

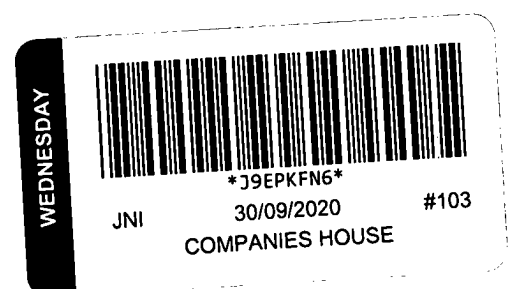
## **Pates Hill Wind Energy Limited**

Directors' Report and Financial Statements

Year Ended

31 December 2019

Company Number SC299298



## **Pates Hill Wind Energy Limited**

### **Company Information**

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<b>Directors</b>	S J Johnston (appointed 4 February 2020) P W Kent S C J Ellis R N Kierans (resigned 4 February 2020) N S Parker R A Johnstone Wright M Quatraro (appointed 5 August 2019)
<b>Registered number</b>	SC299298
<b>Registered office</b>	c/o Morton Fraser LLP Quartermile Two 5th Floor 2 Lister Square Edinburgh EH3 9GL
<b>Independent auditors</b>	Ernst & Young LLP Statutory Auditor Bedford House 16 Bedford Street Belfast BT2 7DT

# **Pates Hill Wind Energy Limited**

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# **Pates Hill Wind Energy Limited**

## **Directors' Report For the Year Ended 31 December 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

### **Principal activities**

The principal activity of the company in the period under review was that of operation of a wind farm. The company had no employees during the period (2018: £Nil).

The profit for the year, after taxation, amounted to £1,163,395 (2018: £874,600).

The directors consider the financial performance to be satisfactory in 2019.

### **Going concern**

At the current time the UK is in the midst of the COVID-19 pandemic, which has introduced challenges and restrictions on all aspects of our daily lives. Management have taken all precautions necessary to ensure the health and safety of those required to access our windfarm site, while continuing to operate the Company's wind farm. Given the nature of the Company's activities COVID-19 is not expected to have a significant impact on the Company's revenues, costs and hence cash flows. At 31 December 2019 the Company had net current liabilities of £2,838,616 (2018: £4,907,153) arising from a shareholder loan of £4,248,162 (2018: £6,272,940) being repayable on demand. The Company's parent undertaking has confirmed that it will continue to provide financial support to the Company for at least the next 12 months, including not demanding repayment of amounts owed by the Company. The Directors are satisfied that the parent company has sufficient cash and liquidity to provide this support should it be required. In particular, both the Directors of the Company and those of the parent company have considered the impact of COVID-19 on the financial performance and cash flows of the Company, the parent company and its other subsidiaries, which indicate the Company, the parent company and its other subsidiaries are expected to continue to be cash generative and meet their obligations as they fall due for at least the next 12 months. Consequently, the Directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

### **Directors**

The directors who served during the year were:

P W Kent  
S C J Ellis  
R N Kierans (resigned 4 February 2020)  
N S Parker  
R A Johnstone Wright  
M Quatraro (appointed 5 August 2019)  
S J Johnston (appointed 4 February 2020)

# **Pates Hill Wind Energy Limited**

## **Directors' Report (continued) For the Year Ended 31 December 2019**

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### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the company's financial statements 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Future outlook**

The Directors have considered COVID-19 and concluded that it will have a limited impact on the Group's ability to trade. The site, service providers and liquidity are being closely monitored during this period to ensure any emerging risks are identified and addressed. Management will continue to maximise efficiency and generate as much electricity and profit subject to wind performance and market influence in pricing.

### **Post balance sheet events**

At the current time the UK is in the midst of the COVID-19 pandemic, which has introduced challenges and restrictions on all aspects of our daily lives. The directors have taken all precautions necessary to ensure the health and safety of those required to access our windfarm site, while continuing to keep operating the Company's wind farm. The impact on going concern has been disclosed in note 2 to the financial statements. The Directors do not expect an impairment of tangible fixed assets or debtors to arise.

### **Auditors**

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

## **Pates Hill Wind Energy Limited**

### **Directors' Report (continued) For the Year Ended 31 December 2019**

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#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

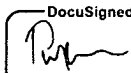
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Small companies note**

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

The directors have not prepared a strategic report as the company is entitled to the special provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

DocuSigned by:  
  
DAC60A5F4A3948E.....  
**P W Kent**  
**Director**

Date: 3 July 2020

# **Pates Hill Wind Energy Limited**

## **Independent Auditors' Report to the Members of Pates Hill Wind Energy Limited**

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### **Opinion**

We have audited the financial statements of Pates Hill Wind Energy Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 Auditors' responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter - Effects of COVID-19**

We draw attention to Note 2 and 18 of the financial statements, which describes the economic consequences the company is facing as a result of COVID-19 which is impacting consumer demand. Our opinion is not modified in respect of this matter.

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

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

# **Pates Hill Wind Energy Limited**

## **Independent Auditors' Report to the Members of Pates Hill Wind Energy Limited (continued)**

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### **Other information**

The other information comprises the information included 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, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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

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 material misstatements in the Directors' Report.

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

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

# Pates Hill Wind Energy Limited

## Independent Auditors' Report to the Members of Pates Hill Wind Energy Limited (continued)

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### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, 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.

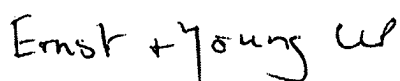
### Auditors' responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditors' Report.

### 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.



Michael Christie (Senior Statutory Auditor)  
for and on behalf of  
**Ernst & Young LLP**  
Statutory Auditor

7 July 2020

## Pates Hill Wind Energy Limited

### Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	3,051,141	2,911,644
Cost of sales		(1,834,347)	(1,833,843)
<b>Gross profit</b>		<b>1,216,794</b>	<b>1,077,801</b>
Administrative expenses		(150,408)	(125,929)
<b>Operating profit</b>	5	<b>1,066,386</b>	<b>951,872</b>
Interest payable and similar expenses	7	(48,550)	(77,272)
<b>Profit before tax</b>		<b>1,017,836</b>	<b>874,600</b>
Tax on profit	8	145,559	-
<b>Profit for the financial year</b>		<b>1,163,395</b>	<b>874,600</b>

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 11 to 22 form part of these financial statements.

**Pates Hill Wind Energy Limited**

Registered number:SC299298

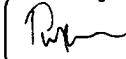
**Statement of Financial Position  
As at 31 December 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	9	10,684,345	11,735,046
		<u>10,684,345</u>	<u>11,735,046</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	1,171,181	1,012,202
Cash at bank and in hand	11	597,833	593,451
		<u>1,769,014</u>	<u>1,605,653</u>
Creditors: amounts falling due within one year	12	(4,462,071)	(6,512,806)
<b>Net current liabilities</b>		<u>(2,693,057)</u>	<u>(4,907,153)</u>
<b>Total assets less current liabilities</b>		<u>7,991,288</u>	<u>6,827,893</u>
<b>Net assets</b>		<u>7,991,288</u>	<u>6,827,893</u>
<b>Capital and reserves</b>			
Called up share capital	15	200	200
Profit and loss account		7,991,088	6,827,693
		<u>7,991,288</u>	<u>6,827,893</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:



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**P W Kent**  
**Director**

Date: 3 July 2020

The notes on pages 11 to 22 form part of these financial statements.

## Pates Hill Wind Energy Limited

### Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	200	6,827,693	6,827,893
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,163,395	1,163,395
<b>Total comprehensive income for the year</b>	-	1,163,395	1,163,395
<b>At 31 December 2019</b>	<b>200</b>	<b>7,991,088</b>	<b>7,991,288</b>

**Share capital:**

Share capital represents the nominal value of shares that have been issued.

**Profit and loss account:**

Profit and loss account includes all current and prior period retained profits and losses attributable to the shareholders of the parent company.

## Pates Hill Wind Energy Limited

### Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	200	5,953,093	5,953,293
<b>Comprehensive income for the year</b>			
Profit for the year	-	874,600	874,600
<b>Total comprehensive income for the year</b>	-	874,600	874,600
<b>At 31 December 2018</b>	<b>200</b>	<b>6,827,693</b>	<b>6,827,893</b>

The notes on pages 11 to 22 form part of these financial statements.

**Share capital:**

Share capital represents the nominal value of shares that have been issued.

**Profit and loss account:**

Profit and loss account includes all current and prior period retained profits and losses attributable to the shareholders of the parent company.

# **Pates Hill Wind Energy Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **1. General information**

These financial statements are presented in pounds sterling (GBP) and to the nearest pound. The company's functional and presentational currency is the pound sterling. They comprise the financial statements of the company for the year ended 31 December 2019.

The principal activity of the company during the period was that of operation of a wind farm.

The company is a United Kingdom company limited by shares. It is both incorporated and domiciled in Scotland. The registered office address is c/o Morton Fraser LLP, Quartermile Two, 5th Floor, 2 Lister Square, Edinburgh, EH3 9GL.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), and the Companies Act 2006.

The following principal accounting policies have been applied:

#### **2.2 Going concern**

At the current time the UK is in the midst of the COVID-19 pandemic, which has introduced challenges and restrictions on all aspects of our daily lives. Management have taken all precautions necessary to ensure the health and safety of those required to access our windfarm site, while continuing to operate the Company's wind farm. Given the nature of the Company's activities COVID-19 is not expected to have a significant impact on the Company's revenues, costs and hence cash flows. At 31 December 2019 the Company had net current liabilities of £2,838,616 (2018-£4,907,153) arising from a shareholder loan of £4,248,162 (2018 - £6,272,940) being repayable on demand. The Company's parent undertaking has confirmed that it will continue to provide financial support to the Company for at least the next 12 months, including not demanding repayment of amounts owed by the Company. The Directors are satisfied that the parent company has sufficient cash and liquidity to provide this support should it be required. In particular, both the Directors of the Company and those of the parent company have considered the impact of COVID-19 on the financial performance and cash flows of the Company, the parent company and its other subsidiaries, which indicate the Company, the parent company and its other subsidiaries are expected to continue to be cash generative and meet their obligations as they fall due for at least the next 12 months. Consequently, the Directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

#### **2.3 Revenue**

Turnover represents the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales duty. All revenue is received from UK sources.

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance.

# **Pates Hill Wind Energy Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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

#### **2.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### **2.5 Short term debtors and creditors**

Debtors and creditors with no stated interest rates and receivable or payable within one year are recorded at transactions price. Any loss arising from impairment are recognised in the Statement of Comprehensive Income in administration expenses.

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

Cash is represented by cash in hand and short term deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# Pates Hill Wind Energy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to/from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cashflows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

#### 2.8 Operating leases: Lessee

The fixed element of rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### 2.9 Finance costs

Finance costs are charged to the Income Statement over the term of the debt.

# **Pates Hill Wind Energy Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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

#### **2.10 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

#### **2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined on an undiscounted basis using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# Pates Hill Wind Energy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

The following judgement has the most significant effect on amounts recognised in the financial statements:

#### Operating lease commitments

The company has entered into property leases and as a lessee obtains the use of the land and access rights. The classification of such leases as operating or finance leases required the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquired the significant risks and rewards of ownership of these assets and accordingly whether the lease required an asset and liability to be recognised in the statement of financial position.

The following are the company's key sources of estimation uncertainty:

#### Decommissioning liabilities

Provision has not been recognised in respect of wind farm site restoration costs on the basis that the directors have determined the likelihood of a liability arising is remote based on the assumptions that the scrap value of the turbines will be sufficient to cover any decommissioning costs and that there is also the potential that the wind farm will be re-energised and the related site lease renewed. If circumstances indicate otherwise, the company will recognise an appropriate provision.

### 4. Analysis of turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	3,051,141	2,911,644
	<u>3,051,141</u>	<u>2,911,644</u>

# Pates Hill Wind Energy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	1,050,701	1,050,699
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	9,554	9,220
Operating lease rentals	161,913	157,286
	<u>1,222,168</u>	<u>1,217,205</u>

### 6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018: £Nil).

The average monthly number of employees, including directors, during the year was 6 (2018 - 5).

### 7. Interest payable and similar expenses

	2019 £	2018 £
Interest on intercompany loans	48,550	77,272
	<u>48,550</u>	<u>77,272</u>

### 8. Taxation

	2019 £	2018 £
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	250,608	-
Effect of changes in tax rates	(26,380)	-
Adjustment in respect of previous periods	(369,787)	-
<b>Total deferred tax</b>	<u>(145,559)</u>	<u>-</u>
<b>Taxation on profit</b>	<u>(145,559)</u>	<u>-</u>

# Pates Hill Wind Energy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 8. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: the same as) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit before tax	<u>1,017,836</u>	<u>874,600</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	193,389	166,174
<b>Effects of:</b>		
Expenses not deductible for tax purposes	3,510	3,510
Movement in unrecognised deferred tax	-	(169,684)
Group relief received	53,709	-
Adjustments to tax charge in respect of previous periods	(369,787)	-
Tax rate changes	(26,380)	-
<b>Total tax charge for the year</b>	<u>(145,559)</u>	<u>-</u>

#### Factors that may affect future tax charges

The reductions in the UK corporation tax rate to 17% with effect from 1 April 2020 was substantively enacted at the balance sheet date and as such, the deferred tax liability at 31 December 2019 has been calculated based on this rate. On 17th March 2020, HM Treasury substantively enacted a budget resolution to retain the corporation tax rate at 19% from 1 April 2020. This will result in an increase in unrecognised deferred tax balances of (£7,131) to (£67,747) and an increase in recognised deferred tax balances of (£17,125) to (£162,684).

# Pates Hill Wind Energy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 9. Tangible fixed assets

	Plant and machinery £
<b>Cost or valuation</b>	
At 1 January 2019	21,013,992
At 31 December 2019	21,013,992
<b>Depreciation</b>	
At 1 January 2019	9,278,946
Charge for the year	1,050,701
At 31 December 2019	10,329,647
<b>Net book value</b>	
At 31 December 2019	10,684,345
At 31 December 2018	11,735,046

The fixed assets of the company are pledged as security for the parent undertaking's bank loan facility, by way of a first legal mortgage and by way of a floating charge over all other assets. As at 31 December 2019 the secured bank borrowings of the parent undertaking amounted to £23,712,777 (2018: £25,863,043).

# Pates Hill Wind Energy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 10. Debtors

	2019 £	2018 £
Trade debtors	5,084	-
Other debtors	203,719	203,719
Prepayments and accrued income	816,819	808,483
Deferred taxation	145,559	-
	<u>1,171,181</u>	<u>1,012,202</u>

### 11. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	597,833	593,451
	<u>597,833</u>	<u>593,451</u>

### 12. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	47,800	37,912
Amounts owed to group undertakings	4,248,162	6,272,940
Other taxation and social security	105,632	122,978
Accruals and deferred income	60,477	78,976
	<u>4,462,071</u>	<u>6,512,806</u>

The amount due to parent company relates to an interest bearing loan at the historical six month LIBOR rate at year-end. This is unsecured and is repayable on demand.

# Pates Hill Wind Energy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 13. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	597,833	593,451
Financial assets that are debt instruments measured at amortised cost	1,002,948	904,906
	<u>1,600,781</u>	<u>1,498,357</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(4,356,439)</u>	<u>(6,389,828)</u>

Financial assets measured at fair value comprise of cash.

Financial assets measured at amortised cost comprise of trade, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and amounts owed to related undertakings.

### 14. Deferred taxation

	2019 £
Charged to profit or loss	145,559
<b>At end of year</b>	<u>145,559</u>

The provision for deferred tax comprises:

	2019 £	2018 £
Fixed asset timing differences	<u>145,559</u>	<u>-</u>

The calculation of deferred tax indicates a deferred tax asset on non-trade losses of £60,616 (2018: £60,616) at the balance sheet date. The recoverability of the deferred tax asset is dependent on suitable future taxable profits. Consequently, the deferred tax asset has not been recognised as at 31 December 2019. At 31 December 2018 there was a further unrecognised deferred tax balance of £369,787. As the company is now a more certain position regarding taxable profits the directors have taken the decision to recognise this asset.

# Pates Hill Wind Energy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 15. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
200 (2018: 200) Ordinary shares of £1.00 each	200	200

The shares of the company are pledged as security for the parent company's bank loan facility.

### 16. Financial commitments

#### Commitments under contracts

At 31 December 2019 the company had annual commitments under non-cancellable contracts as follows:

(i) The company has entered into a long term service agreement with an electricity provider to supply electricity produced by the wind farm project, due to expire in March 2030.

(ii) The company has entered into non-cancellable agreements due to expire in 2020 and 2025 respectively. The company had annual and total commitments under these agreements as at 31 December 2019 as set out below. The amounts stated represent the base charges which are adjusted for indexation. Therefore the actual annual payments are greater than the amounts stated below.

	Annual commitment £	Total commitment £
a) Management Service Agreement	102,000	51,000
b) Turbine Servicing Agreements	252,000	1,512,000

#### Operating lease

The company has entered into operating lease agreements to lease land to enable it to operate its wind farm projects, due to expire in 2034. At 31 December 2019 the company had annual and total commitments under non cancellable agreements as set below. The amounts stated represent the base charges which are adjusted for indexation. Therefore the actual annual payments are greater than the amounts stated below.

	Annual commitment £	Total commitment £
Operating lease	80,000	1,286,667
	80,000	1,286,667

# Pates Hill Wind Energy Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2019 £	2018 £
Not later than one year	80,000	80,000
Later than one year but not later than five years	320,000	320,000
Later than five years	886,667	966,667
	<u>1,286,667</u>	<u>1,366,667</u>

### 17. Related party transactions

During the period the company entered into the following transactions with related parties:

	2019 £	2018 £
a) Loan from Holding Company: Danu II Holdings Limited owed at 31 December	4,248,162	6,272,940
b) Interest Payable for the year ended 31 December: Danu II Holdings Limited	<u>48,550</u>	<u>77,272</u>

### 18. Post balance sheet events

At the current time the UK is in the midst of the COVID-19 pandemic, which has introduced challenges and restrictions on all aspects of our daily lives. The directors have taken all precautions necessary to ensure the health and safety of those required to access our windfarm site, while continuing to keep operating the Company's wind farm. The impact on going concern has been disclosed in note 2 to the financial statements. The Directors do not expect an impairment of tangible fixed assets or debtors to arise.

### 19. Controlling party

The company's immediate parent company is Danu II Holdings Limited (registered in the United Kingdom).

The immediate parent party of Danu II Holdings Limited is Gravis Onshore Wind 2 Limited (registered in the United Kingdom). The ultimate parent and controlling party is Gravis Asset Holdings Limited, a private company limited by shares and registered in the United Kingdom.

The company's results are included in the consolidated financial statements of Danu II Holdings Limited which is the largest group of undertakings for which group financial statements are drawn up and of which the company is a member. The consolidated financial statements of Danu II Holdings Limited are available from Companies House.