

Registered number: SC493311

**BLACKCRAIG WIND FARM (SCOTLAND) LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



# **BLACKCRAIG WIND FARM (SCOTLAND) LIMITED**

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# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## COMPANY INFORMATION

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**Directors**

M Ridley  
S Watson  
P Kent  
N Parker

**Registered number**

SC493311

**Registered office**

Morton Fraser Quartermile Two  
5th Floor  
2 Lister Square  
Edinburgh  
Scotland  
EH3 9GL

**Independent auditor**

Blick Rothenberg Audit LLP  
Chartered Accountants & Statutory Auditor  
Palladium House  
1 - 4 Argyll Street  
London  
W1F 7LD

# **BLACKCRAIG WIND FARM (SCOTLAND) LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Introduction**

The directors present the strategic report for the year ended 31 December 2019.

### **Business review**

The profit and loss account on page 9 of the financial statements provides a summary of the company's trading results for the year. The performance and results for the year are in line with the directors' expectations.

There have been no significant issues with the turbines during the year, with availability above the level guaranteed by the turbine manufacturer.

The directors continue to review the business and the wider industry to minimise or mitigate the risks that are prevalent in the commercial environment.

### **Principal risks and uncertainties**

A principal risk to the company is that of wind turbine performance issues reducing availability. The company mitigates this risk, in part, through technical assessments and monitoring key risk areas associated with wind turbine performance and optimising service and maintenance activities to ensure each activity is appropriate based on operational knowledge. The company has long term maintenance and site management contracts in place with leading industry counterparties.

The changing wholesale market for the sale of electricity is also a key risk to the company. The company continues to assess the wholesale energy markets and monitors the impact of market movements across seasons. The company acted to fix pricing for the near term during the financial year to deliver certainty to shareholders, and post year-end has undertaken further fixes until 30 September 2022. There are, however, factors that are more difficult to mitigate and plan for, including political, weather, and regulatory challenges.

Compliance and legislation affecting the company is another key risk. These changes can lead to additional obligations and have a financial impact on the company. The company mitigates this risk by appointing advisors to make the company aware of any changes to legislation.

The financial instruments used by the company arise wholly and directly from its activities. The main financial instruments comprise debtors, cash at bank and trade creditors. The financial risks arising from these financial instruments are considered low. The mature financial stability of the business ensures the company maintains excellent terms with preferred suppliers and their credit partners.

Cash reserves have remained healthy over the year and the company continues to trade with the support of its senior lender. Working capital will continue to be monitored on a regular basis by the directors.

### **Financial key performance indicators**

The key performance indicators used by the company include output generated by the turbines, which was 161,218 MWh this year compared to the prior period which was 91,886 MWh, and turnover was £14.8m this year and £8.6m for the prior period. The results for the year were below budgeted expectations driven by the lower than average wind speeds experienced in the UK, specifically in January, May and November.

The board receives monthly reporting of key metrics which helps to ensure optimal business performance.

### **Other key performance indicators**

The non-financial key performance indicators includes turbine availability. This has been above the level guaranteed by the turbine manufacturer during the year. If it falls below that level the company is entitled to compensation. The company also identifies health and safety as being a significant key performance indicator and measures this through the site manager, who reports on this on a monthly basis. There have been no significant incidents during the financial year.

# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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### COVID-19 implications

In light of the COVID-19 pandemic, governmental advice and the potential disruptions this could have on the ability of businesses to function in the UK, the directors have taken actions to protect the company's operations, and to mitigate the risk of COVID-19 interrupting the company's core business activities and services provided to the company.

- Those individuals who deal with the administration of the company have been working from home from mid-March, through a remote working system and have had no issues.
- The remote working system connects individuals to the computer servers, therefore access to key project documents, data and information is not compromised by working remotely.
- The ability to provide services to the company such as downloading export data, Ofgem submissions, PPA billing, making payments, and bank modelling is not disrupted as these functions are conducted on the internet, accessible to all individuals working remotely.
- In conclusion, we do not anticipate an impact from the COVID-19 pandemic on the business and it will continue to trade for the foreseeable future, being a period of at least twelve months from the date these financial statements are approved.
- With regards to SGRE (maintenance provider) and Natural Power Services (site manager):
  - At present site maintenance and access is operating as normal.
  - Natural Power Services is located within a reasonable distance so access is no issue.
  - The majority of activities, such as monitoring, and reporting are performed remotely via the internet.
  - The site location is rural / remote, making distancing easier.
  - SGRE are reducing the size of the maintenance teams that are deployed to site to mitigate the risk of spreading infection.
  - Restrictions have been placed on employees on international and national travel arrangements - only travel that is essential to the delivery of the services provided by SGRE is permitted and has to be approved internally according to a risk matrix.
  - Force majeure notices have been issued by SGRE regarding the delay in access to Chinese parts (notice of a potential event, not an event in progress) but this has no impact to date.
  - To manage the potential of disruption to supply chain, SGRE are investigating alternative delivery routes.
- For lost revenue from damage, even if there are restrictions on access to the turbines, we have confirmation that the business interruption insurance held by Blackcraig will cover it.
- Energy generation to be included in the governments list of "essential industries"

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

  
**S Watson**  
Director

Date: 26/06/2020

# **BLACKCRAIG WIND FARM (SCOTLAND) 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 activity**

The principal activity of the company continued to be that of the operation of a 23 turbine wind farm with a total generating capacity of 52.9 MW.

### **Results and dividends**

The profit for the year, after taxation, amounted to £817,700 (2018 -loss £1,874,494).

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

### **Directors**

The directors who served during the year were:

M Ridley  
S Watson  
P Kent  
N Parker

### **Future developments**

The results of the 2019 financial year represent the first full year of generating electricity for the company. The directors expect a similar financial performance for 2020 in line with their financial forecasts.

### **Matters covered in the strategic report**

As permitted by s414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

### **Disclosure of information to auditor**

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 auditor is 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 auditor is aware of that information.

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

  
**S Watson**  
Director

Date: 26/06/2020

# **BLACKCRAIG WIND FARM (SCOTLAND) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors are responsible for preparing the strategic report, 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

# **BLACKCRAIG WIND FARM (SCOTLAND) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKCRAIG WIND FARM (SCOTLAND) LIMITED FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Opinion**

We have audited the financial statements of Blackcraig Wind Farm (Scotland) Limited (the 'company') for the year ended 31 December 2019, which comprise the profit and loss account, the balance sheet, the statement of cash flows, the statement of changes in equity and notes to the financial statements 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 Financial Reporting Standard 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 state 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

### **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.



# **BLACKCRAIG WIND FARM (SCOTLAND) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKCRAIG WIND FARM (SCOTLAND) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Other information**

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

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

We have nothing to report in this regard.

### **Opinion 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **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 strategic report or 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.

## **BLACKCRAIG WIND FARM (SCOTLAND) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKCRAIG WIND FARM (SCOTLAND) LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

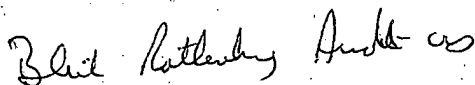
#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.



Russell Tenzer FCA (senior statutory auditor)

for and on behalf of  
**Blick Rothenberg Audit LLP**

Chartered Accountants  
Statutory Auditor

Palladium House  
1 - 4 Argyll Street  
London  
W1F 7LD

Date: 26/6/20

# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019 £	9 month period ended 31 December 2018 £
	Note		
Turnover	4	14,843,754	8,616,360
<b>Gross profit</b>		<b>14,843,754</b>	<b>8,616,360</b>
Administrative expenses		(9,225,076)	(6,485,299)
<b>Operating profit</b>		<b>5,618,678</b>	<b>2,131,061</b>
Interest receivable and similar income	7	19,764	2,391
Interest payable and similar expenses	8	(3,873,811)	(4,007,946)
<b>Profit/(loss) before taxation</b>		<b>1,764,631</b>	<b>(1,874,494)</b>
Tax on profit/(loss)	9	(946,931)	-
<b>Profit/(loss) for the financial year</b>		<b>817,700</b>	<b>(1,874,494)</b>

There are no items of other comprehensive income for either the year or the prior year other than the profit for the year. Accordingly, no statement of other comprehensive income has been presented.

**BLACKCRAIG WIND FARM (SCOTLAND) LIMITED****BALANCE SHEET  
AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	10	81,409,343	85,473,902
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	11	903,531	902,578
Debtors: amounts falling due within one year	11	7,454,854	3,959,991
Cash at bank and in hand	12	2,428,084	3,276,002
		<u>10,786,469</u>	<u>8,138,571</u>
Creditors: amounts falling due within one year	13	(3,799,107)	(5,550,008)
<b>Net current assets</b>		<u>6,987,362</u>	<u>2,588,563</u>
<b>Total assets less current liabilities</b>		<u>88,396,705</u>	<u>88,062,465</u>
Creditors: amounts falling due after more than one year	14	(88,041,927)	(89,472,318)
<b>Provisions for liabilities</b>			
Deferred tax	16	(946,931)	-
		<u>(946,931)</u>	<u>-</u>
<b>Net liabilities</b>		<u>(592,153)</u>	<u>(1,409,853)</u>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Profit and loss account	18	(592,154)	(1,409,854)
<b>Total equity</b>		<u>(592,153)</u>	<u>(1,409,853)</u>

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

  
S Watson  
Director

Date: 26/06/2020

The notes on pages 13 to 26 form part of these financial statements.

**BLACKCRAIG WIND FARM (SCOTLAND) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 April 2018</b>	<b>1</b>	<b>464,640</b>	<b>464,641</b>
<b>Comprehensive income for the period</b>			
Loss for the period	-	(1,874,494)	(1,874,494)
<b>Other comprehensive income for the period</b>			
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(1,874,494)</b>	<b>(1,874,494)</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 1 January 2019</b>	<b>1</b>	<b>(1,409,854)</b>	<b>(1,409,853)</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	817,700	817,700
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>817,700</b>	<b>817,700</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2019</b>	<b>1</b>	<b>(592,154)</b>	<b>(592,153)</b>

The notes on pages 13 to 26 form part of these financial statements.

# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	817,700	(1,874,494)
<b>Adjustments for:</b>		
Depreciation of tangible assets	4,469,133	2,947,376
Interest paid	3,873,811	4,007,946
Interest received	(19,764)	(2,391)
Taxation charge	946,931	-
(Increase) in debtors	(2,423,852)	(113,338)
(Increase)/decrease in amounts owed by groups	(1,071,964)	-
(Decrease) in creditors	(67,827)	(2,033,513)
(Decrease)/increase in amounts owed to groups	(2,713,466)	2,713,466
<b>Net cash generated from operating activities</b>	<b>3,810,702</b>	<b>5,645,052</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(576,825)	(9,953,063)
Interest received	19,764	2,391
<b>Net cash from investing activities</b>	<b>(557,061)</b>	<b>(9,950,672)</b>
<b>Cash flows from financing activities</b>		
Other new loans	-	10,877,387
Repayment of other loans	(227,748)	-
Interest paid	(3,873,811)	(4,007,946)
<b>Net cash used in financing activities</b>	<b>(4,101,559)</b>	<b>6,869,441</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(847,918)</b>	<b>2,563,821</b>
Cash and cash equivalents at beginning of year	3,276,002	712,181
<b>Cash and cash equivalents, at the end of year</b>	<b>2,428,084</b>	<b>3,276,002</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2,428,084	3,276,002
	<b>2,428,084</b>	<b>3,276,002</b>

# **BLACKCRAIG WIND FARM (SCOTLAND) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1. General information**

Blackcraig Wind Farm (Scotland) Limited is a private company limited by shares and incorporated in Scotland. The registered office is Morton Fraser Quartermile Two, 5th Floor, 2 Lister Square, Edinburgh, Scotland, EH3 9GL.

The financial statements are presented in Sterling (£).

### **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 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).

The following principal accounting policies have been applied:

#### **2.2 Going concern**

The directors have considered whether the company has been affected by the economic impact and restrictions that have ensued following the Coronavirus pandemic that has arisen since the end of the financial year. The operations of the company have been largely unaffected by the pandemic. Having considered post year-end trading and financial results, cash reserves and committed borrowing facilities, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and will continue to be supported by its principal lender to meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements are approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **2.3 Reporting period**

The entity's annual financial statements are presented for the year to 31 December 2019. The comparative financial statements are for a nine-month period as the company shortened the accounting period.

As a result, the comparative information as presented within these financial statements and related notes are not entirely comparable.

#### **2.4 Revenue**

Turnover represents amounts receivable from the generation and sale of electricity and associated benefits net of VAT and is recognised on an accruals basis according to the quantity of electricity generated, once this can be measured reliably and it is probable that the economic benefits associated with the transactions will flow to the entity.

The company also received income from the sale of timber. This is recognised net of VAT upon despatch of the product.

#### **2.5 Interest income**

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

# **BLACKCRAIG WIND FARM (SCOTLAND) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

#### **2.6 Finance costs**

Finance costs are charged to the profit and loss account 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.

#### **2.7 Borrowing costs**

Borrowing costs during the capital expenditure phase, including interest, have been capitalised in accordance with paragraph 25.2 of FRS 102. These costs are all directly attributable to the construction, as well as the financing of progress payments in respect of the construction of the wind farm and are therefore capitalised as part of its cost.

All borrowing costs incurred after completion are expensed to the profit and loss account in the year in which they are incurred.

#### **2.8 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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 arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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.



# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 2. Accounting policies (continued)

#### 2.9 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Wind power asset	- Over 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 profit and loss account.

#### 2.10 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. 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 (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Fixed assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 2.11 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.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

# **BLACKCRAIG WIND FARM (SCOTLAND) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

#### **2.12 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 profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet 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 balance sheet.

#### **2.13 Financial instruments**

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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

The company's policies for its major classes of financial assets and financial liabilities are set out below.

##### **Financial assets**

Basic financial assets, including trade and other debtors, cash and bank balances, intercompany working capital balances, and intercompany financing are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

##### **Financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

# **BLACKCRAIG WIND FARM (SCOTLAND) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

#### **Financial instruments (continued)**

##### **Impairment of financial assets**

Financial assets 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 profit and loss account.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows arising from its value in use discounted at the asset's original effective interest rate. If the 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.

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

##### **Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### **Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

# **BLACKCRAIG WIND FARM (SCOTLAND) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Key accounting estimates and assumptions***

##### ***Determining residual values and useful economic lives of property, plant and equipment***

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance, as well as expectations about future use, and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value, management aim to assess the amount that the company would currently obtain for the disposal of the assets, if it were already of the condition expected at the end of its useful economic life.

# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 4. Turnover

An analysis of turnover by class of business is as follows:

	Year ended 31 December 2019 £	9 month period ended 31 December 2018 £
Electricity	14,113,169	7,986,711
Other income	730,585	629,649
	<u>14,843,754</u>	<u>8,616,360</u>

Analysis of turnover by country of destination:

	Year ended 31 December 2019 £	9 month period ended 31 December 2018 £
United Kingdom	851,113	837,939
Rest of Europe	13,992,641	7,778,421
	<u>14,843,754</u>	<u>8,616,360</u>

### 5. Auditor's remuneration

	Year ended 31 December 2019 £	9 month period ended 31 December 2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>20,250</u>	<u>17,750</u>

# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 6. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 31 December 2019 No.	9 month period ended 31 December 2018 No.
Management	4	4

### 7. Interest receivable

	Year ended 31 December 2019 £	9 month period ended 31 December 2018 £
Interest receivable from group companies	16,765	-
Other interest receivable	2,999	2,391
	<u>19,764</u>	<u>2,391</u>

### 8. Interest payable and similar expenses

	Year ended 31 December 2019 £	9 month period ended 31 December 2018 £
Other loan interest payable	3,720,932	3,417,718
Loans from group undertakings	152,879	590,228
	<u>3,873,811</u>	<u>4,007,946</u>

# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 9. Taxation

	Year ended 31 December 2019 £	9 month period ended 31 December 2018 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	946,931	-
<b>Total deferred tax</b>	946,931	-
<b>Taxation on profit on ordinary activities</b>	946,931	-

#### Factors affecting tax charge for the year/period

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

	Year ended 31 December 2019 £	9 month period ended 31 December 2018 £
Profit/(loss) on ordinary activities before tax	1,764,631	(1,874,494)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	335,280	(356,154)
<b>Effects of:</b>		
Non-tax deductible expenditure	323,949	580,003
Depreciation on non-qualifying assets	141,517	91,178
Deferred tax adjustments	146,185	(315,027)
<b>Total tax charge for the year/period</b>	946,931	-

# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 9. Taxation (continued)

#### Factors that may affect future tax charges

A reduction to the UK corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted as part of the Finance (No. 2) Act 2016 on 6 September 2016. Deferred taxes at the balance sheet date have been measured using the enacted tax rates based on when the timing difference is expected to reverse and reflected in these financial statements.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020.

As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the deferred tax expense for the year by £111,404, and a corresponding increase to the deferred tax liability of £111,404.

### 10. Tangible fixed assets

	Wind power asset £
<b>Cost or valuation</b>	
At 1 January 2019	88,421,278
Additions	576,825
Disposals	(172,251)
At 31 December 2019	88,825,852
<b>Depreciation</b>	
At 1 January 2019	2,947,376
Charge for the year on owned assets	4,469,133
At 31 December 2019	7,416,509
<b>Net book value</b>	
At 31 December 2019	81,409,343
At 31 December 2018	85,473,902

During the year £Nil (2018: £776,790) of financing costs were capitalised.



# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 11. Debtors

	2019 £	2018 £
<b>Due after more than one year</b>		
Other debtors	903,531	902,578
	<u>903,531</u>	<u>902,578</u>
<b>Due within one year</b>		
Trade debtors	2,003,562	313,858
Amounts owed by group undertakings	1,071,964	-
Other debtors	192,048	39,508
Prepayments and accrued income	4,187,280	3,606,625
	<u>7,454,854</u>	<u>3,959,991</u>

### 12. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	2,428,084	3,276,002
	<u>2,428,084</u>	<u>3,276,002</u>

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

	2019 £	2018 £
Other loans	2,045,007	842,364
Trade creditors	161,029	262,315
Amounts owed to group undertakings	-	2,713,466
Accruals and deferred income	1,593,071	1,731,863
	<u>3,799,107</u>	<u>5,550,008</u>

# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 14. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	88,041,927	89,472,318
	<u>88,041,927</u>	<u>89,472,318</u>

Included in other creditors, borrowings totalling £99,816,244 (2018: £100,621,423) were outstanding under the loan facility. The loan is secured by way of a fixed and floating charge over all current and future assets of the company and is repayable in bi-annual amounts. Interest is charged at 3.7%.

In accordance with FRS 102 Section 25, issue costs totalling £9,729,310 (2018: £10,306,741) have been offset against the bank loan and are amortised over the duration of the facility, resulting in a net loan balance of £90,086,934 (2018: £90,314,682).

### 15. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Other loans	2,045,007	842,364
	<u>2,045,007</u>	<u>842,364</u>
<b>Amounts falling due 2-5 years</b>		
Other loans	10,534,787	9,914,705
	<u>10,534,787</u>	<u>9,914,705</u>
<b>Amounts falling due after more than 5 years</b>		
Other loans	77,507,140	79,557,613
	<u>77,507,140</u>	<u>79,557,613</u>
	<u>90,086,934</u>	<u>90,314,682</u>

# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 16. Deferred taxation

	2019 £
Charged to profit or loss	(946,931)
<b>At end of year</b>	<b>(946,931)</b>

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(2,249,770)	-
Tax losses carried forward	3,082,308	-
Other timing differences	(1,779,469)	-
	<b>(946,931)</b>	<b>-</b>

### 17. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
1 (2018 -1) Ordinary share of £1.00	<b>1</b>	<b>1</b>

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

### 18. Reserves

#### Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

# BLACKCRAIG WIND FARM (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 19. Analysis of net debt

	At 1 January 2019 £	Cash flows £	Other non- cash changes £	At 31 December 2019 £
Cash at bank and in hand	3,276,002	(847,918)	-	2,428,084
Debt due after 1 year	(89,472,318)	(614,616)	2,045,007	(88,041,927)
Debt due within 1 year	(842,364)	842,364	(2,045,007)	(2,045,007)
	<u>(87,038,680)</u>	<u>(620,170)</u>	<u>-</u>	<u>(87,658,850)</u>

### 20. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	1,649,918	1,638,238
Later than 1 year and not later than 5 years	6,599,673	6,552,953
Later than 5 years	20,411,379	21,877,478
	<u>28,660,970</u>	<u>30,068,669</u>

### 21. Related party transactions

The company has taken advantage of the exemption available in FRS102 Section 33.1A "Related party disclosures" whereby it has not disclosed transactions with its parent and group undertakings as it is a wholly owned subsidiary.

### 22. Controlling party

The immediate parent company is Blackcraig Windfarm Holdings Limited.

In the opinion of the directors there is no ultimate controlling party.