Financial statements
Calder Water Community Wind Co Limited

For the year ended 30 November 2016

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COMPANIES HOUSE

Company No. SC412643

Officers and professional advisers

Company registration number	SC412643
Registered office	Lindsays Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE
Directors	D A Wood R M H Wood
Secretary	R M H Wood
Banker	NORD/LB Norddeutsche Landesbank (London Branch One Wood Street London EC2V 7WT
Solicitor	Lindsays Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE
Auditor	KPMG LLP 8 Princes Parade Liverpool L3 1QH

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Strategic report

The directors present their Strategic report and the financial statements of the company for the year ended 30 November 2016.

Principal activity

The principal activity of the company during the year was that of the operation of community renewable energy projects.

Results for the year

During the year the company made a profit of £1,541,393 *(2015 restated: £2,302,047).*

The result for the year was disappointing, especially compared to prior year. Low wind yield and a depressed market price were the main contributing factors. The company considers that trading conditions will improve and wind permitting, a better result will be seen in the coming year.

Future developments

The directors expect that the company will continue to operate its existing community renewable energy projects for the foreseeable future. There are no other future developments planned.

Principal risks & uncertainties

The principal risks to the business are managed via established contractual relationships which provide a long term off-take arrangement for electricity generated and servicing of plant to meet expected generation targets. There are no material uncertainties.

The other key risks within the business can be summarised as follows:

- Interest rate risk – the Company has a loan facility that attracts a floating interest rate; this exposes the Company to higher interest charges should LIBOR rates move adversely. The Company has reduced its exposure on its debt by executing interest rate swaps. Management currently considers interest rate risk to be minimal.

- Credit risk – is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is indicated by the carrying amount of its assets which consist principally of bank balances and receivables. Management believes that because the counter parties are mainly banks and other major corporations that the credit risk is minimal.

- Liquidity risk – the Company limits its liquidity risk with respect to financing of the project by ensuring that conditions to loan agreements are complied with and loans are drawn down and repaid on due dates to enable the Company to meet its project obligations as they fall due.

- Currency risk – is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency exposure. However, management is of the opinion that the Company's exposure to currency risk is minimal as the majority of the transactions are executed in GBP.

Strategic Report *(continued)*

Key performance indicators

The business uses key performance indicators (KPIs) to monitor performance. Energy yield is a KPI that is tracked on a daily basis with a 'P50' figure being the stretching target for the wind farm. For the year ended 30 November 2016, the wind farm fell slightly short of its P50 target with a lean summer period and still autumn responsible for the shortfall. Plant availability is another KPI reported monthly and the wind farm continues to maintain availability well in excess of its warranted availability.

Going concern

The directors consider the company's performance on a semi-annual basis, in particular, liquidity, cash-flows, forecasted turnover, borrowings and business risks. The reviews performed during the year have confirmed that the business is well placed to manage future business risks despite the current economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

ON BEHALF OF THE BOARD

R.M.H. Wood
Director

Date: 26-5-2017

Directors' report

The directors present their report and the financial statements of the company for the year ended 30 November 2016.

Directors

The directors who served the company during the year were as follows:

R M H Wood
D A Wood

Results for the year

The company has paid a dividend of £nil *(2015: £1,930,000).*

Directors' responsibilities

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 group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *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 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.

Directors' report *(continued)*

Provision of information to auditor

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- that the directors have taken all steps that they ought to have taken as directors in order to be aware of any information needed by the company and the auditor in connection with preparing their report and to establish that the company's auditor is aware of that information

Auditor's reappointment

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

R.M.H. Wood
Director

Date: 26-5-2017

Independent Auditor's Report to the Members of Calder Water Community Wind Co Limited

We have audited the financial statements of Calder Water Community Wind Co Limited for the year ended 30 November 2016 set out on pages 9 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS102 *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 5, 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 web-site 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 30 November 2016 and of its profit 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 matters 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.

Independent Auditor's Report to the Members of Calder Water Community Wind Co 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.

Will Baker (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

Date: 31 May 2017

Profit and loss account and other comprehensive income

For the year ended 30 November 2016

	Notes	2016 £	Restated 2015 £
Turnover		**8,021,676**	9,063,350
Cost of sales		**(3,254,754)**	(3,298,795)
Gross profit		**4,766,922**	5,764,555
Other operating charges	2	**(1,061,687)**	(991,802)
Operating profit		**3,705,235**	4,772,753
Interest receivable and similar income		**12,149**	20,640
Interest payable and similar charges	4	**(1,991,854)**	(2,137,019)
Profit on ordinary activities before taxation		**1,725,530**	2,656,374
Tax on profit on ordinary activities	5	**(194,719)**	(354,327)
Profit for the financial year		**1,530,811**	2,302,047
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges		**(484,403)**	(52,722)
Income tax on other comprehensive income		**82,349**	(71,956)
Other comprehensive income for the year, net of income tax		**(402,054)**	(124,678)
Total comprehensive income for the year		**1,128,757**	2,177,369

All of the activities of the company are classed as continuing.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

At 30 November 2016

	Notes	30 November 2016 £	30 November 2015 £
Fixed assets			
Tangible assets	6	**42,509,045**	45,034,335
Current assets			
Debtors	7	**2,888,508**	2,705,065
Cash at bank		**6,555,190**	7,156,957
		9,443,698	9,862,022
Creditors: amounts falling due within one year	8	**(4,046,794)**	(4,598,243)
Net current assets		**5,396,904**	5,263,779
Total assets less current liabilities		**47,905,949**	50,298,114
Creditors: amounts falling due after more than one year	9	**(43,850,216)**	(47,719,667)
Provisions for liabilities			
Deferred tax liability	12	**(2,110,025)**	(1,761,496)
Net assets		**1,945,708**	816,951
Capital and reserves			
Called-up equity share capital	11	**1,000**	1,000
Capital contribution		**1,871,536**	2,079,709
Cashflow hedge reserve	14	**(2,162,267)**	(1,760,213)
Profit and loss account		**2,235,439**	496,455
Shareholders' funds		**1,945,708**	816,951

These financial statements were approved by the directors and authorised for issue on 26 May 2017, and are signed on their behalf by:

R.M.H.Wood
Director

Company Registration Number: SC412643

The accompanying accounting policies and notes form part of these financial statements.

Statement of changes in equity

	Called up share capital	Capital Contribution	Cash flow hedge reserve	Profit & loss account	Total s/holders' fund
	£	£	£	£	£
Balance at 1 December 2014 (re-stated)	1,000	2,285,881	(1,635,535)	(81,764)	569,582
Total comprehensive income for the year					
Profit	-	-	-	2,302,047	2,302,047
Other comprehensive inc	-	-	(124,678)	-	(124,678)
Total comprehensive income for the year	-	-	(124,678)	2,302,047	2,177,369
Transfer of reserves	-	(206,172)	-	206,172	-
Transactions with owners - Dividends	-	-	-	(1,930,000)	(1,930,000)
Balance at 30 November 2015	1,000	2,079,709	(1,760,213)	496,455	816,951
Balance at 1 December 2015	1,000	2,079,709	(1,760,213)	496,455	816,951
Total comprehensive income for the year					
Profit	-	-	-	1,530,811	1,530,811
Other comprehensive inc	-	-	(402,054)	-	(402,054)
Total comprehensive income for the year	-	-	(402,054)	1,530,811	1,128,757
Transfer of reserves	-	(208,173)	-	208,173	-
Transactions with owners - Dividends	-	-	-	-	-
Balance at 30 November 2016	1,000	1,871,536	(2,162,267)	2,235,439	1,945,708

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Principal accounting policies

Basis of accounting

Calder Water Community Wind Co Limited ("the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*'FRS 102'*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 18.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Lease incentives – for leases commenced before 1 December 2014 the Company continued to account for lease incentives under previous UK GAAP

The Company's ultimate parent undertaking, Community Wind Power (Holdings) Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Community Wind Power (Holdings) Limited are prepared under FRS 102 and are available to the public and may be obtained from The Registrar, Companies House, Crown Way, Cardiff, CF4 3UZ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement with related notes is included; and
- Key management personnel compensation.

As the consolidated financial statements of Community Wind Power (Holdings) Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

Notes to the financial statements (continued)

1 Principal accounting policies *(continued)*

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Turnover is recognised at the point at which the electricity is provided.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Plant & machinery - 5% straight line per annum

Short leasehold land is not depreciated

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Operating lease agreements

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Notes to the financial statements (continued)

1 Principal accounting policies (continued)

Taxation

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

Classifications of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes to the financial statements (continued)

1 Principal accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively, when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Expenses

Interest receivable and interest payable

Interest payable and similar charges include interest payable.

Interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Notes to the financial statements (continued)

2 Operating profit

Operating profit is stated after charging:

	2016 £	2015 £
Depreciation of owned fixed assets	**2,525,290**	2,528,255
Auditor's fees		
- Audit	**5,600**	5,400
- Tax	**2,600**	2,600
Operating lease costs:		
- Land and buildings	**321,873**	326,214

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Community Wind Power (Holdings) Limited.

3 Directors and employees

During the year the company had nil *(2015: £nil)* employees.

Remuneration in respect of directors was as follows:

	2016 £	2015 £
Remuneration	**203,450**	199,000

The remuneration of the Directors disclosed above relates to their services to this and other companies in the Community Wind Power (Holdings) Limited Group. Remuneration of the directors was paid by Community Windpower Limited during the period.

No director accrued benefits towards pension entitlements during the period *(2015: no directors).*

4 Interest payable

	2016 £	2015 £
Bank loan interest	**1,166,725**	1,258,805
SWAP interest	**616,956**	672,042
FV adjustment – interest on shareholder loan	**208,173**	206,172
	1,991,854	2,137,019

Notes to the financial statements (continued)

5 Taxation

	2016		2015	
	£	£	£	£
Current tax				
Group relief (receivable)	**(236,159)**		(314,766)	
Total current tax		**(236,159)**		(314,766)
Deferred tax				
Origination and reversal of timing differences	**528,739**		812,026	
Adjustment in respect to prior year	**-**		-	
Change in tax rate	**(97,861)**		(142,933)	
		430,878		669,093
Total tax		**194,719**		354,327

	2016			2015		
	£	£	£	£	£	£
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	**(236,159)**	**430,878**	**194,719**	(314,766)	669,093	354,327
Recognised in other comprehensive income	**-**	**(82,349)**	**(82,349)**	-	71,956	71,956
Total tax	**(236,159)**	**348,529**	**112,370**	(314,766)	741,049	426,283

Notes to the financial statements (continued)

5 Taxation (continued)

Reconciliation of effective tax rate

	2016	2015
	£	£
Profit for the year	**1,530,811**	2,302,047
Total tax expense	**184,137**	354,327
Profit excluding taxation	**1,725,530**	2,656,374
Tax using the UK corporation tax rate of *20% (2015: 20.33%)*	**345,106**	581,999
Fixed asset differences	**-**	20,442
Adjustments to brought forward values	**40,780**	-
Group relief surrendered	**236,159**	-
Receipt for group relief	**(236,159)**	-
Deferred tax charged directly to equity	**82,349**	-
Reduction in tax rate on deferred tax balances	**(176,635)**	(248,114)
Timing difference not recognised in computation	**(96,881)**	-
Total tax expense included in profit or loss	**194,719**	354,327

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantially enacted on 6 September 2016.

6 Tangible fixed assets

	Plant & machinery
	£
Cost	
At 1 December 2015	50,505,796
Addition in the year	
At 30 November 2016	**50,505,796**
Depreciation	
At 1 December 2015	5,471,461
Charge for the year	2,525,290
At 30 November 2016	**7,996,751**
Net book value	
At 30 November 2016	**42,509,045**
At 30 November 2015	45,034,335

Notes to the financial statements (continued)

7 Debtors

	2016	2015
	£	£
Accrued income	**1,792,748**	1,549,318
Prepayments	**348,431**	303,133
Other debtors	**510,000**	510,000
Other taxation	**1,170**	27,848
Amounts owed by group undertakings	**236,159**	314,766
	2,888,508	2,705,065

8 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	**105,231**	172,129
Bank loan	**3,164,059**	3,407,715
Less deferred arrangement costs	**(103,036)**	(103,036)
Accruals and other creditors	**880,540**	1,121,435
	4,046,794	4,598,243

The bank loan is secured by a fixed and floating charge over all of the assets held by the company by NordLB. Interest is charged on the loan balance outstanding amounting to the average of: LIBOR, the appropriate margin and mandatory cost.

Amounts owed to group undertaking relates to a shareholder loan; which is subordinated to the bank loan. It is estimated that £1 million will become due and payable during the next twelve months but this is dependent on the cash flows of the business following repayment of the secured debt.

The following liabilities disclosed under creditors falling due within one year are secured over the fixed assets by the company.

	2016	2015
	£	£
Bank loan	**3,164,059**	3,407,715

Notes to the financial statements (continued)

9 Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Bank loan	**35,633,562**	38,797,620
Less deferred arrangement costs	**(549,526)**	(652,562)
Amounts owed to group undertakings	**5,674,636**	7,008,156
Other provisions	**2,581,545**	2,097,141
Restoration provision	**510,000**	510,000
	43,850,217	47,760,355

The following liabilities disclosed under creditors falling due after more than one year are secured by the company.

	2016	2015
	£	£
Bank loan	**35,633,562**	38,797,620

10 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

Secured bank loans

	2016	2015
	£	£
Amounts repayable:		
In one year or less or on demand	**3,164,059**	3,407,715
In more than one year but not more than two years	**2,654,635**	3,164,058
In more than two years but not more than five years	**7,721,568**	7,665,213
In more than five years	**25,257,359**	27,968,349
	38,797,621	42,205,335

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2016	2015
					£	£
Bank loan	GBP	LIBOR	2023	Six-monthly	**38,797,621**	42,205,335
					38,797,621	42,205,335

Notes to the financial statements (continued)

11 Share capital

Allotted, called up and fully paid:

	2016	2015
	£	£
1,000 Ordinary shares of £1	**1,000**	1,000

12 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016	2015	**2016**	2015	**2016**	2015
	£	£	£	£	£	£
Accelerated capital allowances	-	-	**2,510,583**	2,098,424	**2,510,583**	2,098,424
Unused tax losses	-	-	-	-	-	-
Other	**(400,558)**	(336,928)	-	-	**(400,558)**	(336,928)
Tax (assets) / liabilities	**(400,558)**	(336,928)	**2,510,583**	2,098,424	-	-
Net of tax liabilities/(assets)	-	-	-	-	**2,110,025**	1,761,496
Net tax (assets) / liabilities	**(400,558)**	(336,928)	**2,510,583**	2,098,424	**2,110,025**	1,761,496

The deferred tax liability will increase further during the next reporting period by approximately £356,292 which represents the tax impact of the amount by which capital allowances will exceed depreciation.

The deferred tax asset will reduce during the next reporting period by approximately £93,500 which represents the tax impact of the amount by which the provision for the interest rate swap will reduce.

13 Commitments under operating leases

Non-cancellable operating leases rentals are payable as follows:

	Land and buildings	
		Restated
	2016	2015
	£	£
Less than one year	**340,940**	333,728
Between one and five years	**1,363,758**	1,363,758
More than five years	**9,612,000**	9,952,940

The operating lease commitment is subject to an annual indexation based on RPI. During the year, £321,873 was recognised as an expense in the profit and loss account in respect of operating leases *(2015: £326,214)*.

Notes to the financial statements (continued)

14 Capital and reserves

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

15 Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	Fair value 2016 £	Fair value 2015 £
Interest rate SWAP	**(2,581,545)**	(2,097,141)

16 Financial instruments

Financial instruments measured at fair value

Derivative financial instruments

The fair value of interest rate swaps is based on broker quotes.

Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The interest rates used to discount estimated cash flows, where applicable, are based on LIBOR and were 0.74% (on average).

17 Controlling party and related party transactions

The immediate parent undertaking of this company is Calder Water Community Wind Co (Holdings) Limited, a company incorporated in Scotland. The ultimate parent undertaking of this company is Community Wind Power (Holdings) Limited, a company incorporated in Scotland.

R M H Wood and D A Wood are the controlling parties of the ultimate parent company.

As the company is a wholly owned subsidiary of Community Wind Power (Holdings) Limited, the Company has taken advantage of the exemption contained in FRS 102.33.1A and therefore has not disclosed transactions or balances with wholly owned subsidiaries which form part of the group headed by Community Wind Power (Holdings) Limited.

Notes to the financial statements (continued)

18 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 November 2016 and the comparative information presented in these financial statements for the year ended 30 November 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting old UK GAAP. An explanation of how the transition from old UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables.

Reconciliation of previously reported Company's results as at 1 December 2014 and 30 November 2015:

	At 1 December 2014	At 30 November 2015
Total Shareholders' funds reported under old UK GAAP	(80,764)	497,455
Recognition of interest rate swap	(2,044,420)	(1,688,257)
Recognition of deferred tax on interest rate swap	408,885	(71,956)
Recognition of capital contribution re. shareholder loan	2,285,881	2,079,709
Total Shareholders' funds restated under FRS 102	569,582	816,951

Reconciliation of previously reported profit for the year ended 30 November 2015:

	At 30 November 2015
Profit for the year under old UK GAAP	2,508,219
Interest charged under FRS102 re. shareholder loan	(206,172)
Restated profit after FRS102 adjustment	2,302,047

Reconciliation of previously reported other comprehensive income for the year ended 30 November 2015:

	At 30 November 2015
Other comprehensive income for the year under old UK GAAP	-
Effective portion of changes in fair value cash flow hedge	(52,722)
Income tax on other comprehensive income	(71,956)
Other comprehensive income for the year under FRS 102	(124,678)

Notes to the financial statements (continued)

18 Explanation of transition to FRS 102 from old UK GAAP (continued)

Notes to the reconciliation of equity and profit and loss account and other comprehensive income

Calder Water Community Wind Co Limited was not previously required to recognise derivative financial instruments on the balance sheet. Instead the effects of the derivative financial instruments were recognised in the profit and loss account on settlement.

Under FRS 102, a derivative financial instrument are classified as other financial instruments under Chapter 12 of FRS 102 is recognised as a financial asset or financial liability, at fair value, when an entity becomes party to the contractual provisions of the instruments.

On the adoption of the requirements of FRS 102, a financial liability of £2,044,420 has been recognised on the balance sheet at the date of transition, 1 December 2014 relating to an interest rate swap.

At 30 November 2015, the fair value of the financial liability was £1,688,257.

The difference between the fair values of £52,722 has been recognised within other comprehensive income for the year, as cash flow hedge accounting has been implemented.

A deferred tax asset was recognised upon recognition of the financial liability interest rate swap at the substantively enacted rate of 20%. This amounted to £408,885.

At 30 November 2015, a reduction in the financial liability interest rate swap resulted in a deferred tax liability being recognised as the substantively enacted rate of 18% of £336,928.

The movement in the deferred tax balance for the year ended 30 November 2015 of £71,956 has been recognised within other comprehensive income, as cash flow hedge accounting has been implemented.