

REGISTERED NUMBER: SC520342 (Scotland)

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
FOR
LDV HARBURNHEAD HOLDINGS LIMITED**

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 2021

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LDV HARBURNHEAD HOLDINGS LIMITED

COMPANY INFORMATION
for the year ended 31 March 2021

DIRECTORS:

W Cranstone
K Khevenhueller-Metsch
G Khevenhueller-Metsch
O G Hughes

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 2021

REVIEW OF BUSINESS

Principal activity

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.

Performance in the year

Turnover for the year has decreased from £12,214,688 to £11,321,289. Around 50% of the budgeted income is received from wholesale power prices. Turnover was reduced mainly due to lower electricity in the year. Whilst wholesale prices were extremely low in the summer of 2020 due to the COVID-19 pandemic, these have since recovered.

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 dividend payments in the year. The group has accrued retained earnings in the year and will continue to make payments of excess cash in the form of dividends

Position at the year-end

At the year end the group has net current assets of £3,999,775 (2020: £6,692,444) and net assets of £4,478,689 (2020: £4,482,422).

Key performance indicators

- Volume of electricity produced by the wind farm
- Price achieved for the electricity produced

PRINCIPAL RISKS AND UNCERTAINTIES

Strategic

The principal risks facing the group are the volume of electricity produced and the prices achieved when this electricity is sold on wholesale power markets. The availability of the windfarm remains in line with expectations and the windfarm generated 120,384MWh of electricity in the year. This was marginally below of the budget of 139,000 MWh.

Financial

The group is partially exposed to movements in energy prices. The group continues to consider if wholesale prices should be fixed on a periodic basis to reduce this risk. Due to commercial sensitivity, further detail is not provided in this Strategic Report.

The group is exposed to interest rate risk in respect of its bank loan. The group has an interest rate swap, which fixes its interest rate and mitigates the risk of changes in the interest rates.

Operational

The directors have considered the potential impact of Brexit and do not see that this would have any significant impact to the ongoing operations under the current Government proposals.

ON BEHALF OF THE BOARD:



.....
W Cranstone - Director

Date: 24 June 2021

**REPORT OF THE DIRECTORS
for the year ended 31 March 2021**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

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

Total interim dividends of £196,346 (2019: £nil) have been declared and paid in the year ended 31 March 2020.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

W Cranstone
K Khevenhueller-Metsch
G Khevenhueller-Metsch
O G Hughes

FINANCIAL INSTRUMENTS

The group uses financial instruments, which include cash borrowings, cash and other liquid resources. The main risks arising from the group's financial instruments are interest rate changes and liquidity risk. The directors regularly review and agree policies for the mitigation of these risks.

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.

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

REPORT OF THE DIRECTORS
for the year ended 31 March 2021

AUDITORS

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

ON BEHALF OF THE BOARD:

Wayne Cranstone

.....
W Cranstone - Director

Date: 24 June 2021

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 2021 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).

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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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, 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 set out on page three, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and the industry, we have identified the principal risks of non-compliance with laws and regulations, and we have considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed included:

- Enquires with management for consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Challenging assumptions made by management in their accounting estimates.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, journal entries crediting revenue, journal entries crediting cash and journal entries with specific defined descriptions.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting in error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through collusion.

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.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

Magma Audit LLP

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: 25th June 2021

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2021

	Notes	2021 £	2020 £
TURNOVER		11,321,289	12,214,688
Administrative expenses		<u>(6,281,618)</u>	<u>(6,217,105)</u>
OPERATING PROFIT	4	5,039,671	5,997,583
Interest receivable and similar income	5	<u>11,356</u>	<u>52,845</u>
		5,051,027	6,050,428
Interest payable and similar expenses	6	<u>(2,366,949)</u>	<u>(2,534,956)</u>
PROFIT BEFORE TAXATION		2,684,078	3,515,472
Tax on profit	7	<u>(610,244)</u>	<u>(900,292)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>2,073,834</u>	<u>2,615,180</u>
Profit attributable to: Owners of the parent		<u>2,073,834</u>	<u>2,615,180</u>

The notes form part of these financial statements

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2021**

	Notes	2021 £	2020 £
PROFIT FOR THE YEAR		2,073,834	2,615,180
OTHER COMPREHENSIVE INCOME			
Change in value of hedging instrument		1,756,090	(2,122,646)
Income tax relating to other comprehensive income		(333,657)	403,303
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		1,422,433	(1,719,343)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,496,267	895,837
Total comprehensive income attributable to: Owners of the parent		3,496,267	895,837

The notes form part of these financial statements

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

CONSOLIDATED BALANCE SHEET
31 March 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	10	58,824,904	61,667,642
Investments	11	-	-
		<u>58,824,904</u>	<u>61,667,642</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	3,121,444	3,932,572
Debtors: amounts falling due after more than one year	12	1,093,934	1,093,934
Cash at bank		5,245,215	5,735,985
		<u>9,460,593</u>	<u>10,762,491</u>
CREDITORS			
Amounts falling due within one year	13	(5,460,818)	(4,070,047)
NET CURRENT ASSETS		<u>3,999,775</u>	<u>6,692,444</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		62,824,679	68,360,086
CREDITORS			
Amounts falling due after more than one year	14	(55,146,460)	(61,647,907)
PROVISIONS FOR LIABILITIES	18	(3,199,530)	(2,229,757)
NET ASSETS		<u>4,478,689</u>	<u>4,482,422</u>
CAPITAL AND RESERVES			
Called up share capital	19	1	1
Cash flow hedge reserve	20	(2,643,377)	(4,065,810)
Retained earnings	20	7,122,065	8,548,231
SHAREHOLDERS' FUNDS		<u>4,478,689</u>	<u>4,482,422</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2021 and were signed on its behalf by:

Wayne Cranstone

.....
W Cranstone - Director

The notes form part of these financial statements

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

COMPANY BALANCE SHEET
31 March 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	10	-	-
Investments	11	1	1
		<u>1</u>	<u>1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital	19	1	1
SHAREHOLDERS' FUNDS		<u>1</u>	<u>1</u>
Company's profit for the financial year		<u>3,500,000</u>	<u>196,346</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2021 and were signed on its behalf by:

Wayne Cranstone

.....
W Cranstone - Director

The notes form part of these financial statements

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2021**

	Called up share capital £	Retained earnings £	Capital contributions £	Cash flow hedge reserve £	Total equity £
Balance at 1 April 2019	1	6,089,857	39,540	(2,346,467)	3,782,931
Changes in equity					
Dividends	-	(196,346)	-	-	(196,346)
Total comprehensive income	-	2,615,180	-	(1,719,343)	895,837
Notional interest charge on loan notes	-	39,540	(39,540)	-	-
Balance at 31 March 2020	<u>1</u>	<u>8,548,231</u>	<u>-</u>	<u>(4,065,810)</u>	<u>4,482,422</u>
Changes in equity					
Dividends	-	(3,500,000)	-	-	(3,500,000)
Total comprehensive income	-	2,073,834	-	1,422,433	3,496,267
Balance at 31 March 2021	<u>1</u>	<u>7,122,065</u>	<u>-</u>	<u>(2,643,377)</u>	<u>4,478,689</u>

The notes form part of these financial statements

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2019	1	-	1
Changes in equity			
Dividends	-	(196,346)	(196,346)
Total comprehensive income	-	196,346	196,346
Balance at 31 March 2020	1	-	1
Changes in equity			
Dividends	-	(3,500,000)	(3,500,000)
Total comprehensive income	-	3,500,000	3,500,000
Balance at 31 March 2021	1	-	1

The notes form part of these financial statements

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	8,536,497	8,551,411
Interest paid		(2,206,924)	(2,495,416)
Net cash from operating activities		<u>6,329,573</u>	<u>6,055,995</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(151,132)	(226,025)
Interest received		11,356	52,845
Net cash from investing activities		<u>(139,776)</u>	<u>(173,180)</u>
Cash flows from financing activities			
Bank loan repayments in year		(3,180,567)	(2,888,545)
Loan note repayments in year		-	(4,203,654)
Equity dividends paid		(3,500,000)	(196,346)
Net cash from financing activities		<u>(6,680,567)</u>	<u>(7,288,545)</u>
Decrease in cash and cash equivalents		<u>(490,770)</u>	<u>(1,405,730)</u>
Cash and cash equivalents at beginning of year	2	5,735,985	7,141,715
Cash and cash equivalents at end of year	2	<u><u>5,245,215</u></u>	<u><u>5,735,985</u></u>

The notes form part of these financial statements

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2021**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2021 £	2020 £
Profit before taxation	2,684,078	3,515,472
Depreciation charges	2,993,870	2,991,064
Increase in other provisions	25,872	25,713
Finance costs	2,366,949	2,534,956
Finance income	(11,356)	(52,845)
	<u>8,059,413</u>	<u>9,014,360</u>
Decrease/(increase) in trade and other debtors	793,595	(756,449)
(Decrease)/increase in trade and other creditors	(316,511)	293,500
	<u>8,536,497</u>	<u>8,551,411</u>
Cash generated from operations	<u><u>8,536,497</u></u>	<u><u>8,551,411</u></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 2021

	31/3/21 £	1/4/20 £
Cash and cash equivalents	<u>5,245,215</u>	<u>5,735,985</u>

Year ended 31 March 2020

	31/3/20 £	1/4/19 £
Cash and cash equivalents	<u>5,735,985</u>	<u>7,141,715</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/4/20 £	Cash flow £	At 31/3/21 £
Net cash			
Cash at bank	5,735,985	(490,770)	5,245,215
	<u>5,735,985</u>	<u>(490,770)</u>	<u>5,245,215</u>
Debt			
Debts falling due within 1 year	(3,073,883)	(1,724,815)	(4,798,698)
Debts falling due after 1 year	(56,628,388)	4,745,357	(51,883,031)
	<u>(59,702,271)</u>	<u>3,020,542</u>	<u>(56,681,729)</u>
Total	<u><u>(53,966,286)</u></u>	<u><u>2,529,772</u></u>	<u><u>(51,436,514)</u></u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2021

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 financial statements are presented in Sterling (£).

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.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

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.

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.

(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) Fair value of derivatives

The directors measure derivatives at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumption used in valuing the swaps at 31 March 2021 is the 6 month LIBOR rate (2020: 6 month LIBOR rate).

(iii) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021

2. ACCOUNTING POLICIES - continued

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 years from the date the asset was brought into use, or the end of the lease.

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021

2. ACCOUNTING POLICIES - continued

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.

(iii) Hedging arrangements

The group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the Statement of Comprehensive Income.

The gain or loss recognised in other comprehensive income is reclassified to the Income Statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Taxation

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

Tax is recognised in the income statement 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.

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.

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 farms 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021

2. ACCOUNTING POLICIES - continued**Share capital**

Ordinary shares are classified as equity.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 March 2021 nor for the year ended 31 March 2020.

The average number of employees in the year was nil (2020: nil).

	2021 £	2020 £
Directors' remuneration	-	-

4. OPERATING PROFIT

The operating profit is stated after charging:

	2021 £	2020 £
Other operating leases	871,987	981,562
Depreciation - owned assets	2,993,870	2,991,064
Auditors' remuneration	11,600	11,300
Auditors' remuneration for non audit work	1,810	1,760

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £	2020 £
Deposit account interest	11,356	52,845

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £	2020 £
Bank interest	2,366,949	2,495,416
Notional interest on amortised cost of loan notes	-	39,540

7. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2021 £	2020 £
Deferred tax	610,244	900,292
Tax on profit	610,244	900,292

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	2021 £	2020 £
Profit before tax	<u>2,684,078</u>	<u>3,515,472</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	509,975	667,940
Effects of:		
Expenses not deductible for tax purposes	(20,056)	(6,860)
Income not taxable for tax purposes	49,687	49,687
Capital allowances in excess of depreciation	(440,249)	(649,529)
Utilisation of tax losses	(99,357)	(61,238)
Deferred tax adjustment	<u>610,244</u>	<u>900,292</u>
Total tax charge	<u>610,244</u>	<u>900,292</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2021 Tax £	Net £
Change in value of hedging instrument	<u>1,756,090</u>	<u>(333,657)</u>	<u>1,422,433</u>
	Gross £	2020 Tax £	Net £
Change in value of hedging instrument	<u>(2,122,646)</u>	<u>403,303</u>	<u>(1,719,343)</u>

Factors affecting current and future tax charges

The mainstream UK corporation tax rate was 19% in the period to 31 March 2021.

The Finance Bill 2021 provided for an increase in the mainstream corporation tax rate to 25% from 1 April 2023. The Finance Bill 2021 has not been substantially enacted at the balance sheet. Deferred tax has been calculated at 19%.

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. DIVIDENDS

	2021 £	2020 £
Ordinary shares of £0.01 each		
Interim	<u>3,500,000</u>	<u>196,346</u>

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021**

10. TANGIBLE FIXED ASSETS

Group

	Plant and machinery £
COST	
At 1 April 2020	71,580,102
Additions	151,132
At 31 March 2021	<u>71,731,234</u>
DEPRECIATION	
At 1 April 2020	9,912,460
Charge for year	2,993,870
At 31 March 2021	<u>12,906,330</u>
NET BOOK VALUE	
At 31 March 2021	<u>58,824,904</u>
At 31 March 2020	<u>61,667,642</u>

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertaking £
COST	
At 1 April 2020 and 31 March 2021	<u>1</u>
NET BOOK VALUE	
At 31 March 2021	<u>1</u>
At 31 March 2020	<u>1</u>

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	100.00

	2021 £	2020 £
Aggregate capital and reserves	-	5,382,714
Profit for the year	-	3,515,472
	<u> </u>	<u> </u>

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021**

12. DEBTORS

	2021	Group
	£	2020
		£
Amounts falling due within one year:		
Trade debtors	1,187	15,750
VAT	17,108	-
Prepayments and accrued income	3,103,149	3,916,822
	<u>3,121,444</u>	<u>3,932,572</u>
Amounts falling due after more than one year:		
Other debtors	<u>1,093,934</u>	<u>1,093,934</u>
Aggregate amounts	<u>4,215,378</u>	<u>5,026,506</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	Group
	£	2020
		£
Bank loans and overdrafts (see note 15)	4,798,698	3,073,883
Trade creditors	262,742	113,628
VAT	-	17,533
Other creditors	38,417	388,417
Accruals and deferred income	360,961	476,586
	<u>5,460,818</u>	<u>4,070,047</u>

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

	2021	Group
	£	2020
		£
Bank loans (see note 15)	51,883,031	56,628,388
Fair value of swap	3,263,429	5,019,519
	<u>55,146,460</u>	<u>61,647,907</u>

The Group entered into an interest rate swap to mitigate the interest rate risk of its bank loans. As at 31 March 2021, 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 2021 are the 6 month LIBOR rates (2020: 6 month LIBOR rates).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021

15. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2021 £	2020 £
Amounts falling due within one year or on demand:		
Bank loans	<u>4,798,698</u>	<u>3,073,883</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>3,474,771</u>	<u>4,798,697</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>14,594,148</u>	<u>12,883,620</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans due in more than five years	<u>33,814,112</u>	<u>38,946,071</u>
	<u>33,814,112</u>	<u>38,946,071</u>

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.

Interest rate benchmarks, such as LIBOR, are being reformed and it is anticipated that LIBOR will not be available after 2021.

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2021 £	2020 £
Within one year	461,596	456,420
Between one and five years	1,846,383	1,825,679
In more than five years	8,393,618	8,755,920
	<u>10,701,597</u>	<u>11,038,019</u>

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2021	2020
	£	£
Bank loans	<u>56,681,729</u>	<u>59,702,271</u>

Group

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.

18. PROVISIONS FOR LIABILITIES

	Group	
	2021	2020
	£	£
Deferred tax	<u>2,052,772</u>	<u>1,108,871</u>
Other provisions	<u>1,146,758</u>	<u>1,120,886</u>
Aggregate amounts	<u>3,199,530</u>	<u>2,229,757</u>
Group		
	Deferred tax	Other provisions
	£	£
Balance at 1 April 2020	1,108,871	1,120,886
Provided during year	943,901	25,872
Balance at 31 March 2021	<u>2,052,772</u>	<u>1,146,758</u>

Other provisions relate to the net present value of the estimated future decommissioning costs of the wind farm, which is required at the end of the operating lease. The provision is calculated using estimated costs of decommissioning and an average inflation rate of 3%. This has been discounted at the Group's weighted average cost of capital.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
100	Ordinary	£0.01	<u>1</u>	<u>1</u>

LDV HARBURNHEAD HOLDINGS LIMITED (REGISTERED NUMBER: SC520342)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 March 2021

20. RESERVES

Group

	Retained earnings £	Cash flow hedge reserve £	Totals £
At 1 April 2020	8,548,231	(4,065,810)	4,482,421
Profit for the year	2,073,834		2,073,834
Dividends	(3,500,000)		(3,500,000)
Other comprehensive income	-	1,422,433	1,422,433
At 31 March 2021	<u>7,122,065</u>	<u>(2,643,377)</u>	<u>4,478,688</u>

Company

	Retained earnings £
Profit for the year	3,500,000
Dividends	(3,500,000)
At 31 March 2021	<u>-</u>

21. 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.

22. POST BALANCE SHEET EVENTS

Since the year end, the company has re-financed its bank loan.

The bank loan with The Bank of Tokyo-Mitsubishi UFK Ltd and Barclays Bank Plc as detailed in note 15 were repaid by a new loan with Bayerische Landesbank.

The new loan carries an interest rate of 3.07% and repayments will be made until 30 June 2037.

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.