Griffin Wind Farm Limited

Annual report and financial statements

Year ended 31 March 2017

Registered No.: SC245113

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Griffin Wind Farm Limited

Contents

	Page No.
Directors and other information	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements	4
Independent auditor's report to the members	5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes on the financial statements	9

Griffin Wind Farm Limited

Directors and Other Information

Directors	J. Williamson P. Smith (Resigned 31 May 2016) J. Smith
Registered office	Inveralmond House 200 Dunkeld Road Perth PH1 3AQ Scotland
Secretary	S. Fairbairn
Auditor	KPMG LLP Chartered Accountants 319 St Vincent Street Glasgow G2 5AS
Banker	National Westminster Bank plc 13 Market Place City Centre RG1 2EG
Registered number	SC245113

Griffin Wind Farm Limited

Strategic Report

The directors submit their report and audited financial statements of the Company for the year ended 31 March 2017.

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them assess how the directors have performed their duty to promote the success of Griffin Wind Farm Limited.

The Strategic and Financial Review sets out the main trends and factors underlying the development and performance of Griffin Wind Farm Limited (the "Company") during the year ended 31 March 2017, as well as those matters which are likely to affect its future development and performance.

1 Business review

The profit and loss account for the year ended 31 March 2017 is set out on page 6. The loss for the year after taxation amounted to £4.5m *(2016: profit of £3.7m)*. The balance sheet at 31 March 2017 is set out on page 7 and indicates net liabilities of £2.0m *(2016: net assets of £2.5m)*.

Electricity output from Griffin wind farm decreased in 2016/17 compared to the previous year (367GWh, excluding constraint, compared to 436GWh) as a result of lower wind speeds in the year. However, the full adverse impact of the decreased volume was offset by a higher market price achieved.

2 Key performance indicators

The Directors believe that the following indicators will provide shareholders with sufficient information to assess how effectively the company is performing.

Financial	**2017**	2016
Turnover - £m	**25.6**	28.6
Operating profit - £m	**7.9**	13.6
Net (liabilities)/assets - £m	**(2.0)**	2.5

3 Principal risks and uncertainties

The principal risks and uncertainties affecting the Company have been disclosed within the Directors' Report on page 3.

On behalf of the board

J. Smith
Director
1 December 2017

Griffin Wind Farm Limited

Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 March 2017.

1 Principal activities

Griffin Windfarm is involved in the generation of renewable electricity from its 188MW windfarm in Scotland. All sales of electricity are made to a fellow group company, SSE EPM Limited.

2 Principal risks and uncertainties

The principal risks facing the Company are lower wind speeds than anticipated resulting in less electricity generation, no off-take for electricity produced resulting in lower sales and technical issues with plant and machinery resulting in down-time of turbines. To mitigate against electricity off-take risk, purchase price agreements are in place which guarantee sales of electricity. To mitigate against technical risk, the Company has put in place a team of experienced operators who are responsible for monitoring wind farm performance and maintaining adequate stocks of essential parts.

3 Results and dividends

The loss for the year amounted to £4.5m (2016: profit of £3.7m). The directors do not recommend the payment of a dividend.

4 Directors

The directors and secretary who served during the year are as listed on page 1. In accordance with the Articles of Association of the Company the directors are not required to retire by rotation.

5 Going concern

The directors have assessed that the Company will prepare its financial statements on a going concern basis, see note 1 for details.

6 Post balance sheet events

There have been no significant events since the balance sheet date.

7 Political donations

The Company did not make any political donations during the year *(2016: £nil)*.

8 Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

9 Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will, therefore, continue in office.

On behalf of the Board:



J. Smith
Director
1 December 2017

Griffin Wind Farm Limited

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

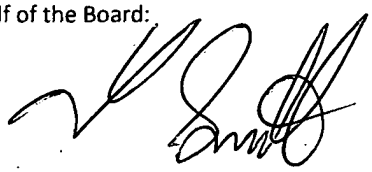
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board:



J. Smith
Director
1 December 2017

Independent Auditor's Report to the Members of Griffin Wind Farm Limited

We have audited the financial statements of Griffin Wind Farm Limited for the year ended 31 March 2017 as set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS101 *Reduced Disclosure Framework*.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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, 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.

Ce L Herbertson

Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

4 December 2017

Griffin Wind Farm Limited

Profit and Loss Account
for the year ended 31 March 2017

	Note	2017 £m	2016 £m
Turnover		**25.6**	28.6
Cost of sales		**(17.7)**	(15.0)
Operating profit		**7.9**	13.6
Interest payable and similar charges	4	**(11.7)**	(12.1)
Loss on foreign currency balances		**(0.9)**	(2.6)
Loss before taxation		**(4.7)**	(1.1)
Tax credit on loss	5	**0.2**	4.8
(Loss)/profit for the financial year		**(4.5)**	3.7

The above results are derived from continuing activities.

The Company had no other comprehensive income in the current or prior financial years.

The accompanying notes are an integral part of these financial statements.

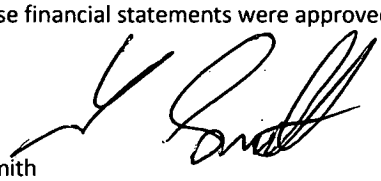
Griffin Wind Farm Limited

Balance Sheet
as at 31 March 2017

	Note	2017 £m	2016 £m
Fixed assets			
Tangible assets	6	**210.3**	225.3
		210.3	225.3
Current assets			
Debtors:			
amounts falling due within one year	7	**4.9**	9.5
amounts falling due after more than one year	7	**1.9**	1.9
Total current assets		**6.8**	11.4
Current liabilities			
Creditors: amounts falling due within one year	8	**(3.0)**	(6.4)
Net current assets		**3.8**	5.0
Total assets less current liabilities		**214.1**	230.3
Creditors: amounts falling due after more than one year	9	**(188.1)**	(197.0)
Provisions for liabilities and charges	10	**(9.0)**	(11.3)
Deferred tax liabilities	11	**(19.0)**	(19.5)
Net (liabilities)/assets		**(2.0)**	2.5
Capital and reserves			
Called up share capital	12	**-**	-
Profit and loss account		**(2.0)**	2.5
Shareholders' (deficit)/funds		**(2.0)**	2.5

The accompanying notes form an integral part of this balance sheet.

These financial statements were approved by the Directors on 1 December 2017 and signed on their behalf by:



J. Smith
Director
Company registered number: SC245113

Griffin Wind Farm Limited

Statement of Changes in Equity
for the year ended 31 March 2017

	Share Capital £m	Profit and Loss Account £m	Total Equity £m
Balance at 1 April 2015	-	(1.2)	(1.2)
Profit for the financial year	-	3.7	3.7
Balance at 31 March 2016	-	2.5	2.5
Balance at 1 April 2016	-	2.5	2.5
Loss for the financial year	-	(4.5)	(4.5)
Balance at 31 March 2017	-	**(2.0)**	**(2.0)**

Griffin Wind Farm Limited

Notes on the Financial statements for the year ended 31 March 2017

1 Significant accounting policies

Griffin Wind Farm Limited ("the Company") is a company limited by shares and incorporated, domiciled and registered in the United Kingdom.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with all applicable United Kingdom accounting standards. The principal accounting policies are summarised below and have been applied consistently.

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRS'), but has made amendments, where necessary, in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- The effect of new, but not yet effective, IFRSs;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of capital management; and
- Related party disclosures.

As the consolidated financial statements of SSE plc include the equivalent disclosure, the Company has also taken advantage of the exemptions, under FRS 101, available in respect of the following disclosure:

- Certain disclosures required by *IFRS 13 Fair value measurement* and the disclosures required by *IFRS 7 Financial instrument* disclosures.

Going concern

The Company has net current assets, net liabilities and is dependent on ongoing financial support from a fellow group company. The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future. A fellow group company has given an undertaking not to demand repayment of monies advanced to the Company for the foreseeable future

The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting liabilities as they fall due for payment.

Accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

It should be noted that the impact of variation in some assumptions, judgements and estimates can have a particularly material impact on the reported results. These include, but are not limited to:

(i) future costs required to settle provisions. These liabilities are disclosed in note 10.

Debtors and creditors

All debtors and creditors are measured at cost, which is equivalent to Fair Value

1 Significant accounting policies *(continued)*

Turnover

Turnover comprises the income from the generation of electricity, and consists of sales of renewable energy to fellow group companies, exclusive of Value Added Tax together with turnover earned under the Renewable Obligation Certificates ("ROCs") regime. Electricity sales are based on meter readings and include an estimate of the fair value of units supplied between the date of the last meter reading and year end. ROCs turnover is based on units generated during the period at an estimated selling price.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Tangible fixed assets

Tangible fixed assets are stated at original cost, net of accumulated depreciation and any provisions for impairment.

Depreciation is provided on tangible fixed assets to write off cost, less residual values, on a straight-line basis over their estimated operational lives. The estimated operational lives are as follows:

	Years
Operating wind farms	20
Operating wind farm equipment	5
Decommissioning asset	20

Decommissioning

The estimated cost of decommissioning at the end of the useful lives of certain assets is reviewed periodically. Provision is made for the net present value of the estimated cost of decommissioning offshore wind farms at the end of the useful life of the facilities. The estimates are based on technology and prices at the balance sheet date.

A corresponding decommissioning asset is recognised and is included within property, plant and equipment when the provision gives access to future economic benefits. Changes in these provisions are recognised prospectively. The unwinding of the discount on the provision is included in finance costs and the depreciation for the asset is straight-line over the expected useful life of the asset.

Provisions

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Finance income and finance costs

Finance income is recognised as it is accrued in profit or loss using the effective interest rate method.

Finance costs comprise interest expense on borrowings and other charges.

2 Expenses and auditor's remuneration

(Loss)/profit is arrived at after charging/(crediting):

	2017 £m	2016 £m
Depreciation of tangible fixed assets (note 6)	**13.3**	13.2
Foreign exchange gain	**(0.9)**	(2.6)

The audit fee in the year (£8,000) and the previous year (£8,000) was borne by the Parent company.

3 Staff costs and numbers

No staff are directly employed by the Company and no director received remuneration in respect of their service to the Company in the current or prior year.

4 Interest payable and similar charges

	2017 £m	2016 £m
Decommissioning provision - unwind of discount (note 10)	**0.2**	-
Interest payable to group companies	**11.5**	12.1
	11.7	12.1

5 Taxation

	2017 £m	2016 £m
UK corporation tax		
Current tax on income for the period	**0.5**	(1.8)
Adjustment in respect of prior periods	**(0.2)**	(2.6)
Total current tax charge/(credit)	**0.3**	(4.4)
Deferred tax (see note 11):		
Origination and reversal of temporary differences	**0.8**	1.6
Change in applicable tax rate	**(1.2)**	(2.0)
Adjustment in respect of prior periods	**(0.1)**	-
Total deferred tax	**(0.5)**	(0.4)
Total tax on loss	**(0.2)**	(4.8)

5 Taxation *(continued)*

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2017 £m	2016 £m
Loss before taxation	**(4.7)**	(1.1)
Tax on loss standard UK corporation tax rate of 20% *(2016: 20%)*	**(0.9)**	(0.2)
Effects of:		
Expenses not deductible for tax purposes	**2.5**	-
Effect of rate change	**(1.3)**	(2.0)
Corporation tax adjustment in respect of previous periods	**(0.2)**	(2.6)
Deferred tax adjustment in respect of previous periods	**(0.1)**	-
Other items	**(0.2)**	-
Total tax credit for year	**(0.2)**	(4.8)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. A further reduction to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2017 has been calculated based on these rates.

6 Tangible fixed assets

	Operating windfarm £m	Decommissioning Assets £m	Operating windfarm equipment £m	Total £m
Cost:				
At 1 April 2016	262.3	8.8	7.2	278.3
Disposals	(1.7)	-	-	(1.7)
At 31 March 2017	**260.6**	**8.8**	**7.2**	**276.6**
Accumulated depreciation:				
At 1 April 2016	47.0	-	6.0	53.0
Charge for the year	11.6	0.5	1.2	13.3
At 31 March 2017	**58.6**	**0.5**	**7.2**	**66.3**
Net book value:				
At 31 March 2017	**202.0**	**8.3**	**-**	**210.3**
At 31 March 2016	215.3	8.8	1.2	225.3

The above tangible fixed assets include £11.1m *(2016: £11.1m)* of capitalised interest, of which none was capitalised in the current year *(2016: £nil)*.

7 Debtors

	2017 £m	2016 £m
Amounts falling due within one year:		
Trade debtors	**0.5**	0.3
Amounts owed by group undertakings	**3.9**	3.6
Corporation tax - group relief receivable	**-**	4.4
Other debtors	**0.5**	1.2
	4.9	9.5
Amounts falling due after more than one year:		
Other debtors	**1.9**	1.9
	1.9	1.9

Included in other debtors greater than one year are amounts totalling £1.9m *(2016: £1.9m)* of restricted cash balances held on deposit.

8 Creditors: amounts falling due within one year

	2017 £m	2016 £m
Amounts owed to group undertakings	**1.2**	1.8
Corporation tax payable	**0.5**	2.8
Accruals and deferred income	**1.3**	1.8
	3.0	6.4

9 Creditors: amounts falling due after more than one year

	2017 £m	2016 £m
Amounts owed to group undertakings	**188.1**	197.0
	188.1	197.0

10 Provisions for liabilities and charges

	Other £m	Decommissioning Costs £m	Total £m
At 1 April 2016	2.5	8.8	**11.3**
Unwind of Discount during the year	-	0.2	**0.2**
Utilised during the year	(2.5)	-	**(2.5)**
At 31 March 2017	**-**	**9.0**	**9.0**

In accordance with the Company's accounting policy a provision has been made for the decommissioning of the Company's wind farms a discount rate of 2.3% has been applied to discount the decommissioning cost provision to present values. The unwinding of discount rate in relation to decommissioning costs is charged to interest payable in the profit and loss account.

11 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017	2016	**2017**	2016	**2017**	2016
	£m	£m	**£m**	£m	**£m**	£m
Tangible fixed assets	-	-	**(19.1)**	-	**(19.1)**	-
Provisions	**0.1**	-	-	(19.5)	**0.1**	(19.5)
Net tax liabilities	**0.1**	-	**(19.1)**	(19.5)	**(19.0)**	(19.5)

Movement in deferred tax during the year

	1 April 2016	**Recognised in income**	**31 March 2017**
	£m	**£m**	**£m**
Tangible fixed assets	-	(19.1)	**(19.1)**
Provisions	(19.5)	19.6	**0.1**
	(19.5)	0.5	**(19.0)**

Movement in deferred tax during prior year

	1 April 2015	**Recognised in income**	**31 March 2016**
	£m	**£m**	**£m**
Provisions	(19.9)	0.4	(19.5)
	(19.9)	0.4	(19.5)

12 Share capital

	2017	2016
	£	£
Allotted, called up and fully paid:		
1,200 ordinary shares of £1.00 each	**1,200**	1,200
	1,200	1,200

13 Ultimate parent company

The Company is a subsidiary of SSE plc, which is the ultimate parent company and is registered in Scotland. The largest and smallest Group in which the results of the Company are consolidated is that headed by SSE plc. The consolidated financial statements of the Group (which include those of the Company) are available from the Company Secretary, SSE plc, Inveralmond House, 200 Dunkeld Road, Perth, PH1 3AQ or by accessing the Company's website at www.sse.com.