

Inverclyde Renewables LLP

Members' Report and Financial Statements

for the Year Ended 31 December 2019



Inverclyde Renewables LLP

Contents

LLP Information	2
Members' Report	3
Statement of Members' responsibilities	5
Independent auditor's report	6
Profit and Loss Account	8
Balance Sheet	9
Reconciliation of Members Interests	10
Notes to the Financial Statements	11

Inverclyde Renewables LLP

LLP Information

Designated Members	LV Chetwode Inverclyde Windfarm Limited LHS Stewart N Wright
Registered office	Ground Floor West Suite Prospect House 5 Thistle Street Edinburgh EH2 1DF
Independent auditor	BDO LLP City Point 65 Haymarket Terrace Edinburgh EH12 5HD

Members' Report for the Year Ended 31 December 2019

The members present their report and the financial statements for the year ended 31 December 2019.

The LLP prepares financial statements using FRS 102 (Financial Reporting Standard 102) and has taken advantage of certain disclosure exemptions allowed under this standard.

Designated members

The designated members who served during the year were:

LV Chetwode

Inverclyde Windfarm Limited

LHS Stewart

N Wright

Principal Activity

The principal activity of the LLP is the development, construction and operation of a wind farm.

Going Concern

In making their assessment of going concern the designated members have considered the progress of development and construction of the wind farm, future projections of financial performance over the life of the wind farm and events subsequent to the balance sheet date. Development of the wind farm has progressed on schedule and during 2019 construction commenced, with the projected performance of the wind farm profitable over the useful life. The impact of COVID-19 has been that the timetable in relation to construction has been delayed due to the lockdown of the UK, which is now ending. Ultimately, COVID-19 has not forced a reconsideration of the construction of the wind farm and funding/planning consent remains secured. The designated members have assessed the financial impact of COVID-19 on the LLP including reassessing the financial models that underpin the development of the wind farm and have concluded there to be no material events that would cast doubt on the ability of the LLP to continue as a going concern.

The LLP is reliant upon the loan provided by Inverclyde Windfarm Limited, the immediate parent company, to continue the development of the wind farm and ultimately is also reliant on the support of BayWa r.e. UK (Developments) Limited, BayWa r.e. UK Limited and BayWa r.e. renewable energy GmbH as they provide funding to Inverclyde Windfarm Limited. This support has been provided in writing by all four of the aforementioned companies. Inverclyde Windfarm Limited has given assurance that it will not seek repayment of the loan unless the underlying value of the investment has been realised. Consequently the financial statements have been prepared on a going concern basis.

Post Balance Sheet Events

The COVID-19 pandemic is considered to be a non-adjusting post balance sheet event for the LLP as the effects of COVID-19 pandemic were not known until 2020. Currently, the pandemic has had no impact on the assets and liabilities of the LLP.

Members' capital and interests

Each member's share of the profit or loss is determined by their subscription to the capital of the LLP and is repayable following retirement from the LLP.

Details of changes in members' capital in the year ended 31 December 2019 are set out in the Reconciliation of Members' Interests on page 10 of the financial statements.

Members are remunerated from the profits of the LLP and are required to make their own provision for pensions and other benefits. Profits/(losses) are allocated and divided between members after finalisation of the financial statements.

Upon the winding up of the LLP, surplus assets of the LLP will be distributed amongst the members in accordance with the terms of the Members' Agreement.

The operating cash requirements of the LLP are anticipated to be met out of the trading activities and cash flows. No member shall be required to make any further funding available after their admission as a member (save to the extent of their liability on winding up).

Auditor

Under section 487(2) of the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, BDO LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

In accordance with Section 418, each of the persons who is a member at the date of approval of this members report confirms that:

- (a) so far as each member is aware, there is no relevant audit information of which the LLP's auditor is unaware;
- and

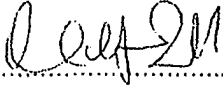
Inverclyde Renewables LLP

(b) each member has taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Special provisions

This report has been prepared in accordance with the provisions applicable to companies within part 15 of the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, and therefore a Strategic Report has not been prepared.

The financial statements on pages 8 to 14 were approved by the Members on 26 August 2020 signed on its behalf by:



Mr G MacDougall
On behalf of Inverclyde Windfarm Limited
Designated member

Statement of Members' responsibilities

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare members' report and consolidated financial statements for each financial year. Under that law the members have elected to prepare the members' report and consolidated 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, as applied to LLPs, the members must not approve the members' report and consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period.

In preparing this members' report and consolidated financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF INVERCLYDE RENEWABLES LLP

Opinion

We have audited the financial statements of Inverclyde Renewables LLP ("the Company") for the year ended 31 December 2019 which comprise Profit and Loss Account, Balance Sheet, Reconciliation of Members Interests, and the 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 loss for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 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 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Members' Report and Financial Statements 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.

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 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; or
- The Directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Members' 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 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:

<https://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, 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 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 as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Edinburgh, UK

31 August 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Inverclyde Renewables LLP

Profit and Loss Account for the Year Ended 31 December 2019

		2019	2018
	Note	£000	£000
Administrative expenses		(3)	(10)
Operating result	2	(3)	(10)
Interest payable	3	(89)	(218)
Result before taxation		(92)	(228)
Tax on result	4	-	-
Loss for the year before members' remuneration and profit shares available for discretionary division among members		(92)	(228)

The above results were derived from continuing operations.

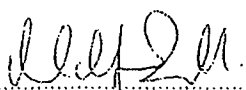
There is no other comprehensive income in the year or the prior year.

Inverclyde Renewables LLP

Balance Sheet as at 31 December 2019

		2019	2018
	Note	£000	£000
Fixed assets			
Tangible assets	5	<u>8,249</u>	<u>2,012</u>
		8,249	2,012
Current assets			
Debtors due within one year	6	740	6
Cash		<u>13</u>	<u>1</u>
		753	7
Creditors: amounts falling due within one year			
Trade and other creditors	7	(1,912)	(18)
Loans from related parties	8	<u>(7,926)</u>	<u>(2,745)</u>
		(9,838)	(2,763)
Net current liabilities		<u>(9,085)</u>	<u>(2,756)</u>
Net liabilities		<u>(836)</u>	<u>(744)</u>
Members' other interests			
Members' capital classified as equity		30	30
Other reserves classified as equity		<u>(866)</u>	<u>(774)</u>
Total members' interests		<u>(836)</u>	<u>(744)</u>

Approved by the Members on 26 August 2020 and signed on its behalf by:



 Mr G MacDougall
 On behalf of Inverclyde Windfarm Limited
 Designated member

Inverclyde Renewables LLP

Reconciliation of Member's Interests for the Year Ended 31 December 2019

	Members capital classified as equity £000	Other reserves £000	Total equity £000
At 1 January 2018	30	(546)	(516)
Total comprehensive income for discretionary division among members	-	(228)	(228)
At 31 December 2018	30	(774)	(744)

	Members capital classified as equity £000	Other reserves £000	Total equity £000
At 1 January 2019	30	(774)	(744)
Total comprehensive income for discretionary division among members	-	(92)	(92)
At 31 December 2019	30	(866)	(836)

Notes to the Financial Statements for the Year Ended 31 December 2019

1. Accounting policies

General information

The LLP is a limited liability partnership limited by members' capital incorporated and domiciled in the United Kingdom.

The address of its registered office is:

Ground Floor West Suite
Prospect House
5 Thistle Street
Edinburgh
EH2 1DF

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation

The LLP meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The LLP has voluntarily adopted United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 Limited Liability Partnerships Regulations 2008.

The financial statements are denominated in Sterling as this is the functional currency of the LLP. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

As permitted by FRS 102, the LLP has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payments, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where required, equivalent disclosures are given in the Group financial statements of BayWa AG. The Group financial statements of BayWa AG are available to the public and can be obtained from the directors at Arabellastr. 4, 81925 Munich, Germany.

Going concern

In making their assessment of going concern the directors have considered the progress of development and construction of the wind farm, future projections of financial performance over the life of the wind farm and events subsequent to the balance sheet date. Development of the wind farm has progressed on schedule and during 2019 construction commenced, with the projected performance of the wind farm profitable over the useful life. The impact of COVID-19 has been that the timetable in relation to construction has been delayed due to the lockdown of the UK, which is now ending. Ultimately, COVID-19 has not forced a reconsideration of the construction of the wind farm and funding/planning consent remains secured. The directors have assessed the financial impact of COVID-19 on the Company including reassessing the financial models that underpin the development of the wind farm and have concluded there to be no material events that would cast doubt on the ability of the Company to continue as a going concern.

The Company is reliant upon the loan provided by Inverclyde Windfarm Limited, the immediate parent company, to continue the development of the wind farm and ultimately is also reliant on the support of BayWa r.e. UK (Developments) Limited, BayWa r.e. UK Limited and BayWa r.e. renewable energy GmbH as they provide funding to Inverclyde Windfarm Limited. This support has been provided in writing by all four of the aforementioned companies. Inverclyde Windfarm Limited has given assurance that it will not seek repayment of the loan unless the underlying value of the investment has been realised. Consequently the financial statements have been prepared on a going concern basis.

Interest

During the development phase interest payable is recognised on a time-apportioned basis as it accrues and is charged to the profit and loss account.

During the construction phase interest payable is recognised on a time-apportioned basis as it accrues and capitalised in the asset under construction.

Notes to the Financial Statements for the Year Ended 31 December 2019**1. Accounting policies continued****Foreign currency transactions and balances**

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the individual transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate ruling at the reporting date are recognised in the profit and loss account. Non-monetary assets and liabilities that are not carried at fair value are not subsequently restated and are carried at the rate of exchange at the date they are acquired.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Income tax is recognised in the LLP's profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tangible assets

'Assets under construction' relates to costs which are directly attributable to the development of potential windfarm sites, and which have a reasonable expectation of obtaining the consents required for constructing a windfarm, and to the extent that those costs do not exceed expected recoverable amounts, are treated as work in progress and not expensed. The main aspects to address during the initial development stage of a windfarm are environmental impact assessments, planning consent and early grid connection analyses (including feasibility and applications). Once a site has achieved planning consent, the preconstruction stage begins and consists of the selection of appropriate turbines, the completion of designs for the layout of the site (both civil and electrical), and the grid connection.

Financing costs which are directly attributable to the construction of wind farms are capitalised as part of the cost of those assets. Capitalisation ceases when the asset is fully operational.

Depreciation commences when the asset is ready for its intended use. The residual values, if not insignificant, and remaining useful lives are reassessed at each reporting date. When parts of an item of tangible fixed assets have different useful lives, those components are accounted for as separate items of tangible fixed assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds received with carrying amount and are recognised with other income/(expenditure) net in the profit and loss account.

Cash at bank and in hand

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade creditors

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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs and amount due on redemption is recognised as a charge to the profit and loss account over the period of the relevant borrowing.

Notes to the Financial Statements for the Year Ended 31 December 2019

1. Accounting policies continued

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The members make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Recoverability of tangible assets:

Management have made key assumptions regarding wind yield assessments, prices achievable under the future power purchase agreement and the UK inflationary environment which directly impact the future economic benefits to be derived from the tangible fixed assets. Changes in these assumptions may affect the carrying value of tangible fixed assets. Management expect the future economic benefits that will result from the use of the tangible fixed assets will exceed the cost of the investments and thus the costs of the tangible fixed assets are recoverable.

2. Result before taxation

The members received no remuneration from the LLP (2018: £nil). There are no employees in the LLP.

The audit fee for the LLP is borne by the immediate parent company (2018: £3k).

3. Interest payable

	2019 £000	2018 £000
Interest payable on loans from group undertakings	(89)	(218)

4. Tax on result

Tax charged in the profit and loss account

	2019 £000	2018 £000
Total tax charge	-	-

The charge shown above can be reconciled to the loss in the profit and loss account as follows:

	2019 £000	2018 £000
Result on ordinary activities before taxation	(92)	(228)
Corporation tax at standard rate 19% (2018: 19%)	(17)	(43)
Expenses not deductible for tax purposes	17	43
Total tax credit	-	-

5. Tangible assets

	Asset under construction £000
Cost	
At 1 January 2019	2,012
Additions	6,237
At 31 December 2019	8,249
Carrying amount	
At 31 December 2019	8,249
At 31 December 2018	2,012

Notes to the Financial Statements for the Year Ended 31 December 2019

6. Debtors due within one year

	2019	2018
	£000	£000
VAT	630	-
Other debtors	110	6
	<u>740</u>	<u>6</u>

7. Trade and other creditors

	2019	2018
	£000	£000
Trade creditors	1,769	-
Accruals	126	-
Other creditors	-	18
Amounts owed to group undertakings	17	-
	<u>1,912</u>	<u>18</u>

8. Loans from related parties

	2019	2018
	£000	£000
Loan from Inverclyde Windfarm Limited	7,926	2,745

At the balance sheet date, the LLP had an amount outstanding to Inverclyde Windfarm Limited of £7,926k (2018: £2,745k). The LLP has been granted a loan facility by Inverclyde Windfarm Limited of up to £25,000k for the development and construction of the wind farm, on which interest is payable at 7% (2018: 9%). The loan is repayable on demand or in full in September 2020.

9. Capital commitments

Leases

The LLP has land leases in place with tenants on the land within the footprint of the windfarm.

The total future value of minimum lease payments is as follows:

	2019	2018
	£000	£000
Within one year	10	-
In two to five years	38	-
In over five years	226	-
	<u>274</u>	<u>-</u>

10. Information in relation to members

	2019	2018
	No	No
The monthly average number of members during the year was	4	4

11. Ultimate parent undertaking and controlling party

The LLP's immediate parent company is Inverclyde Windfarm Limited, company number SC396025; incorporated in Scotland, which owns 100% of the share capital of the Company.

The Company's ultimate and most senior parent entity producing publicly available financial statements is BayWa AG, a Company incorporated in Germany. These financial statements are available upon request from Arabellastr. 4, 81925 Munich. BayWa AG is the smallest and largest group of financial statements to consolidate these results.

12. Post balance sheet events

The COVID-19 pandemic is considered to be a non-adjusting post balance sheet event for the Company as the effects of COVID-19 pandemic were not known until 2020. Currently, the pandemic has had no impact on the assets and liabilities of the Company.