Dundee Merchant Wind Park Limited

### Notes to the Financial Statements for the Year Ended 30 April 2017

#### 2 Accounting policies (continued)

##### Share capital

Ordinary shares are classified as equity as they include no contractual obligations upon the Company. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### 3 Turnover

Turnover consists of sales wholly in the United Kingdom arising on the following continuing activities:

	2017 £	2016 £
Sale of electricity	404,247	461,244
Renewables credits	283,511	307,795
	<u>687,758</u>	<u>769,039</u>

#### 4 Staff costs

The company had no employees or staff costs in either year.

#### 5 Directors' remuneration

Directors' remuneration is in respect of qualifying services to other entities in the Group and was borne by the ultimate parent company, Ecotricity Group Limited, in both years.

#### 6 Auditor's remuneration

	2017 £	2016 £
Audit of the financial statements	<u>2,500</u>	<u>1,563</u>

Amounts receivable by the Company's auditor and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed for the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Ecotricity Group Limited.

## Dundee Merchant Wind Park Limited

### Notes to the Financial Statements for the Year Ended 30 April 2017

#### 7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity:

	2017 £	2016 £
<b>Current taxation</b>		
UK corporation tax	-	-
	-	-
Total current income tax	-	-
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(67,626)	(100,746)
Effect of tax rate change on opening deferred tax balance	(12,236)	(29,112)
Total deferred taxation	(79,862)	(129,858)
Total tax credit	(79,862)	(129,858)

	2017			2016		
	Current Tax £	Deferred tax £	Total tax £	Current tax £	Deferred tax £	Total tax £
<b>Taxation</b>						
Recognised in profit and loss account	-	(45,716)	(45,716)	-	(62,497)	(62,497)
Recognised in other comprehensive income	-	(34,146)	(34,146)	-	(67,361)	(67,361)
	-	(79,862)	(79,862)	-	(129,858)	(129,858)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.92% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	96,326	374,031
Corporation tax at standard rate	19,186	74,806
Group relief claimed	(58,412)	(111,901)
Reduction in tax rate on deferred tax balances	(40,636)	(92,763)
Deferred tax credited to other comprehensive income	34,146	67,361
Total tax credit included in profit and loss	(45,716)	(62,497)



## Dundee Merchant Wind Park Limited

### Notes to the Financial Statements for the Year Ended 30 April 2017

#### 7 Taxation (continued)

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 April 2017 has been calculated based on these rates.

#### 8 Tangible assets

	Plant and machinery £	Total £
<b>Valuation</b>		
At 1 May 2016	5,676,000	5,676,000
At 30 April 2017	5,676,000	5,676,000
<b>Depreciation</b>		
At 1 May 2016	747,571	747,571
Charge for the year	249,190	249,190
At 30 April 2017	996,761	996,761
<b>Carrying amount</b>		
At 30 April 2017	4,679,239	4,679,239
At 30 April 2016	4,928,429	4,928,429

#### Historic cost

The following information relates to tangible fixed assets carried on the basis of revaluations in accordance with FRS 102.

	2017 £	2016 £
At valuation	5,676,000	5,676,000
Aggregate depreciation thereon	(996,761)	(747,571)
Net book value	4,679,239	4,928,429
Historical cost of revalued assets	2,738,856	2,738,856
Aggregate depreciation thereon	(982,655)	(897,066)
Historical cost net book value	1,756,201	1,841,790

## Dundee Merchant Wind Park Limited

### Notes to the Financial Statements for the Year Ended 30 April 2017

#### 8 Tangible assets (continued)

An internal valuation of plant and machinery was performed by the Directors as at 30 April 2017 based on the asset's forecasted discounted future cash flow. The future cash flow model assumes that the historic generation levels recorded by the asset over its life will continue at the same rate and that the current power price agreement and renewables credits available will continue with expected inflationary increases. Expenditure patterns are assumed to be consistent with expected inflationary increases and with expected maintenance works taken into account. The discount rate is assumed to be the minimum rate of return that the Group expects on similar investments.

External valuations are performed with sufficient frequency to ensure that the carrying value does not differ materially from the fair value at the end of the reporting period which is normally deemed to be 5 years. The previous external valuation was performed as at 30 April 2013 by BDO LLP.

#### 9 Debtors

	2017 £	2016 £
<b>Due within one year</b>		
Amounts owed by group undertakings	<u>371,843</u>	<u>37,475</u>

#### 10 Cash and cash equivalents

	2017 £	2016 £
Cash at bank	<u>15,000</u>	<u>5,000</u>

#### 11 Creditors

	2017 £	2016 £
<b>Due within one year</b>		
Amounts due to group undertakings	-	191
Accrued expenses	<u>62,500</u>	<u>63,457</u>
	<u>62,500</u>	<u>63,648</u>

#### 12 Deferred tax

	Deferred tax £
At 1 May 2016	834,869
Credited to the profit and loss account	(45,716)
Credited to other comprehensive income	<u>(34,146)</u>
At 30 April 2017	<u>755,007</u>

#### Analysis of deferred tax

	2017 £	2016 £
Accelerated capital allowances	<u>755,007</u>	<u>834,869</u>

## Dundee Merchant Wind Park Limited

### Notes to the Financial Statements for the Year Ended 30 April 2017

#### 13 Capital and reserves

##### *Share capital*

##### Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

##### *Revaluation reserve*

Where tangible fixed assets are revalued the cumulative increase in the fair value of the property at the date of revaluation in excess of any previous impairment losses is recognised in the revaluation reserve.

#### 14 Obligations under leases

##### *Operating leases*

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	60,000	60,000
Later than one year and not later than five years	240,000	240,000
Later than five years	<u>825,000</u>	<u>885,000</u>
	<u>1,125,000</u>	<u>1,185,000</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £98,190 (2016 - £68,339).

#### 15 Dividends

	2017 £	2016 £
Final dividend of £Nil (2016 - £6,257.92) per ordinary share	<u>-</u>	<u>625,792</u>

#### 16 Related party transactions

The Company has taken advantage of the exemptions contained in FRS 102.33 and has not disclosed transactions or balances with wholly owned subsidiaries which form part of the Group.

## **Dundee Merchant Wind Park Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2017**

#### **17 Accounting estimates and judgements**

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### ***Key sources of estimation uncertainty***

- **Revalued asset valuation**

An internal valuation of plant and machinery was performed by the Directors as at 30 April 2017 based on the asset's forecasted discounted future cash flow. The future cash flow model assumes that the historic generation levels recorded by the asset over its life will continue at the same rate and that the current power price agreement and renewables credits available will continue with expected inflationary increases. Expenditure patterns are assumed to be consistent with expected inflationary increases and with expected maintenance works taken into account. The discount rate is assumed to be the minimum rate of return that the Group expects on similar investments. See Note 8 for the carrying value of the revalued assets at 30 April 2017.

External valuations are performed with sufficient frequency to ensure that the carrying value does not differ materially from the fair value at the end of the reporting period which is normally deemed to be 5 years. The previous external valuation was performed as at 30 April 2013 by BDO LLP.

- **Asset residual values**

Management estimate that plant and machinery has a 24 year life with a residual value of 25% of the revalued amount. This reflects the residual value of the lease on the site, which are typically longer than 24 years, and plant and machinery at that point. No site has yet reached the end of its 24 year useful economic life and so this is a management estimate which would depend on many factors such as second hand values, obtaining subsequent planning permission on the site, power prices and turbine re-powering costs.

#### **18 Ultimate parent undertaking and controlling party**

The Company's ultimate parent undertaking is Ecotricity Group Limited, a Company incorporated in England and Wales. The ultimate controlling party of the Company is D Vince, the only shareholder of Ecotricity Group Limited.

The immediate parent undertaking is Next Generation Wind Holdings Limited, a Company incorporated in England and Wales.

The largest Group in which the results of the Company are consolidated is that headed by Ecotricity Group Limited. No other financial statements include the results of the Company. Consolidated financial statements may be obtained from Lion House, Rowcroft, Stroud, Gloucestershire, GL5 3BY.