

PATES HILL WIND ENERGY LIMITED

AUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

PATES HILL WIND ENERGY LIMITED

COMPANY INFORMATION

Directors	Mrs S J Johnston Mr R A J Wright Mr P W Kent Mr N S Parker Mr M Quatraro (resigned 22 March 2022) Mr S C J Ellis (resigned 28 June 2021)
Registered number	SC299298
Registered office	C/O Morton Fraser LLP 5th Floor Quartermile Two 2 Lister Square Edinburgh Scotland EH3 9GL
Independent auditors	Wellden Turnbull Limited Chartered Accountants & Statutory Auditors Albany House Claremont Lane Esher Surrey KT10 9FQ

PATES HILL WIND ENERGY LIMITED

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PATES HILL WIND ENERGY LIMITED
REGISTERED NUMBER: SC299298

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	As restated 2020 £
Fixed assets			
Tangible assets	6	8,602,912	9,633,646
Current assets			
Debtors: amounts falling due after more than one year	7	205,053	205,037
Debtors: amounts falling due within one year	7	789,990	834,695
Cash at bank and in hand	8	1,085,911	698,838
		<u>2,080,954</u>	<u>1,738,570</u>
Creditors: amounts falling due within one year	9	(1,119,628)	(2,316,783)
Net current assets/(liabilities)		<u>961,326</u>	<u>(578,213)</u>
Total assets less current liabilities		<u>9,564,238</u>	<u>9,055,433</u>
Provisions for liabilities			
Deferred tax	11	(154,878)	(8,047)
		<u>(154,878)</u>	<u>(8,047)</u>
Net assets		<u><u>9,409,360</u></u>	<u><u>9,047,386</u></u>
Capital and reserves			
Called up share capital	12	200	200
Profit and loss account		9,409,160	9,047,186
		<u><u>9,409,360</u></u>	<u><u>9,047,386</u></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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

Mr P W Kent
Director

Date: 23 June 2022

The notes on pages 3 to 10 form part of these financial statements.

PATES HILL WIND ENERGY LIMITED
REGISTERED NUMBER: SC299298

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

PATES HILL WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Pates Hill Wind Energy Limited is a private company, limited by shares and incorporated in Scotland, registration number SC299298. The registered office is C/O Morton Fraser LLP, Quartermile Two, 5th Floor, 2 Lister Square, Edinburgh, EH3 9GL. The principal place of business is Pates Hill, West Lothian, Scotland.

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 UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

These financial statements are presented in sterling which is the functional currency of the Company and rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Compliance with accounting standards

The financial statements have been prepared using FRS102, the financial reporting standard applicable in the UK and Republic of Ireland, including the disclosure and presentation requirements of Section 1A, applicable to small companies. There were no material departures from that standard.

2.3 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Operating leases: the Company as 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.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

PATES HILL WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge 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 balance sheet 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 balance sheet 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 using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 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 & 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 profit or loss.

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

PATES HILL WIND ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and 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.

2.11 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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 cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Statement of Income and Retained Earnings.

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

In preparing the financial statements, management is required to make judgements, 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 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.

PATES HILL WIND ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Employees

In the current and prior year the Company had no employees other than the Directors, who did not receive any remuneration.

5. Auditors' remuneration

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

6. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 January 2021	21,013,990
Additions	21,800
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At 31 December 2021	21,035,790
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Depreciation	
At 1 January 2021	11,380,345
Charge for the year on owned assets	1,052,533
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At 31 December 2021	12,432,878
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Net book value	
At 31 December 2021	<u>8,602,912</u>
At 31 December 2020	<u>9,633,646</u>

The third party borrowings of the Company's parent, Danu II Holdings Limited, are secured by a legal charge over all assets of the Company, present and future

PATES HILL WIND ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Debtors

	2021 £	As restated 2020 £
Due after more than one year		
Other debtors	<u>205,053</u>	<u>205,037</u>
Due within one year		
Trade debtors	-	13,800
Other debtors	200	200
Prepayments and accrued income	789,790	820,695
	<u>789,990</u>	<u>834,695</u>

In the prior year an amount of £205,037 was included within other debtors due within one year. On review of the terms detailed in the related agreement it was determined that the amount should have been presented in other debtors due after more than one year. As such the prior year figures have been restated.

8. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>1,085,911</u>	<u>698,837</u>

9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	41,138	51,012
Amounts owed to group undertakings	890,019	2,086,532
Other taxation and social security	89,969	103,323
Accruals and deferred income	98,502	75,916
	<u>1,119,628</u>	<u>2,316,783</u>

Amounts owed to group undertakings are interest bearing and repayable on demand.

PATES HILL WIND ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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10. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>1,085,911</u>	<u>698,837</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

11. Deferred taxation

	2021 £	2020 £
At beginning of year	(8,047)	145,559
Charged to profit or loss	(146,831)	(153,606)
At end of year	<u>(154,878)</u>	<u>(8,047)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	<u>(154,878)</u>	<u>(8,047)</u>

12. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
200 (2020 - 200) Ordinary shares shares of £1.00 each	<u>200</u>	<u>200</u>

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

13. Reserves

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

PATES HILL WIND ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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14. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	80,000	80,000
Later than 1 year and not later than 5 years	320,000	320,000
Later than 5 years	648,110	728,110
	<u>1,048,110</u>	<u>1,128,110</u>

The amounts stated represent the base charges. Actual payments will be adjusted for inflation indexation and are therefore greater than the amounts stated above.

15. Financial commitments

At 31 December 2021, the Company had entered into the following financial commitments. The commitments have been calculated based on the non-cancellable period set out in the underlying contracts. The amounts stated represent the base charges. Actual payments will be adjusted for inflation indexation and are therefore greater than the amounts stated below.

	Total commitment £
Management Service Agreement	34,163
Turbine Servicing Ageements	126,000
	<u>160,163</u>

Total commitments disclosed above are due less than one year.

16. Related party transactions

The Company is exempt under the terms of Financial Reporting Standard 102 (FRS102) Section 33 paragraph 1A, from disclosing related party transactions with other group companies, on the grounds that the Company is wholly owned within the Group and the Company is included in the consolidated financial statements prepared by the Group.

PATES HILL WIND ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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17. Controlling party

The Company's immediate parent company is Danu II Holdings Limited, a company incorporated in England and Wales.

The ultimate parent and controlling party is Gravis Asset Holdings Limited, a company incorporated in England and Wales.

The smallest group of undertakings into which the results of the Company are consolidated is headed by Danu II Holdings Limited. The largest group of undertakings into which the results of the Company are consolidated is headed by Gravis Asset Holdings Limited.

The registered office address for both Danu II Holdings Limited and Gravis Asset Holdings Limited is 24 Savile Row, London, W1S 2ES. The consolidated financial statements are available from the registered office address and Companies House.

18. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 24 June 2022 by Mark Nelligan FCA (Senior Statutory Auditor) on behalf of Wellden Turnbull Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.