

REGISTERED NUMBER: SC520342 (Scotland)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
FOR
LDV HARBURNHEAD HOLDINGS LIMITED**

WEDNESDAY



SCT *S7BWEU0J* 08/08/2018 #227
COMPANIES HOUSE

Magma Audit LLP
Chartered Accountants
Statutory Auditor
Magma House, 16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

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for the year ended 31 March 2018**

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LDV HARBURNHEAD HOLDINGS LIMITED

COMPANY INFORMATION
for the year ended 31 March 2018

DIRECTORS:

W Cranstone
R Crosbie Dawson
K Khevenhueller-Metsch
G Khevenhueller-Metsch

SECRETARY:

Pinsent Masons Secretarial Limited

REGISTERED OFFICE:

13 Queen's Road
Aberdeen
AB15 4YL

REGISTERED NUMBER:

SC520342 (Scotland)

AUDITORS:

Magma Audit LLP
Chartered Accountants
Statutory Auditor
Magma House, 16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

GROUP STRATEGIC REPORT
for the year ended 31 March 2018

The Group owns the Harburnhead Wind Farm located in Scotland. The wind farm has performed according to expectations in the year and the Group has met all banking facility covenants and has made bank facility repayments due under this facility. The Group has also used excess cash to make loan note repayments in the year.

The main risks faced by the Group are as follows:

- Interest rate risk on the bank facility: this is managed by use of an interest rate swap arrangement;
- Volume of electricity produced by the Wind Farm: the Group continues to monitor the asset and has a long term operation and maintenance agreement in place;
- Price achieved for the electricity produced: the Group has a power purchase agreement in place and actively monitors opportunities to fix power prices if appropriate.

The Group has accrued retained earnings in the year and will continue to make loan note repayments of excess cash until these loan notes have been fully repaid. At this time the Group expects sufficient retained earnings to be available to declare dividends.

ON BEHALF OF THE BOARD:


.....
W Cranstone - Director

Date: 18/6/2018

REPORT OF THE DIRECTORS
for the year ended 31 March 2018

The Directors present their report with the Financial Statements of the Company and the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Group in the year under review was that of operation of a UK onshore wind farm for the production and sale of renewable energy.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2018.

DIRECTORS

The Directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

W Cranstone
R Crosbie Dawson
K Khevenhueller-Metsch
G Khevenhueller-Metsch

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the Group and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's Auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's Auditors are aware of that information.

AUDITORS

The Auditors, Magma Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
W Cranstone - Director

Date: 18/6/2018

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LDV HARBURNHEAD HOLDINGS LIMITED**

Opinion

We have audited the Financial Statements of LDV Harburnhead Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Group's and of the Parent Company affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC'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 Group'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.

Other information

The Directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the Financial Statements and our Report of the Auditors thereon.

Our opinion on the Financial Statements does not cover the other information and 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, 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 Group Strategic Report and the Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
LDV HARBURNHEAD HOLDINGS LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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 necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Our 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 a Report of the Auditors 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. This description forms part of our Report of the Auditors.



Richard Lodder (Senior Statutory Auditor)
for and on behalf of Magma Audit LLP
Chartered Accountants
Statutory Auditor
Magma House, 16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

Date: 18th June 2018

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2018

	Notes	2018 £	2017 £
TURNOVER		11,472,071	3,704,133
Cost of sales		<u>-</u>	<u>(496,847)</u>
GROSS PROFIT		11,472,071	3,207,286
Administrative expenses		<u>(5,180,049)</u>	<u>(1,584,423)</u>
OPERATING PROFIT	4	6,292,022	1,622,863
Interest receivable and similar income	5	<u>2,004,289</u>	<u>1,449</u>
		8,296,311	1,624,312
Interest payable and similar expenses	6	<u>(3,919,870)</u>	<u>(3,087,224)</u>
PROFIT/(LOSS) BEFORE TAXATION		4,376,441	(1,462,912)
Tax on profit/(loss)	7	<u>(500,114)</u>	<u>467,811</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>3,876,327</u>	<u>(995,101)</u>
Profit/(loss) attributable to: Owners of the Parent		<u>3,876,327</u>	<u>(995,101)</u>

CONSOLIDATED OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2018

	Notes	2018 £	2017 £
PROFIT/(LOSS) FOR THE YEAR		3,876,327	(995,101)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,876,327</u>	<u>(995,101)</u>
Total comprehensive income attributable to: Owners of the Parent		<u>3,876,327</u>	<u>(995,101)</u>

CONSOLIDATED BALANCE SHEET
31 March 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	9	67,358,847	69,067,983
Investments	10	-	-
		<u>67,358,847</u>	<u>69,067,983</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	2,978,076	2,678,096
Debtors: amounts falling due after more than one year	11	1,078,773	1,069,611
Cash at bank		<u>6,882,195</u>	<u>7,538,621</u>
		<u>10,939,044</u>	<u>11,286,328</u>
CREDITORS			
Amounts falling due within one year	12	<u>3,146,512</u>	<u>4,613,645</u>
NET CURRENT ASSETS		<u>7,792,532</u>	<u>6,672,683</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>75,151,379</u>	<u>75,740,666</u>
CREDITORS			
Amounts falling due after more than one year	13	(73,449,536)	(79,484,854)
PROVISIONS FOR LIABILITIES	18	<u>(1,576,204)</u>	<u>(6,500)</u>
NET ASSETS/(LIABILITIES)		<u>125,639</u>	<u>(3,750,688)</u>
CAPITAL AND RESERVES			
Called up share capital	19	1	1
Capital contributions	20	22,396	1,217,416
Retained earnings	20	<u>103,242</u>	<u>(4,968,105)</u>
SHAREHOLDERS' FUNDS		<u>125,639</u>	<u>(3,750,688)</u>

The Financial Statements were approved by the Board of Directors on 18/6/2018 and were signed on its behalf by:


W Cranstone Director

COMPANY BALANCE SHEET
31 March 2018,

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	9	-	-
Investments	10	<u>1</u>	<u>1</u>
		<u>1</u>	<u>1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>1</u></u>	<u><u>1</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	<u>1</u>	<u>1</u>
SHAREHOLDERS' FUNDS		<u><u>1</u></u>	<u><u>1</u></u>
Company's profit for the financial year		<u>-</u>	<u>-</u>

The Financial Statements were approved by the Board of Directors on 18/6/2018 and were signed on its behalf by:


.....
W Cranstone / Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2018

	Called up share capital £	Retained earnings £	Capital contributions £	Total equity £
Balance at 1 April 2016	1	(4,559,334)	1,803,746	(2,755,587)
Changes in equity				
Total comprehensive income	-	(995,101)	-	(995,101)
Notional interest charge on loan notes	-	709,330	(709,330)	-
Deferred tax movement on loan notes	-	(123,000)	123,000	-
Balance at 31 March 2017	<u>1</u>	<u>(4,968,105)</u>	<u>1,217,416</u>	<u>(3,750,688)</u>
Changes in equity				
Total comprehensive income	-	3,876,327	-	3,876,327
Notional interest charge on loan notes	-	1,237,210	(1,237,210)	-
Deferred tax movement on loan notes	-	(42,190)	42,190	-
Balance at 31 March 2018	<u>1</u>	<u>103,242</u>	<u>22,396</u>	<u>125,639</u>

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2016	1	-	1
Changes in equity			
Balance at 31 March 2017	1	-	1
Changes in equity			
Balance at 31 March 2018	1	-	1

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	1	7,908,105	4,475,719
Interest paid		(3,036,110)	-
Tax paid		(21)	(689)
Net cash from operating activities		<u>4,871,974</u>	<u>4,475,030</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(192,384)	(21,905,770)
Interest received		<u>21,568</u>	<u>1,449</u>
Net cash from investing activities		<u>(170,816)</u>	<u>(21,904,321)</u>
Cash flows from financing activities			
Drawdown of bank loans in year		-	30,158,386
Bank overdraft repayments in year		-	(5,195,000)
Bank loan repayments in year		(2,757,584)	-
Loan note repayments in the year		<u>(2,600,000)</u>	<u>-</u>
Net cash from financing activities		<u>(5,357,584)</u>	<u>24,963,386</u>
(Decrease)/increase in cash and cash equivalents		<u>(656,426)</u>	<u>7,534,095</u>
Cash and cash equivalents at beginning of year	2	<u>7,538,621</u>	<u>4,526</u>
Cash and cash equivalents at end of year	2	<u><u>6,882,195</u></u>	<u><u>7,538,621</u></u>

The Notes form part of these Financial Statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2018

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit/(loss) before taxation	4,376,441	(1,462,912)
Depreciation charges	2,991,731	977,178
Profit on disposal of fixed assets	(20,600)	-
Finance costs	3,919,870	3,087,224
Finance income	<u>(2,004,289)</u>	<u>(1,449)</u>
	9,263,153	2,600,041
(Increase)/decrease in trade and other debtors	(299,980)	4,139,785
Decrease in trade and other creditors	<u>(1,055,068)</u>	<u>(2,264,107)</u>
Cash generated from operations	<u>7,908,105</u>	<u>4,475,719</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2018

	31.3.18	1.4.17
	£	£
Cash and cash equivalents	<u>6,882,195</u>	<u>7,538,621</u>

Year ended 31 March 2017

	31.3.17	1.4.16
	£	£
Cash and cash equivalents	<u>7,538,621</u>	<u>4,526</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

1. STATUTORY INFORMATION

LDV Harburnhead Holdings Limited is a Group, registered in Scotland. Its registered office address is 13 Queen's Road, Aberdeen, United Kingdom, AB15 4YL and the registered number is SC520342.

2. ACCOUNTING POLICIES

Basis of preparing the Financial Statements

These Financial Statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The Financial Statements have been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of Financial Statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed within the Notes to the Financial Statements.

The Parent Company is a private Company limited by shares and is incorporated in Scotland. The address of the registered office is 13 Queen's Road, Aberdeen, United Kingdom, AB15 4YL.

The Financial Statements are presented in Sterling (£).

Statement of compliance

The individual statements of the Group have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all years presented in relation to the Company's subsidiary undertakings, unless otherwise stated.

The preparation of Financial Statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed within the Notes to the Financial Statements.

Basis of consolidation

The Group consolidated Financial Statements include the Financial Statements of the Company and all of its subsidiary undertakings.

A subsidiary is a controlled entity of the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2018

2. ACCOUNTING POLICIES - continued

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(ii) Valuation of loan notes

The Directors measure the loan notes at the present value of future receipts discounted at a market rate of interest and subsequently at amortised cost. Estimates are made of the expected rate of return on the loan notes and the repayments expected to be made.

(iii) Fair value of derivatives

The Directors measure derivatives at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the swaps at 31 March 2018 are the 6 month LIBOR rates (2017: 3 and 6 month LIBOR rates).

(iv) Provisions

Provision is made for asset decommissioning obligations, dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discounts rates used to establish net present value of the obligations require management's judgement.

Turnover

Turnover represents the fair value of the consideration received or receivable for goods rendered during the period, exclusive of Value Added Tax, derived from the generation of electricity.

In the case of 'Brown' energy and revenue on Renewable Obligation Certificates (ROCs), revenue is recognised in the month that it is generated.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition. Expenditure on construction of tangible fixed assets is included in assets under construction within the Balance Sheet, at cost, until the asset is brought into use at which point it is transferred to the appropriate fixed asset category. Such costs include all costs directly attributable to bringing the tangible fixed asset into working condition for the intended use. In the current year the assets held in the course of construction were completed and transferred to plant and machinery.

Finance costs are included in the cost of tangible assets when they are directly attributable to the construction of tangible fixed assets. Following the completion of the asset, depreciation is provided to write off the asset over a period of 24 years from the date it is brought into use.

Depreciation is provided at the following annual rates in order to write off each asset, net of anticipated disposal proceeds, over its estimated useful economic life. Depreciation is charged at the following rates:

Plant and machinery - 24 to 35 years from the date the asset was brought into use.

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.

Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2018

2. **ACCOUNTING POLICIES - continued**

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors 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 receipts discounted at a market rate of interest.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Non-basic financial liabilities, including derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Income Statement in finance costs or finance income as appropriate.

Taxation

The tax expense for the year comprises current and deferred tax.

Tax is recognised in the Income Statement except that a change attributable to an item of income and expense recognised as Other Comprehensive Income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 probably 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.

Both current and deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Operating leasing commitments

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 bases over the period of the lease.

Investments

Investment in the subsidiary Company is held at cost less accumulated impairment losses.

Provisions

Provision is made for the net present value of the estimated future decommissioning costs at the end of the operating life of the wind farm. This provision is made when construction of the wind farm has reached a stage when decommissioning of the constructed plant would incur material costs. The provision is calculated using estimated costs of decommissioning, and these estimates have been arrived at by consideration of the expected costs of contracts to remove the installed plant. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money. A corresponding asset is recognised and included within the wind farm assets and is depreciated over the life of the wind farm. The estimated future cost of decommissioning obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology.

Share capital

Ordinary shares are classified as equity.

3. **EMPLOYEES AND DIRECTORS**

There were no staff costs for the year ended 31 March 2018 nor for the year ended 31 March 2017.

The average number of employees during the year was NIL (2017 - NIL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2018

3. EMPLOYEES AND DIRECTORS - continued

The average number of employees by undertakings that were proportionately consolidated during the year was NIL (2017 - NIL).

	2018	2017
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Other operating leases	993,690	171,085
Depreciation - owned assets	2,991,731	977,178
Profit on disposal of fixed assets	(20,600)	-
Auditors' remuneration	7,600	7,250
Auditors' remuneration for non audit work	<u>1,630</u>	<u>1,550</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	£
Deposit account interest	30,730	1,449
Adjustment in relation to fair value of interest rate swaps	<u>1,973,559</u>	<u>-</u>
	<u>2,004,289</u>	<u>1,449</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	2,682,660	908,680
Adjustment in relation to fair value of interest rate swaps	-	1,469,214
Notional interest on amortised cost of loan notes	<u>1,237,210</u>	<u>709,330</u>
	<u>3,919,870</u>	<u>3,087,224</u>

7. TAXATION**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	21	689
Deferred tax	<u>500,093</u>	<u>(468,500)</u>
Tax on profit/(loss)	<u>500,114</u>	<u>(467,811)</u>

UK corporation tax has been charged at 19%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2018

7. TAXATION - continued**Reconciliation of total tax charge/(credit) included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit/(loss) before tax	<u>4,376,441</u>	<u>(1,462,912)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	831,524	(277,953)
Effects of:		
Expenses not deductible for tax purposes	(13,764)	(379,026)
Income not taxable for tax purposes	(325,289)	-
Capital allowances in excess of depreciation	(1,262,182)	(452,870)
Utilisation of tax losses	769,711	1,109,849
Adjustments to tax charge in respect of previous periods	(58,813)	-
Deferred tax adjustment	<u>558,927</u>	<u>(467,811)</u>
Total tax charge/(credit)	<u>500,114</u>	<u>(467,811)</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the Parent Company is not presented as part of these Financial Statements.

9. TANGIBLE FIXED ASSETS

Group	Plant and machinery £
COST	
At 1 April 2017	70,045,161
Additions	2,761,995
Disposals	<u>(1,500,000)</u>
At 31 March 2018	<u>71,307,156</u>
DEPRECIATION	
At 1 April 2017	977,178
Charge for year	2,991,731
Eliminated on disposal	<u>(20,600)</u>
At 31 March 2018.	<u>3,948,309</u>
NET BOOK VALUE	
At 31 March 2018	<u>67,358,847</u>
At 31 March 2017	<u>69,067,983</u>

Finance costs capitalised to date total £2,213,055 (2017: £2,213,055) which were incurred as part of the construction of the assets. Included within these costs is interest capitalised which totals £1,140,532 (2017: £1,140,532).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2018

10. FIXED ASSET INVESTMENTS

Company

Shares in
Group
undertakings
£

COST

At 1 April 2017
and 31 March 20181

NET BOOK VALUE

At 31 March 2018

1

At 31 March 2017

1

The Group or the Company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

LDV Harburnhead Limited

Registered office: United Kingdom

Nature of business: Construction and management of a windfarm

Class of shares:	%
Ordinary	holding 100.00

Aggregate capital and reserves

Profit/(loss) for the year

2018	2017
£	£
125,639	(3,750,688)
<u>3,876,327</u>	<u>(995,101)</u>

11. DEBTORS

Group

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	782	2,563
VAT	2,325	-
Prepayments and accrued income	<u>2,974,969</u>	<u>2,675,533</u>
	<u>2,978,076</u>	<u>2,678,096</u>
Amounts falling due after more than one year:		
Other debtors	<u>1,078,773</u>	<u>1,069,611</u>
Aggregate amounts	<u>4,056,849</u>	<u>3,747,707</u>

Included within other debtors are amounts totalling £1,069,611 (2017: £1,069,611), due in over 1 year and held in escrow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2018

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2018	2017
	£	£
Bank loans and overdrafts (see note 14)	2,764,307	2,952,007
Trade creditors	64,834	349,676
VAT	-	83,605
Other creditors	-	381,710
Accruals and deferred income	317,371	846,647
	<u>3,146,512</u>	<u>4,613,645</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2018	2017
	£	£
Bank loans (see note 14)	62,307,686	65,013,382
Amounts owed to Group undertakings	4,535,724	5,217,119
Other creditors	4,924,141	5,598,809
Fair value of swap	1,681,985	3,655,544
	<u>73,449,536</u>	<u>79,484,854</u>

The Group entered into an interest rate swap to mitigate the interest rate risk of its bank loans. As at 31 March 2018, the interest rate swap fixes the interest at 1.801% and is due for settlement by 2032, payable by instalments.

The interest rate swap is measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the interest rate swap at 31 March 2018 are the 6 month LIBOR rates (2017: 3 and 6 month LIBOR rates).

14. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>2,764,307</u>	<u>2,952,007</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>2,793,361</u>	<u>2,705,696</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>11,393,796</u>	<u>10,698,130</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans due in more than five years	<u>48,120,529</u>	<u>51,609,556</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2018

14. LOANS - continued**Group**

The Group's bank loans accrue interest on a 6 monthly basis at the 6 month LIBOR rate. The loans are repayable in 6 monthly instalments and are due to be fully repaid by 2032.

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	431,481	415,483
Between one and five years	1,725,925	1,661,933
In more than five years	<u>9,140,466</u>	<u>9,217,045</u>
	<u><u>11,297,872</u></u>	<u><u>11,294,461</u></u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2018	2017
	£	£
Bank loans	<u><u>65,071,993</u></u>	<u><u>67,965,389</u></u>

The bank loans are secured by fixed and floating charges over the assets, licences, agreements and undertakings of the business. The charges prohibit or restrict the Group from creating further security that will rank equally with or ahead of the charges.

The bank holds 100% of the issued share capital as a Security Trustee of the business.

The bank holds all of the tenant's interests under the lease agreements held by the Group.

17. FINANCIAL INSTRUMENTS**Group**

The Group has the following financial instruments:

	£	2018 £	£	2017 £
Financial assets that are debt instruments measured at amortised cost				
- Trade debtors	782		2,563	
- Other debtors	<u>1,078,773</u>		<u>1,069,611</u>	
		<u><u>1,079,555</u></u>		<u><u>1,072,174</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2018Financial liabilities measured at
amortised cost

- Bank loans and overdrafts	65,071,993	67,965,389
- Trade creditors	64,834	349,676
- Other creditors	4,924,141	5,980,519
- Amounts owed to Group undertakings	4,535,724	5,217,119
	<u>74,596,692</u>	<u>79,512,703</u>

Financial liabilities measured at fair
value

- Interest rate swap	1,681,985	3,655,544
	<u>1,681,985</u>	<u>3,655,544</u>

Company

The Company has no financial instruments.

18. PROVISIONS FOR LIABILITIES

	Group	
	2018 £	2017 £
Deferred tax	<u>506,593</u>	<u>6,500</u>
Other provisions	<u>1,069,611</u>	<u>-</u>
Aggregate amounts	<u>1,576,204</u>	<u>6,500</u>
Group		
	Deferred tax £	Other provisions £
Balance at 1 April 2017	6,500	-
Provided during year	500,093	-
Provision for decommissioning	-	1,069,611
Balance at 31 March 2018	<u>506,593</u>	<u>1,069,611</u>

Provisions are made for the net present value of the estimated future decommissioning costs at the end of the operating life of the wind farm. The provision is calculated using estimated costs of decommissioning. An average inflation rate of 3% has been applied and then this has been discounted at the Groups weighted average cost of capital.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:
Number: Class:

	Nominal value:	2018 £	2017 £
100 Ordinary	£0.01	<u>1</u>	<u>1</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2018

20. RESERVES

Group	Retained earnings £	Capital contributions £	Totals £
At 1 April 2017	(4,968,105)	1,217,416	(3,750,689)
Profit for the year	3,876,327		3,876,327
Notional interest charge on loan notes	1,237,210	(1,237,210)	-
Deferred tax movement on loan notes	(42,190)	42,190	-
At 31 March 2018	<u>103,242</u>	<u>22,396</u>	<u>125,638</u>

Company	Retained earnings £
Profit for the year	-
At 31 March 2018	<u>-</u>

Included within retained earnings is a non-distributable loss of £1,681,985 (2017: £3,665,544) in respect of the fair value of the interest rate swap.

The capital contribution reserve has arisen due to the requirement in FRS 102 to record the Group's loan notes at the present value of future payments discounted at a market rate of interest and subsequently at amortised cost. A notional interest charge is made each year and is transferred from retained earnings to the capital contribution reserve.

21. CAPITAL COMMITMENTS

	2018 £	2017 £
Contracted but not provided for in the Financial Statements	<u>-</u>	<u>1,128,575</u>

The capital commitment related to a further commitment of capital expenditure for the maintenance of the wind farm.

22. RELATED PARTY DISCLOSURES

The Group has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2018**

22. RELATED PARTY DISCLOSURES - continued

At the year end, amounts owed to the Group Company in respect of loan notes was £4,701,827 (2017: £6,001,827). Following the transition to FRS 102, the loan notes have been revalued. Of the loan notes payable, £4,535,724 (2017: £5,217,119) is shown within amounts owed to Group undertakings falling due after more than one year, and £166,104 (2017: £784,709) is shown within capital contributions. The loan notes are interest free and are repayable over 14 years from January 2016.

At the year end, included within other creditors due in more than one year, was an amount owed to the Company in respect of loan notes to a Company with a joint Director totalling £585,983 (2017: £748,000). Following the transition to FRS 102, the loan notes have been revalued. Of the loan notes payable, £565,282 (2017: £650,203) is shown within other creditors falling due after more than one year, and £20,701 (2017: £97,797) is shown within capital contributions. The loan notes are interest free and are repayable over 14 years from January 2016.

At the year end, included within other creditors due in more than one year, was an amount owed to the Directors in respect of loan notes totalling £4,115,844 (2017: £5,212,119). Following the transition to FRS 102, the loan notes have been revalued. Of the loan notes payable, £3,970,442 (2017: £4,256,452) is shown within other creditors falling due after more than one year, and £145,402 (2017: £686,912) is shown within capital contributions. The loan notes are interest free and are repayable over 14 years from January 2016.

23. ULTIMATE CONTROLLING PARTY

There was no ultimate controlling party as no individual shareholder had a controlling holding during the current year or the preceding year.