

COMPANY REGISTRATION NUMBER: 04391939

Little Raith Wind Farm Limited
Filleted Financial Statements
For the Year Ended
31 March 2019



BEEVER AND STRUTHERS
Chartered accountants & statutory auditor
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

Little Raith Wind Farm Limited

Statement of Financial Position

31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	5	18,086,855	19,053,419
Current assets			
Debtors	6	10,833,783	9,560,274
Cash at bank and in hand		3,194,895	2,626,874
		<u>14,028,678</u>	<u>12,187,148</u>
Creditors: Amounts Falling due Within One Year	7	<u>2,881,322</u>	<u>2,805,471</u>
Net current assets		<u>11,147,356</u>	<u>9,381,677</u>
Total assets less current liabilities		<u>29,234,211</u>	<u>28,435,096</u>
Creditors: Amounts Falling due after More than One Year	8	<u>18,138,717</u>	<u>19,465,581</u>
Net assets		<u>11,095,494</u>	<u>8,969,515</u>
Capital and reserves			
Called up share capital		150	150
Profit and loss account		<u>11,095,344</u>	<u>8,969,365</u>
Shareholders funds		<u>11,095,494</u>	<u>8,969,515</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 10 October 2019, and are signed on behalf of the board by:



Mr T J Halpin
Director

Company registration number: 04391939

Little Raith Wind Farm Limited

Notes to the Financial Statements

Year Ended 31 March 2019

1. General Information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Hamilton House, Church Street, Altrincham, WA14 4DR.

The trading address is Lochgelly, Fife, KY5 0AX.

The principal activity of the company during the year was the development, construction and maintenance of a wind farm. The construction of the wind farm was completed in November 2011.

2. Statement of Compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting Policies

Basis of Preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Determination of whether there are indicators of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Little Raith Wind Farm Limited
Notes to the Financial Statements *(continued)*
Year Ended 31 March 2019

3. Accounting Policies *(continued)*

Revenue Recognition

The turnover shown in the profit and loss account represents amounts invoiced or owing to Little Raith Wind Farm Limited in respect of Energy Generation in the year. The Brown Power and Embedded Benefits are invoiced one month in arrears and the Renewable Obligation Certificate and Levy Exemption Certificates are invoiced three months in arrears when Ofgem approval has taken place, all of the income is accounted for in the month it is generated exclusive of Value Added Tax.

Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Turbines	- 4% straight line
Equipment	- 33% straight line

Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Financial Instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Little Raith Wind Farm Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2019

3. Accounting Policies *(continued)*

Financial Instruments *(continued)*

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Employee Numbers

The average number of persons employed by the company during the year amounted to 4 (2018: 4).

5. Tangible Assets

	Turbines £	Equipment £	Total £
Cost			
At 1 April 2018 and 31 March 2019	<u>24,208,427</u>	<u>435</u>	<u>24,208,862</u>
Depreciation			
At 1 April 2018	5,155,008	435	5,155,443
Charge for the year	966,564	—	966,564
At 31 March 2019	<u>6,121,572</u>	<u>435</u>	<u>6,122,007</u>
Carrying amount			
At 31 March 2019	<u>18,086,855</u>	<u>—</u>	<u>18,086,855</u>
At 31 March 2018	<u>19,053,419</u>	<u>—</u>	<u>19,053,419</u>

Little Raith Wind Farm Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2019

6. Debtors

	2019 £	2018 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	8,823,487	7,660,884
Other debtors	2,010,296	1,899,390
	<u>10,833,783</u>	<u>9,560,274</u>

7. Creditors: Amounts Falling due Within One Year

	2019 £	2018 £
Bank loans and overdrafts	1,326,863	1,344,395
Trade creditors	40,803	71,045
Other creditors	1,513,656	1,390,031
	<u>2,881,322</u>	<u>2,805,471</u>

Included within bank loans and overdrafts is a bank loan totalling £1,326,863 (2018: £1,344,395) and is secured against the wind farm that was completed in November 2011.

8. Creditors: Amounts Falling due after More than One Year

	2019 £	2018 £
Bank loans and overdrafts	18,138,717	19,465,581

Included within bank loans and overdrafts is a bank loan totalling £18,138,717 (2018: £19,465,581) and is secured against the wind farm that was completed in November 2011.

Included within creditors: amounts falling due after more than one year is an amount of £13,348,688 (2018: £14,603,012) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

9. Financial Instruments at Fair Value

	2019 £	2018 £
Financial liabilities measured at fair value through profit or loss		
Financial liabilities measured at fair value through profit or loss	<u>(1,294,553)</u>	<u>(1,177,450)</u>

10. Summary Audit Opinion

The auditor's report for the year dated 10 October 2019 was unqualified.

The senior statutory auditor was Iain Round BSc FCA, for and on behalf of Beever and Struthers.

Little Raith Wind Farm Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 March 2019

11. Related Party Transactions

Little Raith Wind Farm Limited is a 100% subsidiary of KRL (LR) Hold Co Limited. KRL (LR) Hold Co Limited is a 100% subsidiary of KRL (LR) Limited. The ultimate shareholder of KRL (LR) Limited is Mr B. Kennedy.

During the year KRL (LR) Limited charged Little Raith Wind Farm Limited £66,000 (2018: £70,000) in respect of services provided.

There are two loan agreements in place between Little Raith Wind Farm Limited and KRL (LR) Limited. At the balance sheet date the company was owed £8,823,487 by KRL (LR) Limited (2018: £3,672,735). There is no interest being charged on the loan, it is due for repayment on demand and is disclosed in amounts owed by group undertakings in debtors.

Mr A.C. Kirk is also a director of Latium Management Services Limited and Patrick Properties Holdings Limited.

Latium Management Services Limited recharged salary and other costs during the year totalling £406,350 (2018: £348,665) to Little Raith Wind Farm Limited. At the balance sheet date Latium Management Services Limited owed £Nil (2018: £3,300,686) to Little Raith Wind Farm Limited.

At the balance sheet date Little Raith Wind Farm Limited was owed £Nil by Patrick Properties Holdings Limited (2018: £537,462).

12. Controlling Party

The immediate parent company of Little Raith Wind Farm Limited is KRL (LR) Hold Co Limited. The ultimate parent company of Little Raith Wind Farm Limited is KRL (LR) Limited.

KRL (LR) Limited is controlled by Mr B. Kennedy.