

**LAIRG WINDFARM LIMITED**

***Company registration number SC288939***

**Financial Statements**

**For the year ended 31 December 2011**

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**LAIRG WINDFARM LIMITED**

**Financial statements for the year ended 31 December 2011**

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**LAIRG WINDFARM LIMITED**  
**Directors, officers and advisers**

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**Directors**

J Ahn  
M Bockholt  
A Hollinger

**Secretary and registered office**

Davidson Chalmers (Secretarial Services) Limited  
Alba Innovation Centre  
Alba Campus  
Suite 1/16  
Livingston  
EH54 7GA

**Registered number**

SC288939

**Auditors**

Ernst & Young LLP  
Barony House  
Stoneyfield Business Park  
Inverness  
IV2 7PA

**Accountants**

Scott Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL

**Bankers**

Commerzbank  
London Branch  
30 Gresham Street  
London  
EC2P 2XY

## **LAIRG WINDFARM LIMITED**

### **Directors' report for the year ended 31 December 2011**

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The directors present their report and the financial statements of the company for the year ended 31 December 2011.

#### **Review of the business and future developments**

The principal activity of the company is the generation of electricity.

There was no turnover in the year (2010: £nil). The directors consider the loss on ordinary activities before taxation to be satisfactory for a windfarm under construction during the year.

Construction of the windfarm was completed during the year with electricity generation commencing in January 2012.

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the Company mirror that for the wind energy industry as a whole. There are no specific risks or uncertainties that the directors feel need to be disclosed.

The company has the continued support of its parent, Lloyds Fonds Energie Beteiligungs GmbH & Co KG.

#### **Key performance indicators**

Given the relatively straightforward nature of the business, the directors believe that an analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

#### **Supplier payment policy**

The Company's policy is to pay all suppliers as the amounts fall due.

#### **Branches**

The immediate parent undertaking is Lloyd Fonds Energie Europa Beteiligungs GmbH & Co KG, a limited partnership incorporated in Germany. The ultimate parent undertaking is Lloyd Fonds AG, a company listed in Germany.

#### **Post balance sheet events**

There have been no significant events affecting the Company since 31 December 2011.

#### **Results and dividends**

The results for the year are shown on the profit and loss account on page 6. The loss for the year after taxation was £184,870.

No dividends were paid during the year.

#### **Directors**

The directors who served during the year were:

J Ahn  
M Bockholt  
A Hollinger

## LAIRG WINDFARM LIMITED

### Directors' report for the year ended 31 December 2011 (continued)

#### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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;
- 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 are also responsible for the safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Disclosure of information to auditors

To the knowledge and belief of each of the persons who are directors at the time the report is approved:

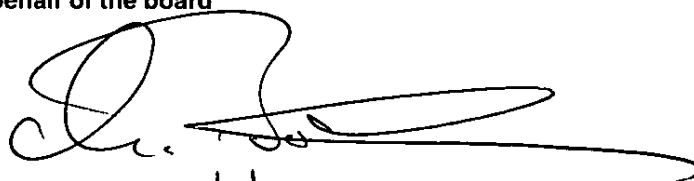
- So far as the directors are aware, there is no relevant information of which the company's auditor is unaware, and
- He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information, and to establish that the company's auditor is aware of the information.

#### Auditors

The auditors, Ernst & Young LLP, were appointed during the year and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Signed on behalf of the board

M Bockholt  
Director



Approved by the Board on 30/1/12

## **LAIRG WINDFARM LIMITED**

### **Independent auditor's report to the members of Lairg Windfarm Limited**

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We have audited the financial statements of Lairg Windfarm Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Practice's Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

#### **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 December 2011 and of its loss 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

**LAIRG WINDFARM LIMITED**

**Independent auditor's report to the members of Lairg Windfarm Limited (continued)**

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**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.

*Ernst & Young LLP*

**Eunice McAdam (Senior Statutory Auditor)**  
**for and on behalf of Ernst & Young LLP, Statutory Auditor**  
Barony House  
Stoneyfield Business Park  
Inverness  
IV2 7PA

Date: 24 August 2012

**LAIRG WINDFARM LIMITED**

**Profit and loss account for the year ended 31 December 2011**

|                                                    |           | <b>12 months<br/>ended<br/>31 December<br/>2011</b> | <b>4 months<br/>ended<br/>31 December<br/>2010</b> |
|----------------------------------------------------|-----------|-----------------------------------------------------|----------------------------------------------------|
|                                                    |           | <b>£</b>                                            | <b>£</b>                                           |
| Administrative expenses                            |           | <u>(35,236)</u>                                     | <u>(5,071)</u>                                     |
| <b>Operating loss</b>                              | <b>3</b>  | <b>(35,236)</b>                                     | <b>(5,071)</b>                                     |
| Other interest receivable and similar income       |           | 366                                                 | 97                                                 |
| Interest payable and similar charges               | 6         | <u>(150,000)</u>                                    | <u>(6,164)</u>                                     |
| <b>Loss on ordinary activities before taxation</b> |           | <b>(184,870)</b>                                    | <b>(11,138)</b>                                    |
| Taxation on loss on ordinary activities            | 7         | <u>-</u>                                            | <u>-</u>                                           |
| <b>Loss for the financial year</b>                 | <b>14</b> | <u><b>(184,870)</b></u>                             | <u><b>(11,138)</b></u>                             |

None of the company's activities were acquired or discontinued during the above two years.

There were no recognised gains or losses other than those included in the profit and loss account.

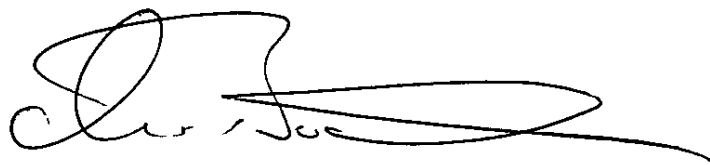
The notes on pages 9 to 15 form part of these financial statements.

**LAIRG WINDFARM LIMITED**  
**Balance sheet at 31 December 2011**

|                                                                | <u>Notes</u> | <u>2011</u>             | <u>2010</u>            |
|----------------------------------------------------------------|--------------|-------------------------|------------------------|
|                                                                |              | £                       | £                      |
| <b>Fixed assets</b>                                            |              |                         |                        |
| Tangible assets                                                | 8            | 13,299,673              | 6,865,219              |
| <b>Current assets</b>                                          |              |                         |                        |
| Debtors                                                        | 9            | 869,042                 | 864,024                |
| Cash at bank and in hand                                       |              | 135,372                 | 878,070                |
|                                                                |              | <u>1,004,414</u>        | <u>1,742,094</u>       |
| <b>Creditors: amounts falling due within one year</b>          | 10           | <u>(5,561,673)</u>      | <u>(3,928,187)</u>     |
| <b>Net current liabilities</b>                                 |              | <u>(4,557,259)</u>      | <u>(2,186,093)</u>     |
| <b>Total assets less current liabilities</b>                   |              | <u>8,742,414</u>        | 4,679,126              |
| <b>Creditors: amounts falling due after more than one year</b> | 11           | (8,737,322)             | (4,690,164)            |
| <b>Provision for liabilities</b>                               | 12           | <u>(201,000)</u>        | -                      |
| <b>Net liabilities</b>                                         |              | <u><u>(195,908)</u></u> | <u><u>(11,038)</u></u> |
| <b>Capital and reserves</b>                                    |              |                         |                        |
| Called up share capital                                        | 13           | 100                     | 100                    |
| Profit and loss account                                        | 14           | (196,008)               | (11,138)               |
| <b>Shareholders' funds</b>                                     | 15           | <u><u>(195,908)</u></u> | <u><u>(11,038)</u></u> |

The financial statements were authorised for issue by the board of directors on 30/7/12 and signed on its behalf by:

**M Bockholt**  
**Director**



**Company Registration No: SC288939**

The notes on pages 9 to 15 form part of these financial statements.

**LAIRG WINDFARM LIMITED**

**Cash flow statement for the year ended 31 December 2011**

|                                                                           | <u>Notes</u> | <u>2011</u>             | <u>2010</u>           |
|---------------------------------------------------------------------------|--------------|-------------------------|-----------------------|
|                                                                           |              | <u>£</u>                | <u>£</u>              |
| <b>Operating activities</b>                                               |              |                         |                       |
| <b>Net cash flow from operating activities</b>                            | 16a          | <b>1,535,390</b>        | <b>5,279,356</b>      |
| <b>Returns on investments and servicing of finance</b>                    |              |                         |                       |
| Interest and similar income received                                      |              | 366                     | 97                    |
| Interest and similar charges paid                                         |              | <u>(150,000)</u>        | <u>(6,164)</u>        |
| <b>Net cash flow from returns on investments and servicing of finance</b> |              | <b>(149,634)</b>        | <b>(6,067)</b>        |
| <b>Capital expenditure</b>                                                |              |                         |                       |
| Payments to acquire tangible fixed assets                                 |              | <u>(6,233,454)</u>      | <u>(6,865,219)</u>    |
| <b>Net cash flow from investing activities</b>                            |              | <b>(6,233,454)</b>      | <b>(6,865,219)</b>    |
|                                                                           |              | <b>(4,847,698)</b>      | <b>(1,591,930)</b>    |
| <b>Financing</b>                                                          |              |                         |                       |
| Loans raised                                                              |              | <u>(4,105,000)</u>      | <u>(2,470,000)</u>    |
| <b>Net cash flow from financing</b>                                       |              | <b>4,105,000</b>        | <b>2,470,000</b>      |
| <b>(Decrease)/increase in cash</b>                                        | 16c          | <b><u>(742,698)</u></b> | <b><u>878,070</u></b> |

The notes on pages 9 to 15 form part of these financial statements.

## **LAIRG WINDFARM LIMITED**

### **Notes to the financial statements for the year ended 31 December 2011**

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#### **1 Accounting policies**

##### **Going concern**

With the continued support of the parent company (Lloyd Fonds Energie Europa Beteiligungs GmbH & Co KG) the directors are confident that for the foreseeable future that the Company will be able to meet its liabilities as they fall due. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

##### **Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards.

##### **Depreciation of tangible fixed assets**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. No depreciation is charged until the assets are put into use.

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and bank deposits.

##### **Financial liabilities and equity**

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

##### **Bank borrowings**

Bank overdrafts are recorded as the proceeds received. Financial charges are accounted for on an accruals basis in the profit and loss.

##### **Trade payables**

Trade payables are measured at fair value.

##### **Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

##### **Deferred taxation**

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**LAIRG WINDFARM LIMITED**

**Notes to the financial statements for the year ended 31 December 2011 (continued)**

**1 Accounting policies (continued)**

**Foreign currency translation**

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction.

Foreign currency assets and liabilities held at the balance sheet date are retranslated at the exchange rates ruling at that date. Any resulting exchange profit or loss is dealt with in the profit and loss account.

**2 Turnover**

There was no turnover in the year (2010 - £nil).

No exports were made by the company during the year.

**3 Operating loss**

This is stated after charging:

|                                    | <b>2011</b>   | <b>2010</b> |
|------------------------------------|---------------|-------------|
|                                    | <b>£</b>      | <b>£</b>    |
| Auditors' remuneration - Audit fee | <b>4,000</b>  | 2,500       |
| Exchange losses                    | <b>24,286</b> | -           |

**4 Employee information**

There were no employees during the year. (2010 - nil)

**5 Directors' remuneration**

No remuneration was paid to directors during the year (2010 - £nil).

**6 Interest payable and similar charges**

|                                                         | <b>2011</b>    | <b>2010</b> |
|---------------------------------------------------------|----------------|-------------|
|                                                         | <b>£</b>       | <b>£</b>    |
| <b>In respect of loans repayable within five years:</b> |                |             |
| Interest paid to group companies                        | <b>150,000</b> | 6,164       |

**LAIRG WINDFARM LIMITED**

**Notes to the financial statements for the year ended 31 December 2011 (continued)**

**7 Taxation on loss on ordinary activities**

|                                                                                                                 | <u>2011</u> | <u>2010</u> |
|-----------------------------------------------------------------------------------------------------------------|-------------|-------------|
|                                                                                                                 | £           | £           |
| United Kingdom corporation tax at 26.49% (2010 - 28%)                                                           | -           | -           |
| <b>Factors affecting tax charge for the period</b>                                                              |             |             |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.49% (2010 - 28%) | (48,978)    | (3,119)     |
| Effects of:                                                                                                     |             |             |
| Other short term timing differences                                                                             | 48,978      | 3,119       |
| Current tax charge for the year                                                                                 | -           | -           |

There is no tax charge as the Company had not commenced any trading activity at 31 December 2011 and had no taxable income or gains during the year.

The Company has incurred expenditure totalling approximately £196,008 at 31 December 2011, which is revenue expenditure for tax purposes and will be deductible in arriving at its taxable trading profits once it commences trading. The Company has also incurred expenditure totalling approximately £13,098,673 at 31 December 2011, which is capital expenditure for tax purposes, of which £10,376,671 will give rise to capital allowances which will be deductible in arriving at its taxable trading profits once it commences trading.

**8 Tangible fixed assets**

|                       | <u>Plant and machinery</u> |
|-----------------------|----------------------------|
|                       | £                          |
| <b>Cost</b>           |                            |
| At 1 January 2011     | 6,865,219                  |
| Additions             | 6,434,454                  |
| At 31 December 2011   | <u>13,299,673</u>          |
| <b>Net book value</b> |                            |
| At 31 December 2011   | <u>13,299,673</u>          |
| At 31 December 2010   | <u>6,865,219</u>           |

**9 Debtors**

|               | <u>2011</u>    | <u>2010</u>    |
|---------------|----------------|----------------|
|               | £              | £              |
| Other debtors | <u>869,042</u> | <u>864,024</u> |

**LAIRG WINDFARM LIMITED**

**Notes to the financial statements for the year ended 31 December 2011 (continued)**

**10 Creditors: amounts falling due within one year**

|                                                                                                       | <b>2011</b>      | <b>2010</b>      |
|-------------------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                                       | <b>£</b>         | <b>£</b>         |
| Bank loans and overdrafts                                                                             | <b>837,678</b>   | 786,000          |
| Trade creditors                                                                                       | <b>1,704,470</b> | 14,100           |
| Amounts owed to group undertakings and undertakings in which the company has a participating interest | <b>2,268,681</b> | 3,123,087        |
| Accruals and deferred income                                                                          | <b>750,844</b>   | 5,000            |
|                                                                                                       | <b>5,561,673</b> | <b>3,928,187</b> |
| Secured creditors                                                                                     | <b>837,678</b>   | 786,000          |

All bank borrowings are secured by a standard security over the land lease relating to the wind farm site, an assignation in security over the company's rights and benefits arising from contracts it has entered into, including the grid construction agreement, and a bond and floating charge over all property and assets, present and future, including uncalled capital.

**11 Creditors: amounts falling due after more than one year**

|                                                         | <b>2011</b>      | <b>2010</b>      |
|---------------------------------------------------------|------------------|------------------|
|                                                         | <b>£</b>         | <b>£</b>         |
| Bank loans                                              | <b>5,737,322</b> | 1,684,000        |
| Other creditors                                         | <b>3,000,000</b> | 3,006,164        |
|                                                         | <b>8,737,322</b> | <b>4,690,164</b> |
| <b>Analysis of loan repayments</b>                      |                  |                  |
| Bank loans and overdrafts                               |                  |                  |
| Within one year or on demand                            | <b>837,678</b>   | 786,000          |
| Between two and five years                              | <b>5,737,322</b> | 1,684,000        |
|                                                         | <b>6,575,000</b> | 2,470,000        |
| Less: amounts included in current liabilities (note 10) | <b>837,678</b>   | 786,000          |
|                                                         | <b>5,737,322</b> | <b>1,684,000</b> |
| Secured creditors                                       | <b>5,737,322</b> | 1,684,000        |

Details of securities granted over bank borrowings are provided in note 10, above.

**LAIRG WINDFARM LIMITED**

**Notes to the financial statements for the year ended 31 December 2011 (continued)**

**12 Provisions for liabilities**

|                                                   | <u>2011</u>    | <u>2010</u> |
|---------------------------------------------------|----------------|-------------|
|                                                   | £              | £           |
| Provision for the decommissioning of the windfarm | <u>201,000</u> | <u>-</u>    |
| Provision at start of year                        | -              |             |
| Provision at end of year                          | <u>201,000</u> |             |

The Company has provided a guarantee bond to the Highland Council as detailed below. Commerzbank acts as Guarantor for the bond.

A bond is required should the Company fail to perform the decommissioning, reinstatement, restoration and aftercare of the wind farm development and the land upon which the wind farm is constructed in accordance with planning permission.

The provision will be released to the profit & loss account over the useful economic life of the wind farm.

It is not practicable to disclose an indication of uncertainties on amount and timing or the possibility of any reimbursement.

**13 Called-up share capital**

|                                           | <u>2011</u> | <u>2010</u> |
|-------------------------------------------|-------------|-------------|
|                                           | £           | £           |
| <b>Allotted, called up and fully paid</b> |             |             |
| <b>Equity shares:</b>                     |             |             |
| Ordinary shares of £1 each                | <u>100</u>  | <u>100</u>  |

**14 Reserves**

|                     | <u>Profit and<br/>loss<br/>account</u> |
|---------------------|----------------------------------------|
|                     | £                                      |
| At 1 January 2011   | (11,138)                               |
| Loss for the year   | (184,870)                              |
| At 31 December 2011 | <u>196,008</u>                         |

**15 Reconciliation of movement in shareholders' funds**

|                                         | <u>2011</u>      | <u>2010</u>     |
|-----------------------------------------|------------------|-----------------|
|                                         | £                | £               |
| Loss for the year                       | (184,870)        | (11,138)        |
| Shareholders' funds at 1 January 2011   | (11,038)         | 100             |
| Shareholders' funds at 31 December 2011 | <u>(195,908)</u> | <u>(11,038)</u> |



**LAIRG WINDFARM LIMITED**

**Notes to the financial statements for the year ended 31 December 2011 (continued)**

**16 Notes to the cash flow statement**

**a) Reconciliation of operating profit to net cash flow operating activities**

|                                           | <b>2011</b>      | <b>2010</b>      |
|-------------------------------------------|------------------|------------------|
|                                           | <b>£</b>         | <b>£</b>         |
| Operating loss                            | (35,236)         | (5,071)          |
| Increase in debtors                       | (5,018)          | (863,924)        |
| Increase in creditors                     | 1,575,644        | 6,148,351        |
| Net cash inflow from operating activities | <u>1,535,390</u> | <u>5,279,356</u> |

**b) Analysis of change in net debt**

|                                   | <b>Brought forward</b> | <b>Cash flows</b>  | <b>Other changes</b> | <b>Carried forward</b> |
|-----------------------------------|------------------------|--------------------|----------------------|------------------------|
| Cash at bank and in hand          | 878,070                | (742,698)          | -                    | 135,372                |
| Debt due within one year          | (786,000)              | (51,678)           | -                    | (837,678)              |
| Debt due after more than one year | (1,684,000)            | (4,053,322)        | -                    | (5,737,322)            |
|                                   | <u>(1,591,930)</u>     | <u>(4,847,698)</u> | <u>-</u>             | <u>(6,439,628)</u>     |

**c) Reconciliation of net cash flow to movement in debt**

|                                 | <b>2011</b>        | <b>2010</b>        |
|---------------------------------|--------------------|--------------------|
|                                 | <b>£</b>           | <b>£</b>           |
| Net (decrease)/increase in cash | (742,698)          | 878,070            |
| Increase in long term bank loan | (4,105,000)        | (2,470,000)        |
| Changes in net debt             | (4,847,698)        | (1,591,930)        |
| Net debt at 1 January 2011      | (1,591,930)        | -                  |
| Net debt at 31 December 2011    | <u>(6,439,628)</u> | <u>(1,591,930)</u> |

**17 Contingent liabilities**

The Company has provided a guarantee bond to The Highland Council as detailed below. Commerzbank acts as Guarantor on the bond.

A public road damage guarantee bond has been provided whereby if the Company defaults on the contract then the Guarantor will satisfy damage sustained by the Council up to the value of the bond.

At the year end this contingent liability totalled £400,000 (2010: £400,000).

It is not practicable to disclose an indication of uncertainties on amount and timing or the possibility of any reimbursement.

**18 Ultimate Parent Company**

The immediate parent undertaking is Lloyd Fonds Energie Europa Beteiligungs GmbH & Co KG, a limited partnership incorporated in Germany. The ultimate parent undertaking is Lloyd Fonds AG, a company listed on the German stock exchange.

**LAIRG WINDFARM LIMITED**

**Notes to the financial statements for the year ended 31 December 2011 (continued)**

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**19 Related parties**

The following balances were outstanding at 31 December 2011:

|                                                      | <b>Amounts due<br/>to group<br/>undertakings<br/>Current</b> | <b>Amounts due<br/>to group<br/>undertakings<br/>Non-current</b> |
|------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------|
|                                                      | <b>£</b>                                                     | <b>£</b>                                                         |
| Lloyd Fonds Energie Europa Beteiligungs GmbH & Co KG | <b>2,268,681</b>                                             | 3,000,000                                                        |

Lloyd Fonds Energie Europa Beteiligungs GmbH & Co KG purchased the entire share capital in the Company from ABO Wind UK Limited on 6 October 2011.

On 16 September 2011 the group balance outstanding to ABO Wind UK Limited of £5,268,681 (2010: £3,006,164) was fully repaid by Lloyd Fonds Energie Europa Beteiligungs GmbH & Co KG on Lairg Windfarm Limited's behalf.

The balance due to Lloyd Fonds Energie Europa Beteiligungs GmbH & Co KG at the year end amounted to £5,268,681 as split above. Interest of £51,370 has been accrued at a rate of 5% per annum. The loan has no fixed terms of repayment.