



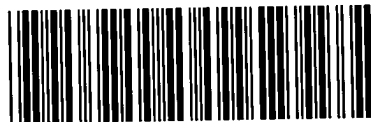
LAIRG WINDFARM LIMITED

Company registration number SC288939

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

MONDAY



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LAIRG WINDFARM LIMITED

COMPANY INFORMATION

Directors	Mr Duncan Andrew Levie Mr Barthelemy Benoit Clement Rouer
Company secretary	Davidson Chalmers (Secretarial Services) Limited
Registered number	SC288939
Registered office	1 Houstoun Interchange Business Park Livingston West Lothian EH54 5DW
Independent auditors	KPMG LLP 319 St Vincent Street Glasgow G2 5AS
Accountants	Scott-Moncrieff 25 Bothwell Street Glasgow G2 6NL
Bankers	Commerzbank AG London Branch 30 Gresham Street EC2P 2XY

LAIRG WINDFARM LIMITED

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LAIRG WINDFARM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

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

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 judgments and accounting 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Principal activity

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

Results and dividends

The loss for the year, after taxation, amounted to £445,546 (2015 - loss £130,048).

Winds were not as good as expected in 2016 and this is reflected in the decrease in turnover and gross profit this year.

No dividends were paid during the year.

LAIRG WINDFARM LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

Director

The director who served during the year was:

Dr Jochen Ahn (resigned 13 March 2017)
Mr Matthias Bockholt (resigned 13 March 2017)
Mr Andreas Hollinger (resigned 13 March 2017)
Mr Duncan Andrew Levie (appointed 13 March 2017)
Mr Barthelemy Benoit Clement Rouer (appointed 13 March 2017)

Future developments

The directors are of the opinion that the company will continue in the generation of electricity and that no business developments will be undertaken in the future. The cap on grid capacity has been removed which should lead to increased production and improved profitability.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

There have been significant events affecting the company since the year end. See note 22.

Auditors

KMPG were appointed as auditors during the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The directors have taken advantage of the exemption within Section 414B of the Companies Act 2006 and will not be preparing a Strategic Report for the year ended 31 December 2016.

This report was approved by the board and signed on its behalf.

Mr Duncan Andrew Levie
Director

Date:

3/7/18.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAIRG WINDFARM LIMITED

We have audited the financial statements of Laird Windfarm Limited for the year ended 31 December 2016 set out on pages 5 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 1, 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 December 2016 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 matters 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.

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

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAIRG
WINDFARM LIMITED (continued)**

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year 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 Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has 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

B Marks

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

3 July 2018.

LAIRG WINDFARM LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Turnover	4	1,281,380	1,615,732
Cost of sales		(357,588)	(343,870)
Gross profit		923,792	1,271,862
Administrative expenses		(619,777)	(615,220)
Other operating income	5	6,557	-
Operating profit	6	310,572	656,642
Interest receivable and similar income	8	1,177	2,104
Interest payable and expenses	9	(757,295)	(788,794)
Loss before tax		(445,546)	(130,048)
Loss after tax		(445,546)	(130,048)
Retained earnings at the beginning of the year		(1,036,011)	(905,963)
		(1,036,011)	(905,963)
Loss for the year		(445,546)	(130,048)
Retained earnings at the end of the year		(1,481,557)	(1,036,011)

The notes on pages 9 to 21 form part of these financial statements.

LAIRG WINDFARM LIMITED
REGISTERED NUMBER:SC288939

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	11	10,639,739	11,171,726
		<u>10,639,739</u>	<u>11,171,726</u>
Current assets			
Debtors: amounts falling due within one year	12	475,747	496,203
Cash at bank and in hand	13	406,797	509,730
		<u>882,544</u>	<u>1,005,933</u>
Creditors: amounts falling due within one year	14	(1,627,342)	(1,424,883)
Net current liabilities		<u>(744,798)</u>	<u>(418,950)</u>
Total assets less current liabilities		<u>9,894,941</u>	<u>10,752,776</u>
Creditors: amounts falling due after more than one year	15	(10,170,216)	(10,419,068)
Provisions for liabilities			
Other provisions	17	(201,000)	(201,000)
		<u>(201,000)</u>	<u>(201,000)</u>
Net (liabilities)/assets		<u>(476,275)</u>	<u>132,708</u>
Capital and reserves			
Called up share capital	18	100	100
Other reserve	19	2,163,886	2,163,886
Cash flow hedge reserve	19	(1,158,704)	(995,267)
Profit and loss account	19	(1,481,557)	(1,036,011)
		<u>(476,275)</u>	<u>132,708</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr Duncan Andrew Levie
 Director

Date: 3/7/18.

LAIRG WINDFARM LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Other reserve	Cash flow hedge reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2015	100	2,163,886	(1,202,851)	(905,963)	55,172
Comprehensive income for the year					
Loss for the year	-	-	-	(130,048)	(130,048)
Cash flow hedge - fair value movement	-	-	(40,662)	-	(40,662)
Cash flow hedge - recycled to profit	-	-	248,246	-	248,246
Total comprehensive income for the year	-	-	207,584	(130,048)	77,536
At 1 January 2016	100	2,163,886	(995,267)	(1,036,011)	132,708
Loss for the year	-	-	-	(445,546)	(445,546)
Cash flow hedge - fair value movement	-	-	(392,148)	-	(392,148)
Cash flow hedge - recycled to profit	-	-	228,711	-	228,711
Total comprehensive income for the year	-	-	(163,437)	(445,546)	(608,983)
At 31 December 2016	100	2,163,886	(1,158,704)	(1,481,557)	(476,275)

LAIRG WINDFARM LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
Cash flows from operating activities		
Loss for the financial year	(445,546)	(130,048)
Adjustments for:		
Depreciation of tangible assets	531,987	531,987
Interest paid	757,295	788,794
Interest received	(1,177)	(2,104)
Decrease/(increase) in debtors	74,687	(101,094)
(Increase)/decrease in amounts owed by groups	(54,231)	-
Increase/(decrease) in creditors	195,467	(2,163)
(Decrease)/increase in amounts owed to groups	(39,847)	4,348
Net cash generated from operating activities	<u>1,018,635</u>	<u>1,089,720</u>
Cash flows from investing activities		
Interest received	<u>1,177</u>	<u>2,104</u>
Net cash from investing activities	<u>1,177</u>	<u>2,104</u>
Cash flows from financing activities		
Repayment of loans	(365,450)	(342,426)
Interest paid	(757,295)	(788,794)
Net cash used in financing activities	<u>(1,122,745)</u>	<u>(1,131,220)</u>
Net (decrease) in cash and cash equivalents	<u>(102,933)</u>	<u>(39,396)</u>
Cash and cash equivalents at beginning of year	<u>509,730</u>	<u>549,126</u>
Cash and cash equivalents at the end of year	<u><u>406,797</u></u>	<u><u>509,730</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>406,797</u>	<u>509,730</u>
	<u><u>406,797</u></u>	<u><u>509,730</u></u>

The notes on pages 9 to 21 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. General information

The financial statements are presented in Pounds Sterling (GBP) and are rounded to the nearest whole pound. The financial statements cover the results for the year ended 31 December 2016. The continuing activities of the company continue to be the generation of electricity.

The company is limited by shares and was incorporated in Scotland. The registered office is:

1 Houstoun Interchange Business Park
Livingston
West Lothian
EH54 5DW

The company's registered number is SC288939

2. Accounting policies

2.1 Basis of preparation of financial statements

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 Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 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.

2.3 Revenue

Revenue represents value of the goods and services supplied by the company during the year, excluding value added tax. Revenue is recognised as goods and services are delivered to customers.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Income Statement during the period in which they are incurred.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	4% straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.5 Cash and cash equivalents

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

2.6 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.

The company uses derivative financial instruments to manage exposures to interest rate risks. Interest rate swaps have been taken alongside the senior debt loan to provide a fixed interest rate over the life of the debt. These are measured at fair value and recognised in the balance sheet as a liability.

2.7 Hedge accounting

The company uses variable to fixed interest rate swaps to manage its exposure to cash flow risk on its loans. These derivatives are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in the Income Statement for the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

2.9 Operating leases: the company as lessee

Rentals under operating leases are charged to the Income Statement as they fall due.

2.10 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.12 Taxation

Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The accounting policies and key sources of estimation have been applied consistently with prior years.

LAIRG WINDFARM LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****4. Turnover**

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Turnover	1,281,380	1,615,732
	<u>1,281,380</u>	<u>1,615,732</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	1,281,380	1,615,732
	<u>1,281,380</u>	<u>1,615,732</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2016 £	2015 £
Insurance claims	6,557	-
	<u>6,557</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Lease payments expensed in the year	57,153	60,255
Depreciation of tangible fixed assets	531,987	531,987
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	19,500	9,500
Exchange differences	(758)	(2,841)
	<u></u>	<u></u>

7. Employees

There were no employees during the year (2015 - nil).

LAIRG WINDFARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Interest receivable

	2016 £	2015 £
Other interest receivable	1,177	2,104
	<u>1,177</u>	<u>2,104</u>

9. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	228,584	230,845
Finance costs - recycled cash flow hedge	228,711	248,246
Loans from group undertakings	300,000	309,703
	<u>757,295</u>	<u>788,794</u>

10. Taxation

	2016 £	2015 £
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

LAIRG WINDFARM LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	(445,546)	(130,048)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%)	-	(26,330)
Effects of:		
Expenses not deductible for tax purposes	-	480
Capital allowances for year in excess of depreciation	-	13,857
Adjustment for deferred tax in the period	-	11,993
Total tax charge for the year	-	-

Factors that may affect future tax charges

At 31 December 2016 the company had accumulated tax losses of £4,956,185 (2015 - £4,502,888) available to carry forward against future trading profits.

LAIRG WINDFARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 January 2016	13,299,673
At 31 December 2016	13,299,673
Depreciation	
At 1 January 2016	2,127,947
Charge for the period on owned assets	531,987
At 31 December 2016	2,659,934
Net book value	
At 31 December 2016	10,639,739
At 31 December 2015	11,171,726

12. Debtors

	2016 £	2015 £
Trade debtors	-	147,942
Other debtors	440,236	316,411
Prepayments and accrued income	35,511	31,850
	475,747	496,203

13. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	406,797	509,730
	406,797	509,730

LAIRG WINDFARM LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****14. Creditors: Amounts falling due within one year**

	2016 £	2015 £
Bank loans	453,477	411,703
Trade creditors	4,965	11,637
Amounts owed to group undertakings	-	39,848
Other taxation and social security	99,773	241,767
Other creditors	30,613	38,332
Accruals and deferred income	804,739	452,885
Current derivative financial liabilities	233,775	228,711
	<u>1,627,342</u>	<u>1,424,883</u>

Secured loans

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.

15. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans	6,245,287	6,652,511
Amounts owed to group undertakings	3,000,000	3,000,000
Non-current derivative financial liabilities	924,929	766,557
	<u>10,170,216</u>	<u>10,419,068</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
16. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Bank loans	453,477	411,703
	<u>453,477</u>	<u>411,703</u>
Amounts falling due 1-2 years		
Bank loans	2,270,143	2,084,550
	<u>2,270,143</u>	<u>2,084,550</u>
Amounts falling due after more than 5 years		
Bank loans	3,975,144	4,567,961
	<u>3,975,144</u>	<u>4,567,961</u>
	<u><u>6,698,764</u></u>	<u><u>7,064,214</u></u>

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 2.4% over LIBOR per annum.

There are interest rate swaps in place to give a fixed rate of interest of 6.55% on the bank loans. These derivatives are measured at fair value and are presented in a separate cash flow hedge reserve. As at 31 December 2016 the cash flow hedge reserve amounted to £1,158,704 (2015: £995,268). A fair value movement of £392,148 (2015: £40,662) has been recognised in the Statement of Comprehensive Income.

Gains and losses, recognised in the cash flow hedge reserve, on interest rate swap contracts are released to the Statement of Comprehensive Income as the related bank borrowings are repaid.

LAIRG WINDFARM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

17. Provisions

	£
At 1 January 2016	201,000
At 31 December 2016	<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.

LAIRG WINDFARM LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016****18. Share capital**

	2016 £	2015 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
100 Ordinary Shares shares of £1 each	<u>100</u>	<u>100</u>

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

19. Reserves**Other reserves account**

£2,163,886 represents capital contributed by the parent company.

Cash flow hedge reserves

The movements in the fair value of the cash flow hedge are included in the Cash Flow Hedge reserve.

20. Commitments under operating leases

At 31 December 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	22,500	22,500
Later than 1 year and not later than 5 years	90,000	90,000
Later than 5 years	<u>675,000</u>	<u>787,500</u>

Lease payments are based on 4% of total gross income with this rate increasing to 8% in 2024.

21. Related party transactions

The amount of £3,000,000 (2015: £3,000,000) which is owed to the parent undertaking, Lloyd Fonds Energie Europa Beteiligungs GmbH and Co KG incurs interest at 10% annually. Interest on the loan amounted to £300,000 (2015: £309,703). At the year end £711,998 (2015: £411,998) of loan interest was accrued. It has been agreed that the company will make repayments when possible, so as not to adversely affect the company's ability to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

22. Post balance sheet events

On 29 June 2018 the company's banker agreed terms, subject only to satisfactory documentation and satisfaction of conditions precedent, to a restructuring of the existing loan facilities.

Following the restructuring, the new facilities will consist of:

- a fixed rate amortising term loan of £6,340,455 terminating on 30 June 2030
- a floating rate amortising term loan of a maximum of £1,000,000 terminating on 30 December 2027
- a letter of credit facility of £201,000

23. Controlling party

The immediate and ultimate parent undertaking, and controlling party is Lloyd Fonds Energie Europa Beteiligungs GmbH and Co KG, a limited partnership incorporated in Germany.

LAIRG WINDFARM LIMITED

**DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover		1,281,380	1,615,732
Cost of sales		(357,588)	(343,870)
Gross profit		923,792	1,271,862
Gross profit %		72.1 %	78.7 %
Other operating income		6,557	-
Less: overheads			
Administration expenses		(619,777)	(615,220)
Operating profit		310,572	656,642
Interest receivable		1,177	2,104
Interest payable		(757,295)	(788,794)
Loss for the year		(445,546)	(130,048)

LAIRG WINDFARM LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
Turnover		
Sales	1,281,380	1,615,732
	<u>1,281,380</u>	<u>1,615,732</u>
	2016 £	2015 £
Cost of sales		
Operational management fees	41,735	51,035
Community benefit	25,661	16,873
Smartest Energy costs	48,931	48,472
Consultancy fees	17,814	-
Repairs and maintenance	148,949	149,443
Insurance	17,345	17,792
Rent	57,153	60,255
	<u>357,588</u>	<u>343,870</u>
	2016 £	2015 £
Other operating income		
Sundry income	6,557	-
	<u>6,557</u>	<u>-</u>
	2016 £	2015 £
Administration expenses		
Telephone and fax	1,878	2,164
Computer costs	-	481
Legal and professional	2,744	6,266
Auditors' remuneration	19,500	9,500
Accountancy fees	7,450	5,700
Bank charges	22,751	22,115
Difference on foreign exchange	(758)	(2,841)
Depreciation - plant and machinery	531,987	531,987
Management charges	34,225	39,848
	<u>619,777</u>	<u>615,220</u>

LAIRG WINDFARM LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	£	£
Interest receivable		
Other interest receivable	1,177	2,104
	1,177	2,104
	2016	2015
	£	£
Interest payable		
Bank loan interest payable	228,584	230,845
Group interest payable	300,000	309,703
Other loan interest payable	228,711	248,246
	757,295	788,794