

LAIRG WINDFARM LIMITED

Company registration number SC288939

Financial Statements

For the year ended 31 December 2012

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LAIRG WINDFARM LIMITED

Financial statements for the year ended 31 December 2012

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LAIRG WINDFARM LIMITED
Directors, officers and advisers

Directors

J Ahn
M Bockholt
A Hollinger
M Braund

Secretary and registered office

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

Registered number

SC288939

Auditor

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

Accountants

Scott Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Bankers

Commerzbank AG
London Branch
30 Gresham Street
London
EC2P 2XY

LAIRG WINDFARM LIMITED

Directors' report for the year ended 31 December 2012

The directors present their report and the financial statements of the company for the year ended 31 December 2012.

Principal activity

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

Directors

The directors who served during the year were:

J Ahn
M Bockholt
A Hollinger
M Braund (appointed 12 December 2012)

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 the auditor

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.

Auditor

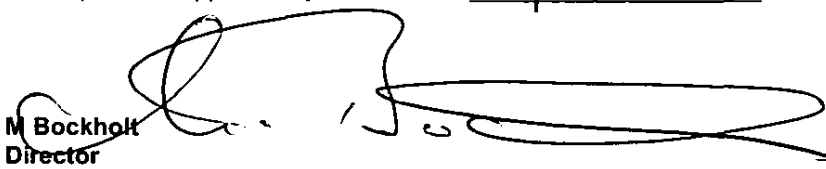
The auditor, Ernst & Young LLP, was appointed during the year and is deemed to be reappointed under section 487(2) of the Companies Act 2006.

LAIRG WINDFARM LIMITED

Directors' report for the year ended 31 December 2012 (continued)

The above report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime within part 15 of the Companies Act 2006.

This report was approved by the board on 10/10/13 and signed on its behalf by:


M Bockholt
Director

LAIRG WINDFARM LIMITED

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

We have audited the financial statements of Lairg Windfarm Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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 2, 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 2012 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)

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

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: 31 October 2013

LAIRG WINDFARM LIMITED

Profit and loss account for the year ended 31 December 2012

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
		£	£
Turnover	2	1,310,227	-
Cost of sales		(236,038)	-
Gross profit		1,074,189	-
Administrative expenses		(746,286)	(35,236)
Operating profit/(loss)	3	327,903	(35,236)
Other interest receivable and similar income		1,174	366
Interest payable and similar charges	6	(700,832)	(150,000)
Loss on ordinary activities before taxation		(371,755)	(184,870)
Taxation on loss on ordinary activities	7	-	-
Loss for the financial year	14	(371,755)	(184,870)

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 8 to 13 form part of these financial statements.

LAIRG WINDFARM LIMITED
Balance sheet at 31 December 2012

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
		£	£
Fixed assets			
Tangible assets	8	12,767,686	13,299,673
Current assets			
Debtors	9	366,894	869,042
Cash at bank and in hand		507,334	135,372
		874,228	1,004,414
Creditors: amounts falling due within one year	10	(723,492)	(5,561,673)
Net current assets/(liabilities)		150,736	(4,557,259)
Total assets less current liabilities		12,918,422	8,742,414
Creditors: amounts falling due after more than one year	11	(13,285,085)	(8,737,322)
Provision for liabilities	12	(201,000)	(201,000)
Net liabilities		(567,663)	(195,908)
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	(567,763)	(196,008)
Shareholders' funds	15	(567,663)	(195,908)

The financial statements were authorised for issue by the board of directors on

10/10/13

and signed on its behalf by:

M Backholt
Director

Company Registration No: SC288939

The notes on pages 8 to 13 form part of these financial statements.

LAIRG WINDFARM LIMITED

Notes to the financial statements for the year ended 31 December 2012

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 the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future. 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.

The financial statements do not include a cash flow statement because the company, as a small reporting entity and 100% subsidiary, is exempt from the requirements to prepare such a statement under Financial Reporting Standard 1 'Cash Flow Statements'.

Turnover

Turnover represents value of the goods and services supplied by the company during the year, excluding value added tax.

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. The principal rate in use is:

Plant and machinery	4% on cost
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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.

LAIRG WINDFARM LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

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.

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.

Operating leases

Rentals under operating leases are charged to the profit and loss account as they fall due.

2 Turnover

The turnover for the year is attributable to the principal activity of the company.

3 Operating profit/(loss)

This is stated after charging:

	2012	2011
	£	£
Depreciation	531,987	-
Auditors' remuneration - Audit fee	6,911	4,000
Auditors' remuneration - fees for non audit services	2,950	-
Exchange losses	2,446	24,286

4 Employee information

There were no employees during the year (2011 - nil).

5 Directors' remuneration

No remuneration was paid to directors during the year (2011 - £nil).

6 Interest payable and similar charges

	2012	2011
	£	£
In respect of loans repayable:		
On bank loans and overdrafts	400,832	-
Interest paid to group companies	300,000	150,000
	700,832	150,000

LAIRG WINDFARM LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Taxation on loss on ordinary activities

	2012	2011
	£	£
United Kingdom corporation tax at 24.5% (2011: 26.49%)	-	-
Factors affecting tax charge for the period		
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.49%)	(91,070)	(48,978)
Effects of:		
Expenses not deductible for tax purposes	25	-
Capital allowances in excess of depreciation	(368,590)	-
Income not taxable for tax purposes - fixed assets	16,766	-
Other short term timing differences	(48,017)	48,978
Unrelieved tax losses and other deductions arising in the period	490,886	-
Current tax charge for the year	-	-

8 Tangible fixed assets

	Plant and machinery
	£
Cost	
At 1 January 2012 and 31 December 2012	13,299,673
Depreciation	
Charge for the year	531,987
At 31 December 2012	531,987
Net book value	
At 31 December 2012	12,767,686
At 31 December 2011	13,299,673

9 Debtors

	2012	2011
	£	£
Trade debtors	69,998	-
Other debtors	296,896	869,042
	366,894	869,042

LAIRG WINDFARM LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

10 Creditors: amounts falling due within one year

	2012	2011
	£	£
Bank loans and overdrafts	359,482	837,678
Trade creditors	66,145	1,704,470
Amounts owing to group undertaking	-	2,268,681
Other creditors	219,220	750,844
Other tax and social security	78,645	-
	<u>723,492</u>	<u>5,561,673</u>
Secured creditors	<u>359,482</u>	<u>837,678</u>

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 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

	2012	2011
	£	£
Bank loans	7,634,840	5,737,322
Other creditors	5,650,245	3,000,000
	<u>13,285,085</u>	<u>8,737,322</u>
Analysis of loan repayments		
Bank loans and overdrafts		
Within one year or on demand	359,482	837,678
Between two and five years	1,164,223	952,396
After five years	6,470,617	4,784,926
	<u>7,994,322</u>	<u>6,575,000</u>
Less: amounts included in current liabilities (note 10)	359,482	837,678
	<u>7,634,840</u>	<u>5,737,322</u>
Secured creditors	<u>7,634,840</u>	<u>5,737,322</u>

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

Loans due greater than five years are repayable in semi annual instalments with an estimated repayment date of 30 December 2026. Interest is charged at 2.06813% per annum.

LAIRG WINDFARM LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

12 Provisions for liabilities

	<u>2012</u>	<u>2011</u>
	£	£
Provision for the decommissioning of the windfarm	<u>201,000</u>	<u>201,000</u>
Provision at start of year	<u>201,000</u>	
Provision at end of year	<u>201,000</u>	

The Company has provided a guarantee bond to the Highland Council and Mr JA Greenwood as detailed below. Commerzbank AG 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.

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>2012</u>	<u>2011</u>
	£	£
Allotted, called up and fully paid Equity shares:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

14 Reserves

	<u>Profit and loss account</u>
	£
At 1 January 2012	(196,008)
Loss for the year	<u>(371,755)</u>
At 31 December 2012	<u>567,763</u>

15 Reconciliation of movement in shareholders' funds

	<u>2012</u>	<u>2011</u>
	£	£
Loss for the year	(371,755)	(184,870)
Shareholders' funds at 1 January 2012	<u>(195,908)</u>	<u>(11,038)</u>
Shareholders' funds at 31 December 2012	<u>(567,663)</u>	<u>(195,908)</u>

LAIRG WINDFARM LIMITED

Notes to the financial statements for the year ended 31 December 2012 (continued)

16 Leasing commitments

Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 31 December 2012 were as set out below:

	<u>2012</u>	<u>2011</u>
	<u>Other</u>	<u>Other</u>
	£	£
Operating leases which expire:		
Within two to five years	19,500	-
	<u>19,500</u>	<u>-</u>

17 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.

18 Related parties

The Company has taken advantage of the exemptions available under FRS 8 for wholly owned subsidiary undertakings from disclosing transactions with other group companies on the grounds that the consolidated financial statements are prepared for the ultimate parent entity.