

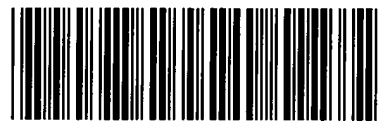
**Clyde SPV Limited**

**Annual Report and Audited Consolidated Financial Statements**

**For the period from 9 March 2017 to 31 March 2018**

**Company Registration No. 10662351**

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COMPANIES HOUSE

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**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Euan Forbes McVicar	(appointed on 4 August 2017, resigned 17 August 2017)
Anthony Louis Odgers	(appointed on 9 March 2017, resigned 17 August 2017)
Paul Alistair Norris	(appointed on 11 August 2017, resigned 17 August 2017)
Shaun Patrick Kingsbury	(appointed on 9 March 2017, resigned 17 August 2017)
Mark Jonathan Dooley	(appointed on 17 August 2017)
Roberto Purcaro	(appointed on 17 August 2017)
Richard Abel	(appointed on 17 August 2017)
Leigh Peter Harrison	(appointed on 17 August 2017, resigned 12 January 2018)
Stephen Alan John Deeley	(appointed on 17 August 2017)
David Paul Tlstone	(appointed on 17 August 2017)
Anthony James Lamb	(appointed on 17 August 2017, resigned 23 December 2017)
Gavin Bruce Merchant	(appointed on 17 August 2017, resigned 31 October 2018)
Erin Kate Eisenberg	(appointed on 12 January 2018)
Gordon Ian Winston Parsons	(appointed on 12 January 2018)
Tom Kelly	(appointed on 31 October 2018)

**COMPANY SECRETARIES**

Euan Forbes McVicar	(appointed on 9 March 2017, resigned on 17 August 2017)
Dominic Tan	(appointed on 17 August 2017)
Alter Domus (UK) Limited	(appointed on 17 August 2017)
18 St. Swithin's Lane	
London	
United Kingdom, EC4N 8AD	

**REGISTERED OFFICE**

18 St. Swithin's Lane  
London  
United Kingdom, EC4N 8AD

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

**COMPANY NUMBER**

10662351

## **Clyde SPV Limited**

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### **STRATEGIC REPORT**

The Directors present their strategic report on Clyde SPV Limited (the "Company") and its subsidiary (collectively, the "Group") together with the annual report and the audited consolidated financial statements (the "Annual Report and Audited Consolidated Financial Statements") for the period from 9 March 2017 to 31 March 2018.

### **INCORPORATION**

The Company was incorporated in England and Wales on 9 March 2017 as a private company limited by shares under the Companies Act 2006. Its registered address is 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD.

### **PRINCIPAL ACTIVITIES, REVIEW OF BUSINESS**

On 17 August 2017, the Company acquired 100% of the shares of UK Green Investment Lyle Limited (the "Subsidiary") for £77,935,167.

The principal activity of the Group is that of trading with 31% interest in a joint arrangement called Lincs Wind Farm Limited which was set up as a joint operation.

The principal activity of Lincs Winds Farm Limited is the generation of electricity in the UK through the use of offshore wind technology. The registered address is at 13 Queens Road, Aberdeen, Scotland, AB15 4YL (Registration Number: SC213646).

The Group's strategy is to maximise the lifetime value of the wind farm through active condition monitoring and maintenance to maintain high levels of availability and production. The Group has long-term offtake agreements which provide secure revenue from power sales.

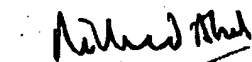
At the balance sheet date, the Group had a net asset value of £74,847,467.

The profit after tax of the Group, attributable to equity holders from operations during the period ended 31 March 2018 amounted to £3,890,504. Included in this figure is operating profit of £10,119,030.

### **FUTURE DEVELOPMENTS**

The Group is not expected to change in nature for the foreseeable future.

Signed for and on behalf of the Board



Director

Date: 6 December 2018

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited consolidated financial statements (the "Annual Report and Audited Consolidated Financial Statements") of the Group for the period from 9 March 2017 to 31 March 2018.

### **REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

Please refer to the Strategic Report and notes to the financial statements for detailed disclosures relating to the review of the business and future developments.

### **RESULTS AND DIVIDENDS**

The Group's profit for the period of £3,890,504 as disclosed on page 11 was transferred to reserves. During the period, the Group paid dividend to its shareholders of £7,634,469.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks and uncertainty is revenue uncertainty. Revenue is dependent on the availability of both the wind farm and the associated transmission assets. The availability is driven by the technical performance of the wind turbines, physical access to the wind farm and transmission system availability.

### **EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

There were no significant subsequent events requiring adjustment to or disclosure in the financial statements subsequent to 31 March 2018.

Non-compliance with statutory Health, Safety, and Environment (HSE) obligations is also a principal risk. The Company operates a comprehensive HSE management system, and actively monitors its performance in order to identify and implement improvements.

A dividend of £5,000,000 was paid on 11 June 2018 and also on 16 August 2018. A dividend of £2,630,000 was paid on 11 November 2018.

### **EMPLOYEES**

The Group has no employees.

### **GOING CONCERN**

The financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management has taken into account all available information about the future, which is at least 12 months from the date the financial statements were signed.

**DIRECTORS' REPORT - (CONTINUED)**

**Statement of the Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the group and company financial statements subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Disclosure of Information to auditors**

The Directors who held office at the date of approval of this Directors' Report confirm that:

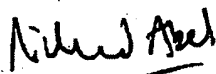
- so far as each of the Directors are aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- each Director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to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

Relevant audit information is defined as information needed by the Group's and Company's auditors in connection with preparing their report.

**Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Signed for and on behalf of the Board



Director

Date: 6 December 2018

## ***Independent auditors' report to the members of Clyde SPV Limited***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, Clyde SPV Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2018 and of the group's profit and the group's and the company's cash flows for the 13 month period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Audited Consolidated Financial Statements (the "Annual Report"), which comprise: the Group and Company Statements of Financial Position as at 31 March 2018; the Group Statement of Comprehensive Income, the Group and Company Statements of Cash Flows, and the Group and Company Statements of Changes in Equity for the 13 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that

**Reporting on other information (continued)**

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of the Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

*Auditors' 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 auditors' 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**Other required reporting**

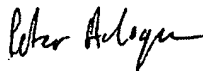
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**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



**Peter Acloque (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

**6 December 2018**

**Clyde SPV Limited****Financial Statements for the period from 9 March 2017 to 31 March 2018****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2018**

	<u>Note</u>	<u>31 March 2018</u>
		£
<b>Non-current assets</b>		
Goodwill	4	2,790,469
Property, plant & equipment	7	281,194,203
<b>Total non-current assets</b>		<b>283,984,672</b>
<b>Current assets</b>		
Inventories	8	52,080
Trade and other receivables	9	16,090,294
Cash and cash equivalents	10	8,831,302
Other current financial assets	12	266,489
<b>Total current assets</b>		<b>25,240,165</b>
<b>Total Assets</b>		<b>309,224,837</b>
<b>Equity</b>		
Share capital	11	779,352
Retained earnings		73,801,626
Other reserves		266,489
<b>Total equity</b>		<b>74,847,467</b>
<b>Non-Current Liabilities</b>		
Loans and borrowings	13	201,555,136
Provisions	14	8,724,603
Deferred tax liabilities	16	7,345,162
<b>Total Non-Current Liabilities</b>		<b>217,624,901</b>
<b>Current Liabilities</b>		
Trade and other payables	17	8,219,995
Other current financial liabilities	12	173,938
Loans and borrowings	13	8,358,536
<b>Total current liabilities</b>		<b>16,752,469</b>
<b>Total liabilities and equity</b>		<b>309,224,837</b>

Company Registration No. 10662351 (England and Wales)

The financial statements on pages 11 to 34 were approved and authorised by the Directors of the Company on 6 December 2018 and were signed on its behalf by:



Director  
Clyde SPV Limited

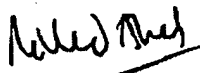
The notes on pages 16 to 34 form an integral part of these financial statements.

**Clyde SPV Limited****Financial Statements for the period from 9 March 2017 to 31 March 2018****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2018**

	<u>Note</u>	<u>31 March 2018</u> £
<b>Non-current assets</b>		
Investments	5	77,935,167
<b>Total non-current assets</b>		<u>77,935,167</u>
<b>Current assets</b>		
Trade and other receivables	9	96
Cash and cash equivalents	10	9,984
<b>Total current assets</b>		<u>10,080</u>
<b>Total Assets</b>		<u><u>77,945,247</u></u>
<b>Equity</b>		
Share capital	11	779,352
Retained earnings		77,139,379
<b>Total equity</b>		<u>77,918,731</u>
<b>Current Liabilities</b>		
Trade and other payables	17	26,516
<b>Total current liabilities</b>		<u>26,516</u>
<b>Total liabilities and equity</b>		<u><u>77,945,247</u></u>

Company Registration No. 10662351 (England and Wales)

The financial statements on pages 11 to 34 were approved and authorised by the Directors of the Company on 6 December 2018 and were signed on its behalf by:



Director  
Clyde SPV Limited

The notes on pages 16 to 34 form an integral part of these financial statements.

**Clyde SPV Limited****Financial Statements for the period from 9 March 2017 to 31 March 2018**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD ENDED 31 MARCH 2018**

	<u>Notes</u>	<b>9 March 2017 to 31 March 2018 £</b>
Revenue	18	30,371,449
Cost of sales		<u>(19,090,060)</u>
Gross profit		<b>11,281,389</b>
Administrative expenses		<u>(1,162,359)</u>
Operating profit		<b>10,119,030</b>
Finance income	19	11,284
Finance costs	20	<u>(6,035,010)</u>
Net finance loss		<b>(6,023,726)</b>
Profit before tax		<b>4,095,304</b>
Tax charge	15	<u>(204,800)</u>
Profit for the period attributable to equity owners		<b>3,890,504</b>
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges		<u>266,489</u>
Total comprehensive profit for the period		<b>4,156,993</b>

The above results were derived from continuing operations.

The Company has elected to take exemption under section 408 of the Companies Act 2006 from presenting the parent company profit and loss account. The profit for the period is disclosed in the Company Statement of Changes in Equity on page 12.

The notes on pages 16 to 34 form an integral part of these financial statements.

**Clyde SPV Limited****Financial Statements for the period from 9 March 2017 to 31 March 2018**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD ENDED 31 MARCH 2018**

	<u>Share capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Other reserves</u>	<u>Total equity</u>
	£	£	£	£	£
Share capital issued on incorporation	100	-	-	-	100
Shares allotted	77,935,068	389,775	-	-	78,324,843
Reduction of share capital	(77,155,816)	(389,775)	77,545,591	-	-
Profit for the period	-	-	3,890,504	-	3,890,504
Dividends paid	-	-	(7,634,469)	-	(7,634,469)
Cash flow hedge	-	-	-	266,489	266,489
<b>Balance as at 31 March 2018</b>	<b>779,352</b>	<b>-</b>	<b>73,801,626</b>	<b>266,489</b>	<b>74,847,467</b>

The notes on pages 16 to 34 form an integral part of these financial statements.

**Clyde SPV Limited****Financial Statements for the period from 9 March 2017 to 31 March 2018**

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**COMPANY STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD ENDED 31 MARCH 2018**

	<u>Share capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Total equity</u>
	£	£	£	£
Share capital issued on Incorporation	100	-	-	100
Shares allotted	77,935,068	389,775	-	78,324,843
Reduction of share capital	(77,155,816)	(389,775)	77,545,591	-
Profit for the period	-	-	7,228,257	7,228,257
Dividends paid	-	-	(7,634,469)	(7,634,469)
Balance as at 31 March 2018	<u>779,352</u>	<u>-</u>	<u>77,139,379</u>	<u>77,918,731</u>

The notes on pages 16 to 34 form an integral part of these financial statements.

**Clyde SPV Limited****Financial Statements for the period from 9 March 2017 to 31 March 2018****CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE PERIOD ENDED 31 MARCH 2018**

	<b>Notes</b>	<b>9 March 2017 to 31 March 2018 £</b>
<b>Operating activities</b>		
Profit before tax for the period		4,095,304
<b>Adjustment for:</b>		
Depreciation	7	10,049,269
Amortisation of finance cost		128,067
Finance income	19	(11,284)
Finance costs	20	6,035,010
<b>Adjusted profit</b>		<b>20,296,366</b>
<b>Net increase/decrease in operating assets and liabilities</b>		
Increase in stock		(4,135)
Increase in trade and other receivables		(4,662,452)
Decrease in trade and other payables		(1,143,857)
		(5,810,444)
<b>Net cash flows generated from operating activities</b>		<b>14,485,922</b>
<b>Investing activities</b>		
Payment for acquisition of subsidiary, net of cash acquired	6	(68,297,322)
Interest received		11,284
<b>Net cash flows used in investing activities</b>		<b>(68,286,038)</b>
<b>Financing activities</b>		
Proceeds from issuance of share capital		77,935,168
Proceeds from issuance of share premium		389,775
Dividends paid		(7,634,469)
Net proceeds from borrowings		209,785,605
Repayment of borrowings		(212,316,000)
Interest paid		(5,528,661)
<b>Net cash flows generated from financing activities</b>		<b>62,631,418</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,831,302</b>
Cash and cash equivalents at the start of the period		
<b>Cash and cash equivalents at the end of the period</b>	10	<b>8,831,302</b>

The notes on pages 16 to 34 form an integral part of these financial statements.

**Clyde SPV Limited****Financial Statements for the period from 9 March 2017 to 31 March 2018****COMPANY STATEMENT OF CASH FLOWS****FOR THE PERIOD ENDED 31 MARCH 2018**

	<u>Note</u>	9 March 2017 to 31 March 2018 £
<b>Operating activities</b>		
Profit for the period before tax		7,228,257
<b>Adjustment for:</b>		
Finance income		(7,644,453)
<b>Adjusted loss</b>		<u>(416,196)</u>
<b>Net increase/decrease in operating assets and liabilities</b>		
Increase in trade and other receivables		(96)
Increase in trade and other payables		26,516
		<u>26,420</u>
<b>Net cash flows used in operating activities</b>		<u>(389,776)</u>
<b>Investing activities</b>		
Investment in subsidiary		(77,935,157)
Dividend income from subsidiary		7,644,453
<b>Net cash flows used in investing activities</b>		<u>(70,290,714)</u>
<b>Financing activities</b>		
Proceeds from issuance of share capital		77,935,168
Proceeds from share premium		389,775
Dividends paid		(7,634,469)
<b>Net cash flows generated from financing activities</b>		<u>70,690,474</u>
<b>Net increase in cash and cash equivalents</b>		9,984
Cash and cash equivalents at the start of the period		-
Cash and cash equivalents at the end of the period	10	<u>9,984</u>

The notes on pages 16 to 34 form an integral part of these financial statements.

**Clyde SPV Limited**

**Financial Statements for the period from 9 March 2017 to 31 March 2018**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**1. GENERAL INFORMATION**

Clyde SPV Limited is a private company, limited by shares, domiciled in England and Wales, United Kingdom. The address of its registered office is at 18 St. Swithin's Lane, London, United Kingdom, EC4N 8AD.

These financial statements have been prepared for the period from 9 March 2017 to 31 March 2018.

On 17 August 2017, the Company entered into a share purchase agreement acquiring the total issued share capital of the Subsidiary.

The principal activity of the Group is the generation of electricity in the UK through the use of offshore wind technology.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Statement of compliance**

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Companies Act 2006.

**b. Basis of preparation**

The financial statements have been prepared on a historical cost basis, as modified by financial assets and financial liabilities.

The Group's financial statements are presented in pound sterling, which is both the functional and presentation currency.

Under IFRS 11 "Joint Arrangements" investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

In case of joint operations, the Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

The Group has a 31% interest, through its subsidiary, in a joint arrangement called Lincs Wind Farm Limited which was set up as a joint operation together with Lyle JV Holdings Limited and Orsted Lincs (UK) Limited to generate electricity in the UK through the use of offshore wind technology. The principal place of business of the joint operation is in Aberdeen, Scotland. 100% of the revenue of the Group is from the operations of the wind farm. 8% and 91% of total assets and total liabilities,

**c. Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its Subsidiary undertaking drawn up to 31 March 2018.

The result of the subsidiary acquired during the period is included in the Statement of Comprehensive Income from the effective date of acquisition.

The purchase method of accounting is used to account for business combinations that result in the acquisition of a subsidiary by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**c. Basis of consolidation (continued)**

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiary, which is a related party are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

The accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

**d. Going concern**

The financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management has taken into account all available information about the future, which is at least 12 months from the date the financial statements were signed.

**e. Changes in accounting policies and disclosures**

Standards issued but not yet effective

*IFRS 2 Classification and measurement of share-based payment transactions*

The International Accounting Standards Board (IASB) issued amendments to IFRS that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The adoption of IFRS 2 is not expected to have any effect on the current activities of the Group.

*IFRS 9 Financial Instruments*

In July 2014, the IASB issued IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments, Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: Classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The directors have performed an assessment on the adoption of IFRS 9 and do not expect any impact on the Group's financial statements.

*IFRS 15 Revenue from Contracts with Customers*

The IASB has issued a new standard for the recognition of revenue which is effective for periods beginning on, or after, January 2018. The adoption of IFRS 15 is not expected to have any effect on the current activities of the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**e. Changes in accounting policies and disclosures (continued)**

*IFRS 16 Leases*

IFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and principles for reporting useful information to users of financial statements about the leasing activity of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard is effective for annual periods beginning on or after January 2019 (with early adoption permitted). IFRS 16 is not expected to impact the Group.

**f. Intangible assets**

*Goodwill*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill on acquisition is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

*Other intangible assets*

Intangible assets are identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed internally by the Group, where applicable. Only assets whose cost can be estimated reasonably objectively and from which the Group considers it probable that future economic benefits will be generated are recognised. Intangible assets are stated at original cost less accumulated amortisation.

**g. Property, plant and equipment**

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and labour. Borrowing costs relating to both specific and general borrowings directly attributable to qualifying assets under construction with a lengthy construction period are recognised in cost during the construction period. Cost is increased by the present value of the estimated obligations for decommissioning and restoration to the extent that they are recognised as a provision.

Subsequent costs, for example in connection with replacement of parts of an item of property, plant and equipment, are recognised in the carrying amount of the asset in question when it is probable that future economic benefits will flow to the Group from the expenses incurred. Replaced parts are derecognised from the balance sheet, and their carrying amount is recognised in profit (loss) for the period. All other repair and maintenance expenses are recognised in profit (loss) for the period as incurred.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**g. Property, plant and equipment (continued)**

The Group depreciates property, plant and equipment on a straight line basis over the following periods:

**Asset class**

- |                         |  |
|-------------------------|--|
| - Decommissioning asset | 20 years from date of acquisition by Lincs Wind Farm Limited |
| - Wind Farm             | 20 years from date of acquisition by Lincs Wind Farm Limited |

**h. Fixed asset investments**

Investments in joint operations are held at cost less any provisions for impairment.

**i. Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

**j. Trade and other receivables**

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any appropriate allowances for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected.

**k. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**l. Share capital**

Ordinary shares are classified as equity.

**m. Dividends**

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

**n. Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest method.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**a. Provisions**

*General*

Provisions are recognised when, as a result of an event occurring before or at the balance sheet date, the Group has a legal or constructive obligation, the settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits. A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

*Decommissioning provision*

Decommissioning obligations are measured at the present value of the future liability in respect of decommissioning and restoration as expected at the balance sheet date. The value of the provision is recognised in property, plant and equipment and depreciated together with the associated asset. The decommissioning asset is amortised on a straightline basis over the useful economic life. The lapsing in time will result in an increase of the present value of the provision which is recognised in profit (loss) for the period as finance expense.

**p. Tax**

Current tax expense or benefit is based on the taxable profit for that period. Taxable profit differs from the profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Furthermore the accrual for current tax includes provisions for uncertain tax positions which require estimates for each matter and the exercise of judgement in respect of the interpretation of tax laws and the likelihood of challenge of historical tax positions.

Current tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the date of the statements of financial position. The Group periodically evaluates positions taken in the tax returns for situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax liabilities are provided for using the liability method on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that the deductions and tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each date of the statements of financial position and reduced to the extent it is no longer probable that the deferred or income tax assets will be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to prevail in the period when the asset is realised or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the dates of the statements of financial position.

**q. Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**r. Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset or assets. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

**s. Financial Instruments**

**Recognition and Initial measurement**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and liabilities are described below.

**Classification and subsequent measurement of financial assets**

The Group's financial assets include cash and cash equivalents and other receivables, classified in the 'Loans and receivables' category.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Given the short-term maturities, the fair value of current financial assets approximates their carrying value.

The Group's derivative financial assets are designated at fair value through profit and loss.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any assets held for trading nor has it designated any financial assets as being at fair value through profit or loss.

**Classification and subsequent measurement of financial liabilities**

The Group's financial liabilities include trade and other payables and borrowings, and are designated at amortised cost.

Financial liabilities measured subsequently at amortised cost use the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Given the short-term maturities, the fair value of current liabilities approximates their carrying value.

**Derecognition of financial instruments**

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**s. Financial Instruments - (continued)**

**Impairment of financial assets**

A financial asset is impaired when its carrying amount exceeds its recoverable amount. The Group reviews all of its assets at each reporting date for indicators of impairment.

The carrying amount of impaired financial assets is reduced to its estimated recoverable amount and the amount of change in the current year provision is recognised in the statement of comprehensive income as part of changes in provisions of impairment.

If in a subsequent period, the amount of the impairment on financial assets decreases, the amount is reversed by adjusting the impairment and is recognised in the statement of comprehensive income.

Financial assets are impaired where there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset that the estimated future cash flows of the asset have been impacted.

**Derivatives financial instruments**

The Group enters into derivative financial instruments to manage its exposure to interest rate and credit risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet 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. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

**t. Impairment of non-financial assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Production assets are tested for impairment if there is any indication of impairment. For production assets with a limited lifetime such as wind turbines, cash flows are calculated based on forecasts for the entire lifetime of the asset. The determination of the recoverable amount for production assets is based on a number of assumptions. Such assumptions include future market conditions, market prices, electricity, weighted average cost of capital (WACC) and exchange rates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**2. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**u. Revenue recognition**

Revenue is recognised in profit (loss) for the year when delivery and transfer of risk to the buyer have taken place and to the extent that the income can be measured reliably and is expected to be received. Revenue is measured at the fair value of the agreed consideration excluding VAT and other indirect taxes collected on behalf of third parties.

Revenue comprises of sale of electricity at market prices and regulated prices (fixed tariffs and guaranteed minimum prices for green certificates), which is recognised at the production date.

**v. Administrative and other general expenses**

Administrative and other general expenses comprise operating expenses of the Company and Group. These expenses are recognised based on an accrual basis.

**w. Finance income and finance cost**

Finance income and expenses comprise interest receivable and payable on financial assets held-to-maturity and other financial liabilities.

Interest income and expense are recognised in the statement of comprehensive income as they accrue, taking into account the effective yield on the asset or liability.

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amount recognised in the financial statements:

**Decommissioning provisions**

The estimated cost of decommissioning at the end of the life of the wind farm is reviewed periodically and is based on price levels and technology at the year-end date. Provision is made for the estimated cost of decommissioning at the date of these financial statements. The payment dates of the total expected future decommissioning costs are uncertain and dependent on the lives of the facilities, but it is currently anticipated that the majority of the costs would be paid in 2033.

**Clyde SPV Limited**

**Financial Statements for the period from 9 March 2017 to 31 March 2018**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**

**Useful lives of production assets**

The expected useful lives of production assets are determined based on historical experience and expectations concerning the future use of these assets. The expected future applications may subsequently prove not to be realisable, which may require useful lives to be reassessed.

**Assessment of impairment of goodwill and intangible assets**

IFRS requires companies to carry out impairment testing on any assets which show indications of impairment. In carrying out this assessment, we have exercised judgement in considering future cash flows as well as other information in accordance with the accounting policy to determine the true and fair value of an asset. This is performed in order to determine whether an impairment of the investment is required.

**Joint arrangements**

The determination of whether a joint arrangement is a joint operation or joint venture involves significant judgement. The agreement between UK Green Investment Lyle Limited, Lyle JV Holdings Limited and Orsted Lincs (UK) Limited in relation to the joint operation requires unanimous consent from all parties for all relevant activities. All parties recognise their direct right to the assets, liabilities, revenues and expenses of joint operations and their share of any jointly held or incurred assets, liabilities, revenues and expenses. This entity is therefore classified as a joint operation and recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

**4. Goodwill**

**Group**

**31 March 2018**

**£**

**Cost or valuation:**

As at 9 March 2017

Additions

**2,790,469**

As at 31 March 2018

**2,790,469**

Goodwill represents £2,790,469 recognised upon the Company's acquisition of UK Green Investment Lyle Limited.

**Impairment tests for goodwill**

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

For further details on the acquisition, refer to Note 6.

**Clyde SPV Limited****Financial Statements for the period from 9 March 2017 to 31 March 2018****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2018****5. INVESTMENTS**

The list below contains all subsidiaries included within the Group.

Name of investment	% Ownership	Principal activity	Country of Incorporation
UK Green Investment Lyle Limited	100%	Generation of electricity in the UK through the use of offshore wind technology	England and Wales

The registered office is 18 St Swithin's Lane, London, United Kingdom, EC4N 8AD.

Company	<b>31 March 2018</b>
Investment in subsidiary	£
	<b>77,935,167</b>

**6. BUSINESS COMBINATION****a. Summary of acquisition**

On 17 August 2017 the parent entity acquired 100% of the issued share capital of the Subsidiary.

UKGILL has a 31% interest in Lincs Wind Farm Limited.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration (refer to (b) below):

	£
Cash paid	77,935,167
Total purchase consideration	<b>77,935,167</b>

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
	£
Cash	9,637,845
Trade receivables	11,471,561
Inventories	47,945
Plant and equipment	291,243,472
Trade payables	(8,649,119)
Loans and borrowings	(212,316,000)
Decommissioning Provision	(9,115,292)
Deferred tax liability	(7,175,714)
Net identifiable assets acquired	75,144,698
Add: Goodwill	2,790,469
Net assets acquired	<b>77,935,167</b>

**Clyde SPV Limited**

**Financial Statements for the period from 9 March 2017 to 31 March 2018**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**6 BUSINESS COMBINATION (CONTINUED)**

**a. Summary of acquisition (continued)**

Goodwill represents £2,790,469 recognised upon the Company's acquisition of UK Green Investment Lyle Limited.

The fair value of the acquired identifiable property, plant and equipment is based on a fair value exercise performed at the date of acquisition.

*Revenue and profit contribution*

The acquired business contributed revenues of £30,371,449 and net profit before tax of £3,679,108 to the Group for the period from 17 August 2017 to 31 March 2018.

The fair value of the acquired identifiable property, plant and equipment is based on a fair value exercise performed at the date of acquisition.

This represents UKGILL's share of profits in Lincs Wind Farm Limited post its acquisition in February 2017. These amounts have been calculated using the subsidiary's results and adjusting them for the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 9 March 2017, together with the consequential tax effects.

**b. Purchase consideration - cash outflow**

**31 March 2018**

£

Outflow of cash to acquire subsidiary, net of cash acquired

Cash consideration

77,935,167

Less: Cash balance acquired

(9,637,845)

Net outflow of cash - investing activities

68,297,322

*Acquisition-related costs*

Acquisition-related costs of £389,676 that were not directly attributable to the issue of shares are included in administrative expenses in profit or loss and in operating cash flows in the statement of cash flows.

**Clyde SPV Limited**  
**Financial Statements for the period from 9 March 2017 to 31 March 2018**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**7. PROPERTY, PLANT & EQUIPMENT**

Group	Wind Farm assets 31 March 2018 £
Cost or valuation	
As at 9 March 2017	
Additions - acquired from Subsidiary	291,243,472
At 31 March 2018	291,243,472
Accumulated depreciation	
As at 9 March 2017	
Charge for the period	10,049,269
At 31 March 2018	10,049,269
Carrying value at 31 March 2018	281,194,203

The depreciation charge for the period of £10,049,269 is Included in Cost of Sales.

**8. INVENTORIES**

Group	31 March 2018 £
Raw materials and consumables	52,080

**9. TRADE AND OTHER RECEIVABLES**

Group	31 March 2018 £
Accrued Income	13,786,102
Prepayments and other receivables	2,304,192
Total	16,090,294
Company	31 March 2018 £
Prepayments and other receivables	96
Total	96

**10. CASH AND CASH EQUIVALENTS**

Group	31 March 2018 £
Cash at bank and in hand	8,831,302
Total	8,831,302
Company	31 March 2018 £
Cash at bank and in hand	9,984
Total	9,984

The cash and cash equivalents disclosed above and in the statement of cash flows are all available on demand and there are no restricted cash amounts.

**Clyde SPV Limited****Financial Statements for the period from 9 March 2017 to 31 March 2018****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2018****11. SHARE CAPITAL**

The Company's total share capital was £779,352 as at 31 March 2018 comprising 77,935,168 ordinary shares at a par value of one pence per share (£0.01). Each share has identical voting rights.

On Incorporation 100 Ordinary shares were issued at a par of £1 per share. On 17 August 2017, 77,935,068 Ordinary shares were issued with a premium of £0.005 paid for each share. On 12 December 2017, the Company converted its total share premium of £389,775 and £77,155,816 (£0.99 per share) of its share capital into distributable reserves.

**12. DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>31 March 2018</b>
Group	£
Interest rate swap derivatives in hedge accounting relationship - assets	266,489
Foreign exchange derivatives at fair value through profit and loss - liabilities	(173,938)
	<u>92,551</u>

Exposure arises from the variability in future interest cash flows on liabilities which bear interest at variable rates. Interest rate swaps are maintained, and designated as cash flow hedges, where they qualify, to manage this exposure. Fair value changes on designated cash flow hedges are initially recognised directly in the cash flow hedge reserve, as gains or losses recognised in equity and any ineffective portion is recognised directly in the cash flow hedge reserve, as gains or losses recognised immediately in the income statement. Amounts are transferred from equity and recognised in the income statement or capitalised as the income or expense is recognised on the hedged item. The derivative financial instrument is classified as level 2 on the fair value measurement hierarchy.

Foreign exchange derivatives at fair value are recognised through profit and loss.

**13. LOANS AND BORROWINGS**

	<b>31 March 2018</b>
Group	£
Borrowings	216,630,234
Less unamortised finance cost	(6,716,562)
<b>Total</b>	<u><b>209,913,672</b></u>
Due within 1 year	8,358,536
Due after 1 year	201,555,136
<b>Total</b>	<u><b>209,913,672</b></u>

Secured bank debt is denominated in Pounds Sterling and bears interest at 1.45% (1.65% from 1 January 2023 until 31 December 2027 and 1.85% from 1 January 2028 until the final maturity date) per annum over LIBOR, and repayable in full on the final maturity date of 30 September 2032.

**Clyde SPV Limited****Financial Statements for the period from 9 March 2017 to 31 March 2018****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2018****14. PROVISIONS**

	<u>31 March 2018</u>
	£
Group	
At 9 March 2017	
Additions on acquisition	9,115,292
Charges to the Income statement	34,885
Change in estimates	(425,574)
At 31 March 2018	<u>8,724,603</u>

The decommissioning provision represents the future expected costs of decommissioning the wind farm asset at the end of its useful economic life, discounted to its present value. The payment date of the total expected future decommissioning costs is uncertain but is currently anticipated to be 2033. The above provision relates solely to assets held at the date of these financial statements.

**15. TAX CHARGE**

	<u>31 March 2018</u>
	£
Group	
Tax charged to the Income statement	
Deferred taxation	
Arising from origination and reversal of temporary differences	204,800
Total	<u>204,800</u>

The tax assessed for the period is lower than the standard effective rate of corporation tax in the UK of 19.06% for the period ended 31 March 2018.

The tax assessed on the profit for the period is explained below:

	<u>31 March 2018</u>
	£
Profit before tax	4,095,304
Corporation tax at the standard rate	780,565
Tax losses utilised	(780,565)
Deferred tax arising due to temporary differences	204,800
Total	<u>204,800</u>

Factors that might affect future tax charges:

The main rate of UK corporation tax from 1 April 2016 was 20%. This was reduced to 19% from 1 April 2017 and will be reduced to 18% from 1 April 2020. A further rate reduction to 17%, effective from 1 April 2020, was announced on 16 March 2016. These changes have been enacted at the reporting date and the deferred tax balances at 31 March 2018 have been recognised at 17%.

**Clyde SPV Limited**  
**Financial Statements for the period from 9 March 2017 to 31 March 2018**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**16. DEFERRED TAX LIABILITIES**

	<u><b>31 March 2018</b></u>
Group	£
Deferred tax liability	7,345,162
<b>Total</b>	<u><b>7,345,162</b></u>

Of the total amount of deferred tax liabilities, £4,554,693 relates to the Joint Operation.

**17. TRADE AND OTHER PAYABLES**

	<u><b>31 March 2018</b></u>
Group	£
Trade creditors	534,471
Other creditors	1,775,928
Accruals	5,182,974
VAT receivable	726,622
<b>Total</b>	<u><b>8,219,995</b></u>

	<u><b>31 March 2018</b></u>
Company	£
Accruals	26,516
<b>Total</b>	<u><b>26,516</b></u>

**18. REVENUE**

The analysis of the Group's revenue for the year from continuing operations is as follows:

	<u><b>9 March 2017</b></u>		<u><b>31 March 2018</b></u>
	to		£
Group			
Power			8,597,078
ROC's			21,767,159
Other income			7,212
<b>Total</b>			<u><b>30,371,449</b></u>

Under the Power Purchase Agreement, the Group receives 31% of the electrical output and renewable obligation certificate (ROC) benefits generated by the wind farm asset. All output is sold to British Gas Trading Limited.

**19. FINANCE INCOME**

	<u><b>9 March 2017</b></u>		<u><b>31 March 2018</b></u>
	to		£
Group			
Interest Income			11,284
<b>Total</b>			<u><b>11,284</b></u>

**Clyde SPV Limited**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**20. FINANCE COSTS**

	9 March 2017 to 31 March 2018 £
Group	
Interest on shareholder loan	4,272,496
Interest expense - External Debt	1,247,063
Interest Rate Swaps	515,451
<b>Total</b>	<b><u>6,035,010</u></b>

**21. AUDITORS' REMUNERATION**

	9 March 2017 to 31 March 2018 £
Audit of the individual Company financial statements	10,000
Audit of the financial statements of subsidiary of the Company	18,000
Amounts receivable in respect of other services to the Company and its subsidiary:	
Tax advisory services	118,526
<b>Total</b>	<b><u>146,526</u></b>

**22. FINANCIAL RISK MANAGEMENT**

The Group is exposed through its operations to the following financial risks:

- Interest rate risk
- Credit risk
- Liquidity risk
- Price risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Groups objectives, policies and processes for managing those risks and the methods used to measure them.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Derivative financial instruments
- Trade and other receivables
- Cash and cash equivalents
- Borrowings
- Trade and other payables

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**22. FINANCIAL RISK MANAGEMENT - (CONTINUED)**

**Financial instruments by category**

	Held at amortised cost	Group Held at fair value through profit and loss	Total
	2018	2018	2018
	£	£	£
<b>Financial Assets</b>			
Derivative financial instruments	-	266,489	266,489
Trade and other receivables	16,090,294	-	16,090,294
Cash and cash equivalents	8,831,302	-	8,831,302
<b>Total</b>	<b>24,921,596</b>	<b>266,489</b>	<b>25,188,085</b>

<b>Financial Liabilities</b>			
Derivative financial instruments	-	173,938	173,938
Loans and borrowings	209,913,672	-	209,913,672
Trade and other payables	8,219,995	-	8,219,995
<b>Total</b>	<b>218,133,667</b>	<b>173,938</b>	<b>218,307,605</b>

	Held at amortised cost	Company Held at fair value through profit and loss	Total
	2018	2018	2018
	£	£	£
<b>Financial Assets</b>			
Trade and other receivables	96	-	96
Cash and cash equivalents	9,984	-	9,984
<b>Total</b>	<b>10,080</b>	<b>-</b>	<b>10,080</b>

<b>Financial Liabilities</b>			
Trade and other payables	26,516	-	26,516
<b>Total</b>	<b>26,516</b>	<b>-</b>	<b>26,516</b>

The Group's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls. The process of risk management is critical to the Group's continuing profitability.

The Group's senior management oversees the management of these risks. Management reviews and agrees policies for managing each of these risks, which are summarised below.

**a. Interest rate risk**

Interest rate risk is the risk of loss through unhedged or mismatched asset and liability positions sensitive to changes in interest rates.

The Group is exposed to changing interest rates as interest on its borrowings from the bank is based on a fixed margin over LIBOR. However, the Group has eliminated this risk by entering into interest rate swap agreements with similar characteristics to hedge the related risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

## FOR THE PERIOD ENDED 31 MARCH 2018

## 22. FINANCIAL RISK MANAGEMENT - (CONTINUED)

*b. Credit and liquidity risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk due to its loan to its related parties.

This risk is mitigated by the strong on-going customer relationships and credit rating. The composition of the bulk trading counterparties are fellow Group and other related party entities and the associated risk of default is low.

An analysis is performed at each reporting date on an individual basis for major counterparties. No receivables were past due and impaired as at 31 March 2018.

Liquidity risk is defined as the risk the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected. The Group expects to meet its financial obligations through operating cash flows.

*c. Price risk*

The Group's activities expose it to price risk. The Group's risk management programme seeks to minimise potential adverse effects on the Group's financial performance arising from the unpredictability of electricity markets.

The table below summarises the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted payments:

	Group			Total £
	Within 1 year £	Between 2-5 years £	After more than 5 years £	
<b>31 March 2018</b>				
Other financial liabilities	173,938	-	-	173,938
Trade and other payables	8,219,995	-	-	8,219,995
Loans & borrowings	8,358,536	47,375,448	160,896,250	216,630,234
	<u>16,752,469</u>	<u>47,375,448</u>	<u>160,896,250</u>	<u>225,024,167</u>
	Company			Total £
	Within 1 year £	Between 2-5 years £	After more than 5 years £	
<b>31 March 2018</b>				
Trade and other payables	26,516	-	-	26,516
	<u>26,516</u>	<u>-</u>	<u>-</u>	<u>26,516</u>

From the current performance of the Group, there is no indication for the next 12 months that the Group will face significant liquidity risk.

## 23. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the ability to continue as a going concern in order to provide a return to the shareholders. The Group's overall risk management program is managed such as to minimise potential adverse effects on the Group's financial performance.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2018**

**24. RELATED PARTY TRANSACTIONS**

Parties are deemed related when one has an ability to control the other or exercise significant influence while making financial and operational decisions.

During the period, the Group received funding from its shareholders to the amount of £213,316,234. Interest charged during the period amounted to £4,272,496. As at 31 March 2018, the loan was repaid in full.

Under the agreement made on 17 August 2017, the shareholders that are indirect holders of the subsidiary are responsible for paying its equity proportion of the charges and any exit assistance costs directly to Macquarie Infrastructure and Real Assets (Europe) Limited in accordance with the terms of the Operation Service Agreement.

**25. SUBSEQUENT EVENTS**

The directors are not aware of any other matters or circumstances which have arisen that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the financial years subsequent to 31 March 2018 not otherwise disclosed in the financial statements.

A dividend of £5,000,000 was paid on 11 June 2018 and also on 16 August 2018. A dividend of £2,630,000 was paid on 11 November 2018.

**26. ULTIMATE CONTROLLING PARTY**

As at 31 March 2018, there was no ultimate controlling party.