

CORRIMONY ENERGY LIMITED

Company registration number SC358976

FILING FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

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CORRIMONY ENERGY LIMITED

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CORRIMONY ENERGY LIMITED

COMPANY INFORMATION

Directors	David B Girvan David L Girvan John M Girvan Linda J Girvan Mary H Girvan Joanna A Sutherland
Registered number	SC358976
Registered office	10 Ardross Street Inverness IV3 5NS
Accountants	Scott-Moncrieff Chartered Accountants 10 Ardross Street Inverness IV3 5NS

CORRIMONY ENERGY LIMITED
REGISTERED NUMBER: SC358976
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2017

			2017 £	<i>As restated</i> 2016 £
Fixed assets	Note			
Tangible assets	4		11,457,774	12,192,866
			<u>11,457,774</u>	<u>12,192,866</u>
Current assets				
Debtors: amounts falling due within one year	5	1,259,353	752,220	
Cash at bank and in hand		1,703,075	3,331,086	
		<u>2,962,428</u>	<u>4,083,306</u>	
Creditors: amounts falling due within one year	6	(1,192,153)	(2,459,103)	
Net current assets			<u>1,770,275</u>	<u>1,624,203</u>
Total assets less current liabilities			<u>13,228,049</u>	<u>13,817,069</u>
Creditors: amounts falling due after more than one year	7		(11,545,844)	(11,472,876)
Provisions for liabilities				
Deferred tax	9	(472,175)	(606,303)	
Other provisions	10	(99,000)	(99,000)	
			<u>(571,175)</u>	<u>(705,303)</u>
Net assets			<u><u>1,111,030</u></u>	<u><u>1,638,890</u></u>

CORRIMONY ENERGY LIMITED
REGISTERED NUMBER: SC358976

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 JULY 2017

		2017 £	<i>As restated</i> 2016 £
Capital and reserves			
Called up share capital	11	103	100
Profit and loss account		1,110,927	1,638,790
		<u>1,111,030</u>	<u>1,638,890</u>

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

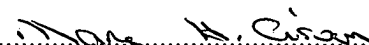
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 Section 1A 'Small Entities' of Financial Reporting Standard 102.

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 directors' report or 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:


Mary H Girvan
 Director

Date: 13/4/18

The notes on pages 4 to 15 form part of these financial statements.

CORRIMONY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which (the majority of) the company's transactions are denominated. They comprise the financial statements of the company drawn up for the year ended 31 July 2017.

The continuing activities of Corrimony Energy Limited ('the company') is that of running a windfarm.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in Scotland. Details of the registered office can be found on the company information page of these financial statements. The company's registered number is SC358976.

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 applicable law and United Kingdom Accounting Standards including Section 1A 'Small Entities' of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities).

Before 1 August 2016 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council, and referred to as 'previous UK GAAP'. Information on the impact of first-time adoption of FRS 102 is given in note 15. The date of transition is 1 August 2015.

The preparation of financial statements in compliance with Section 1A 'Small Entities' of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The company has sufficient financial resources to meet its day-to-day working capital requirements. The directors believe that the company is well placed to manage its business risks successfully and operate within the level of its current facilities.

The directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

CORRIMONY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

2. Accounting policies (continued)

2.3 Turnover

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. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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	-	5% on cost
Fixtures and fittings	-	25% on cost
Office equipment	-	25% on cost

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 Income and Retained Earnings.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.6 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.

CORRIMONY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

2. Accounting policies (continued)

2.7 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 and loans to 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 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 financed at a rate of interest that is not a market rate or in the 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 Statement of Income and Retained Earnings.

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 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.

CORRIMONY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

2. Accounting policies (continued)

2.9 Foreign currency translation

Functional and presentational currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'administration expenses'.

2.10 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings 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.

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.12 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.13 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

CORRIMONY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

2. Accounting policies (continued)

2.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

2.15 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 Statement of Income and Retained Earnings 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.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, 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 corporation 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 Statement of Financial Position 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 difference between the fair values of assets acquired and the future tax deductions available for them and the difference 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 reporting date.

2.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

CORRIMONY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

3. Employees

The average monthly number of employees, including directors, during the year was 6 (2016 - 6).

The directors were the only employees of the company and did not receive any remuneration in the current or prior year.

4. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 August 2016	14,701,973	130	1,395	14,703,498
At 31 July 2017	14,701,973	130	1,395	14,703,498
Depreciation				
At 1 August 2016	2,509,107	130	1,395	2,510,632
Charge for the year on owned assets	735,092	-	-	735,092
At 31 July 2017	3,244,199	130	1,395	3,245,724
Net book value				
At 31 July 2017	11,457,774	-	-	11,457,774
At 31 July 2016	12,192,866	-	-	12,192,866

The amount of loan interest included within cost is £236,681 (2016 - £236,681).

5. Debtors

	2017 £	2016 £
Trade debtors	92,413	161,508
Other debtors	101,528	1,956
Prepayments and accrued income	1,065,412	588,756
	<u>1,259,353</u>	<u>752,220</u>

CORRIMONY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

6. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank loans	856,665	2,003,133
Other loans	43,834	53,021
Trade creditors	116,498	241,616
VAT	67,091	98,455
Accruals and deferred income	108,065	62,878
	<u>1,192,153</u>	<u>2,459,103</u>

7. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	11,348,908	11,241,293
Other loans	196,936	231,583
	<u>11,545,844</u>	<u>11,472,876</u>

Secured loans

The company has granted to Allied Irish Bank (GB) standard securities over the company's interest in a number of property leases and a bond and floating charge over all property and undertakings, as security for any sums borrowed from the bank.

The company has granted to Soirbheas Trading Limited a floating charge over all property, as security for any sums which are advanced under the terms of a loan agreement between the two parties.

CORRIMONY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

8. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Bank loans	856,665	2,003,133
Other loans	43,834	53,021
	<u>900,499</u>	<u>2,056,154</u>
Amounts falling due 1-5 years		
Bank loans	3,707,036	4,247,898
Other loans	196,936	168,416
	<u>3,903,972</u>	<u>4,416,314</u>
Amounts falling due after more than 5 years		
Bank loans	7,641,872	6,993,395
Other loans	-	63,167
	<u>7,641,872</u>	<u>7,056,562</u>
	<u><u>12,446,343</u></u>	<u><u>13,529,030</u></u>

9. Deferred taxation

	2017 £	2016 £
At beginning of year	(606,303)	(456,021)
Charged to profit or loss	134,128	(150,282)
At end of year	<u><u>(472,175)</u></u>	<u><u>(606,303)</u></u>

CORRIMONY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

9. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(472,175)	(609,909)
Short term timing differences	-	3,606
	<u>(472,175)</u>	<u>(606,303)</u>

10. Provisions

	De- Commision Fund £
At 1 August 2016	99,000
At 31 July 2017	<u>99,000</u>

The company has raised a provision of £99,000 to cover the anticipated cost of decommissioning Corrimony Wind Farm, which will be required under the terms of the planning consent granted by The Highland Council in 2010.

11. Share capital

	2017 £	2016 £
Authorised, allotted, called up and fully paid		
5,000 Ordinary A shares of £0.01 each	50	50
5,000 Ordinary B shares of £0.01 each	50	50
3 B - (DI) shares of £1 each	3	-
	<u>103</u>	<u>100</u>

CORRIMONY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

11. Share capital (continued)

A ordinary shares and B ordinary shares

All shares rank equally for voting purposes; with each member having one vote per share. The profits of the company available for distribution and resolved to be distributed shall be distributed amongst the holders of the A shares and the B shares as if they were one class and pro rata accordingly to the amounts paid upon the A shares and B shares held by them respectively. The shares are treated as if they are one class and pro-rata according to the amounts paid.

B - (DI) shares

Class B - (DI) shares totalling £3 were allotted during the period, with a value of £1 per share. There are no voting rights attached, nor rights to share in the profits of the company available for distribution unless the holders of a majority of the B shares determine otherwise in which case (i) the amount of any such distribution to the holders of B-(DI) shares shall reduce the aggregate amount which would otherwise have been distributed to the holders of the B shares and (ii) distributed amongst the holders of the B-(DI) shares pro-rata according to the amounts paid up. There are no rights to participate in a distribution on winding up and the shares are not redeemable.

12. Prior year adjustment

In preparing these financial statements the directors decided that the intangible asset previously recognised, relating to legal expenses incurred when negotiating leases, did not meet the definition of an intangible asset and therefore were incorrectly capitalised in previous years financial statements. An adjustment of £110,535 has been made to de-recognise the asset.

The effects of the prior year adjustment in the figures reported to 31 July 2016 were to decrease cost of sales by £6,669 and reduce retained earnings brought forward by £117,204.

An adjustment has also been made to the figures reported to 31 July 2016 to reallocated income of £1,551 previously included under administration expenses to other operating income. The effect of this adjustment was to increase administration expenses by £1,551 and increase other operating income by £1,551.

13. Commitments under operating leases

At 31 July 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	207,512	207,512
Later than 1 year and not later than 5 years	830,048	830,048
Later than 5 years	3,429,704	3,637,216
	<u>4,467,264</u>	<u>4,674,776</u>

CORRIMONY ENERGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

14. Related party transactions

**John M Girvan & Linda J Girvan
Company directors and shareholders**

During the year the company advanced funds to J M & L J Girvan of £60,000 (2016 - £nil) and received £61,956 (2016 - £978).

Administrative expenses include amounts totalling £28,100 (2016 - £27,690) charged by J M & L J Girvan for management fees and sundry expenses. Creditors falling due within one year include management fees of £7,100 (2016 - £7,000). Payment conditions are under normal business terms.

During the year J M Girvan received a dividend of £100,000 (2016 - £99,457).

During the year L J Girvan received a dividend of £100,000 (2016 - £99,456).

As at 31 July 2017 J M & L J Girvan owed the company £nil (2016 - £1,956). The maximum overdrawn in the year was £1,956.

Directors' loan account is repayable on demand with no interest charged.

**David L Girvan & Mary H Girvan
Company directors and shareholders**

During the year the company advanced funds to D L & M H Girvan of £60,000 (2016 - £2,390) and received £61,377 (2016 - £1,195).

During the year D L Girvan received a dividend of £100,000 (2016 - £99,457).

During the year M H Girvan received a dividend of £100,000 (2016 - £99,456).

As at 31 July 2017 D L & M H Girvan owed the company £nil (2016 - £nil). The maximum overdrawn in the year was £nil.

Directors' loan account is repayable on demand with no interest charged.

**Corrimony Farm Limited
A company of which D L Girvan, M H Girvan and D B Girvan are directors**

During the year Corrimony Farm Limited charged £5,000 (2016 - £5,000) to Corrimony Energy Limited for maintenance services and £7,500 (2016 - £nil) for rent.

CORRIMONY ENERGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2017

Related party transactions (continued)

The Girvan Family Partnership

A partnership of which D L Girvan, M H Girvan and D B Girvan are partners

The company has entered into a contract with The Girvan Family Partnership for the lease of land. Costs under the lease are determined by applying a fixed percentage to the company's gross income from electricity generation.

Cost of sales include £140,501 (2016 - £139,521) chargeable by The Girvan Family Partnership under the terms of the lease.

Creditors falling due within one year include a balance £39,782 (2016 - £31,715) payable to The Girvan Family Partnership. Payment conditions are under normal business terms.

Soirbheas Trading Limited

The community provided a loan to the company

The company has entered into contractual arrangements with Soirbheas, a registered Scottish charity, and Soirbheas Trading Limited, which is wholly owned subsidiary of Soirbheas. Under the terms of those arrangements, Soirbheas Trading Limited has advanced to the company a loan of £400,000, interest is chargeable at a commercial rate and the loan is repayable in instalments over a ten year period. Interest payable includes interest of £19,376 (2016 - £18,953) chargeable under the terms of the loan agreement.

Creditors falling due within one year includes a balance of £43,834 (2016 - 53,021) and creditors falling due more than one year include £196,936 (2016 - £231,583) payable to Soirbheas Trading Limited under the terms of the loan agreement. The loan forms part of a wider range of credit and loan facilities that have been entered into by the company to finance the development of a commercial windfarm. Under the terms of a subordination agreement between the company and its bankers and other loan creditors, the repayment of bank debt has priority.

The company has entered into a community benefit covenant with Soirbheas, under the terms of which to gift Soirbheas a 20% proportion of net revenue (as defined within the agreement) generated by Corrimony Wind Farm. During the year the company paid Soirbheas Trading Limited £36,791 (2016 - £33,482) in respect of amounts payable under this covenant. Creditors falling due within one year include a balance of £nil (2016 - £18,031) in respect of accrued amounts payable to the Soirbheas Trading Ltd under this covenant.

During the year the company paid for expenses totalling £nil (2016 - £nil) on behalf of Soirbheas Trading Limited. This amount is included in debtors due within one year at the year end. Payment conditions are under normal business terms.

15. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.