Company Registration No. 9094282 (England and Wales)

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

COMPANY INFORMATION

Directors	D R Bradbury	
	D A Whitehurst	
	P J Ireland	(Appointed 21 September 2018)
	M Aitken	(Appointed 23 October 2018)
	E D Archer	(Appointed 11 April 2019)
Secretary	HCP Management Services Limited	
Company number	9094282	
Registered office	8 White Oak Square London Road Swanley Kent BR8 7AG	
Auditor	Deloitte LLP Statutory Auditor London United Kingdom	
Bankers	Barclays Bank Plc Level 28 1 Churchill Place London E14 5HP	

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

CONTENTS

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The Directors present the strategic report and financial statements for the year ended 31 March 2019.

Business Review
The Company is principally engaged to provide bond financing to Speyside Renewable Energy Partnership Limited for the construction of a new Combined Heat and Power (CHP) plant in Speyside, Scotland.

The balance sheet currently shows a net asset position as a result of the profit made on the charge to Speyside Renewable Energy Partnership Limited for the loan provided.

The Company was incorporated on 19 June 2014.

On 28 August 2014, the Company issued £48.2 million publically listed bonds trading on the EEA Regulated Market of the London Stock Exchange, which are guaranteed by HM Treasury. Through an on-loan agreement, the Company has lent this debt to Speyside Renewable Energy Partnership Limited to fund its construction and operational expenditure.

Future Developments
The Directors are not aware, at the date of this report, of any major changes in the Company's activities in the next year.

Key Perfomance Indicators
The Company has met all contractual obligations pertaining to the financing of the project throughout the period under review.

Principal Risk and Uncertainties and Financial Risk Management
The Company has issued 3% guaranteed secured bonds. The principal risk therefore is liquidity risk. The Company mitigates liquidity risk by having an inter-company loan with Speyside Renewable Energy Partnership Limited, a fellow group undertaking which receives income from the CHP plant. The loan is also guaranteed by HM Treasury.

On behalf of the board

D R Bradbury
Director
30 September 2019

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their annual report and audited financial statements for the year ended 31 March 2019.

Principal activities
The principal activity of the Company continued to be that of providing bond debt to Speyside Renewable Partnership Limited for the construction of a new Combined Heat and Power (CHP) plant in Speyside, Scotland.

Directors
The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

D R Bradbury	
D A Whitehurst	
J M Isherwood	(Resigned 21 September 2018)
R M Whately	(Resigned 23 October 2018)
M Porter	(Resigned 21 September 2018)
P J Ireland	(Appointed 21 September 2018)
B M Cashin	(Appointed 21 September 2018 and resigned 8 April 2019)
M Aitken	(Appointed 23 October 2018)
E D Archer	(Appointed 11 April 2019)

Going Concern
The Directors have considered the use of the going concern basis in the preparation of the financial statements in light of the current market conditions and concluded that it is appropriate. More information is provided in note 1 of the financial statements.

Results
The results for the year are set out on page 11.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions
The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year. These provisions remain in force at the reporting date.

Financial risk management objectives and policies

Liquidity risk
The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business. At the start of the project, the Company negotiated debt facilities with an external party to ensure that the Company has sufficient funds over the life of the project.

Exposure to market prices
The Company's operations expose it to cash flow risk primarily due to the financial risks of changes to the long-term energy prices which may impact the ability of Speyside Renewable Energy Partnership Limited to repay its borrowings. The Company are currently monitoring the electricity market and Speyside Renewable Energy Partnership Limited has entered into a 12 year Power Purchase Agreement which agrees to purchase the electricity generated from the biomass plant which manages the risk and reduce its exposure to market changes.

Credit risk
The Company's principal financial assets are trade and other receivables. The Company's credit risk is attributable to its receivables with Speyside Renewable Energy Partnership Limited. The Company monitors the financial standing of Speyside Renewable Energy Partnership Limited in order to manage credit risk.

Auditor
The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor
Each of the Directors in office at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

D R Bradbury
Director
30 September 2019

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

The Directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPEYSIDE RENEWABLE ENERGY FINANCE PLC

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Speyside Renewable Energy Finance Plc (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes on pages 14 - 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters

The key audit matter that we identified in the current year was recoverability of loans receivables from Speyside Renewable Energy Partnership Limited.

Materiality

The materiality that we used in the current year was £898k (2018: £930k) which was determined on the basis of 2% of total assets (2018: 2% of total assets).

Scoping

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Significant changes in our audit approach

There were no significant changes in our approach in the current year.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:
- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of loans receivable from Speyside Renewable Energy Partnership Limited
Key audit matter description
- Recoverability of loans receivable from Speyside Renewable Energy Partnership Limited has been identified as a key audit matter. This is one of the key balances in the company as it relates to the finance that has been provided to Speyside Renewable Energy Partnership Limited to fund the acquisition of the Speyside Combined Heat and Power plant.
- The total amount outstanding at 31 March 2019 was £44,361,000 (31 March 2018: £45,954,000). We consider this key audit matter to be a risk of fraud as management may be incentivised to not impair the loan to improve the financial position of the Company. Please see note 2 and note 8 for further information.
- Management assess recoverability of the loan through review and approval of the forecast cashflows of the bank approved project model which forecasts that Speyside Renewable Energy Partnership Limited will have sufficient cashflows to repay the loan. The loan is also guaranteed by HM treasury.

How the scope of our audit responded to the key audit matter
- We evaluated the design and implementation of the key control related to the recoverability of loans from Speyside Renewable Energy Partnership Limited being the review and approval of the project model.
- We assessed and challenged the cash flows within the project model which principally included assessing the ability of Speyside Renewable Energy Partnership Limited to repay the loans based on its own forecast cash flows. This included an assessment of historic operating performance of the asset when compared to the future projected cash flows. We also verified the guarantee given by HM treasury to the bond documentation.

Key observations
Based on the work performed we concluded that loans receivable from Speyside Renewable Energy Partnership Limited are recoverable.

Our application of materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality
£898k (2018: £930k).

Basis for determining materiality
2% of total assets was used as the basis for determining materiality in the current year and prior year.

Rationale for the benchmark applied
We determined materiality based on total assets as this is considered to be the key metric which would be expected to be used by management, investors and lenders given it reflects the amounts due from Speyside Renewable Energy Partnership Limited to repay the Company's borrowings.

We agreed with the Board that we would report to the Committee all audit differences in excess of £45k (2018: £47k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit
Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and those charged with governance including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance.
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud.
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud around the recoverability of the intercompany receivable with Speyside Renewable Energy Partnership Limited.
- obtaining an understanding of the legal and regulatory framework that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the company. The key laws and regulations we considered in this context included the UK Companies Act.

Audit response to risks identified
As a result of performing the above, we identified the recoverability of the loan receivable with Speyside Renewable Energy Partnership Limited as a key audit matter. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and those charged with governance concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPEYSIDE RENEWABLE ENERGY FINANCE PLC

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the Directors' report for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.
We have nothing to report in respect of this matter.

Other matters

Auditor tenure

We were appointed by those charged with governance to audit the financial statements for the year ending 31 March 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 6 years covering the years ending 31 March 2014 to 31 March 2019.

Consistency of the audit report with the additional report to the board of directors

Our audit opinion is consistent with the additional report to the board of directors we are required to provide in accordance with ISAs (UK).

Use of our report

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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPEYSIDE RENEWABLE ENERGY FINANCE PLC

Claire Faulkner

Claire Faulkner FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
30 September 2019

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £'000	2018 £'000
Interest receivable and similar income	5	2,538	2,639
Interest payable and similar expenses	6	(2,533)	(2,634)
Profit before taxation		5	5
Tax on profit	7	(1)	(1)
Profit for the financial year		4	4

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

BALANCE SHEET

AS AT 31 MARCH 2019

		2019		2018	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Current assets					
Debtors falling due after more than one year	8	42,112		45,954	
Debtors falling due within one year	8	2,804		582	
		44,916		46,536	
Creditors: amounts falling due within one year	9	(2,805)		(1)	
Net current assets being total assets less current liabilities			42,111		46,535
Creditors: amounts falling due after more than one year	11		(42,043)		(46,471)
Net assets			68		64
Capital and reserves					
Called up share capital	12		50		50
Profit and loss account	12		18		14
Total equity			68		64

The financial statements were approved by the board of directors and authorised for issue on 30 September 2019 and are signed on its behalf by:

D R Bradbury
Director

Company Registration No. 9094282

SPEYSIDE RENEWABLE ENERGY FINANCE PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2017	50	10	60
Year ended 31 March 2018:			
Profit and total comprehensive income for the year	-	4	4
Balance at 31 March 2018	50	14	64
Year ended 31 March 2019:			
Profit and total comprehensive income for the year	-	4	4
Balance at 31 March 2019	50	18	68

1 Accounting policies

Company information
Speyside Renewable Energy Finance Plc is a private company limited by shares, domiciled and incorporated in the United Kingdom and registered in England and Wales. The registered office is 8 White Oak Square, London Road, Swanley, Kent, BR8 7AG.

1.1 Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in pounds sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

The Company is consolidated within the Group accounts of Speyside Renewable Energy Partnership Hold Co Limited. In the financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the cash flow statement and related notes.

The Company is also considered to be a qualifying entity for the disclosure exemptions relating to the requirements of Section 11 Paragraphs 11.39 to 11.48A as the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the Company is consolidated.

1.2 Going concern
The Company is in a net asset position as 31 March 2019. The Company provides financing to Speyside Renewable Energy Partnership Limited, which is in a net liability position and a net current asset position as at 31 March 2019. The Directors have reviewed the forecasts and projections, taking into account future cash outflows and forecast receipts, which show that Speyside Renewable Energy Partnership Limited can continue to meet its debts as they fall due such that the loans receivable from Speyside Renewable Energy Partnership Limited are recoverable. The loans are also guaranteed by HM Treasury. The Directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

1.3 Cash and cash equivalents
Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 Financial instruments
The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the balance sheet, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Derecognition of financial liabilities
Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

1.5 Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.6 Derivatives
Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

The Company does not hold or issue derivative financial instruments for speculative purposes.

1 Accounting policies **(Continued)**

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

2 Critical accounting judgements and key sources of estimation uncertainty

The critical accounting judgement is recovery of the intercompany receivable with Speyside Renewable Energy Partnership Limited which at 31 March 2019 stood at £44,361k (March 2018: £45,954k). The Directors review cash flow forecasts of Speyside Renewable Energy Partnership Limited through the project model which forecasts that the loan is fully recoverable. In addition, a guarantee is in place from HM Treasury regarding repayment of this receivable.

3 Employees

The Company had no employees during the current or prior year.

4 Directors' remuneration

No Directors received any remuneration for services to the Company during the current or prior year. The Company is managed under General Management Services Agreement by Estover Energy Limited and Financial Management Services Agreement by HCP Limited.

5 Interest receivable and similar income

	2019	2018
	£'000	£'000
Interest income		
Interest for Loans provided to fellow group undertaking	2,533	2,634
Interest fee for Loans provided to fellow group undertaking	5	5
Total interest income	2,538	2,639

6 Interest payable and similar expenses

	2019	2018
	£'000	£'000
Interest payable for Loans provided	1,382	1,437
Interest payable for Guarantees provided	1,151	1,197
Total interest expense	2,533	2,634

7 Taxation

	2019 £'000	2018 £'000
Current tax		
UK coporation tax on profits for the current period	1	1

For the year ended 31 March 2019, the UK corporation tax rate of 19% is applied.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £'000	2018 £'000
Profit before taxation	5	5
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	1	1
Taxation charge in the financial statements	1	1

8 Debtors

Amounts falling due within one year:	2019 £'000	2018 £'000
Loans provided to fellow group undertaking	2,249	-
Prepayments and accrued income	555	582
	2,804	582
Amounts falling due after one year:		
Amounts owed by Speyside Renewable Energy Partnership Ltd	42,112	45,954
Total debtors	44,916	46,536

9 Creditors: amounts falling due within one year

	Notes	2019 £'000	2018 £'000
Bank loans and overdrafts	10	2,249	-
Corporation tax		1	1
Bank loan accrued interest		555	-
		2,805	1

10 Loans and overdrafts

	2019 £'000	2018 £'000
Bank loans	44,292	46,471
Payable within one year	2,249	-
Payable after one year	42,043	46,471
	44,292	46,471

The Company has a listed bond from The Bank of New York Mellon for £48.2 million. The bond is repayable in line with agreed repayment schedules paid bi-annually for both principle repayment and interest over the next 9 years.

Interest is charged to Speyside Renewable Energy Partnership Limited using the same terms as the bond issued by Speyside Renewable Energy Finance Plc plus an annual issuer profit of £5,000 per annum. Interest on the public bond is fixed at 3%. The bond is guaranteed by HM Treasury at an annual guarantee fee of 2.5%.

11 Creditors: amounts falling due after more than one year

	Notes	2019 £'000	2018 £'000
Bank loans and overdrafts	10	42,043	46,471

Amounts included above which fall due after five years are as follows:

	2019 £'000	2018 £'000
Payable by instalments	27,180	31,311

12 Called up share capital

	2019 £'000	2018 £'000
Ordinary share capital		
Issued and fully paid		
50,000 of £1 each	50	50
	50	50

The profit and loss reserve represents cumulative profits or losses.

13 Related party transactions

Transactions with related parties
During the year the Company entered into the following transactions with related parties:

	2019 £'000	2018 £'000
Speyside Renewable Energy Partnership Limited	2,538	2,639

Amounts owed by related parties

	2019 £'000	2018 £'000
Speyside Renewable Energy Partnership Limited	44,916	45,536

Other than those disclosed in notes 5 and note 6 then no guarantees have been given or received.

14 Controlling party

The Company's immediate and ultimate parent company and controlling entity is Speyside Renewable Energy Partnership Hold Co Limited, a company incorporated in Great Britain and registered in Scotland, with a registered address of 13 Queens Road, Aberdeen, Scotland, AB15 4YL. Speyside Renewable Energy Partnership Hold Co Limited is a joint venture between John Laing Investments Limited (43.35%), Equitix ESI CHP 2 Limited (41.65%) and Estover Energy Limited (15%). The smallest and largest group in which its results are consolidated is Speyside Renewable Energy Partnership Hold Co Limited. Copies of the consolidated accounts are available from Companies House. The Directors consider there to be no ultimate controlling party of Speyside Renewable Energy Partnership Hold Co Limited.