Wind Energy Scotland (Holmhead) Limited
(previously Earthmill Scotland (Holmhead) Limited)

Directors' report and financial statements

Registered number SC415049

31 May 2016

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Company information

Directors	S Milner M Woodward
Company number	SC415049
Registered office	Hbj Gateleys Exchange Tower 19 Canning Street Edinburgh Scotland EH3 8EH

Director's report

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

Principal activity

The principal activity of the company in the year under review was that of electricity generation through wind turbines.

Business review

The trading results for the year and the company's financial position at the year-end are shown in the attached financial statements.

During the year the company was acquired by Wind Energy Holdings Limited.

Proposed dividend

The directors do not recommend payment of a dividend.

Directors

The directors who held office during the year and up to the date of signing this report were as follows:

S Milner
A Mill (resigned 31 May 2016)
M Woodward

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

This report was approved by the Board on 23/2 2017 and signed on its behalf by:

M Woodward
Director

Hbj Gateleys
Exchange Tower
19 Canning Street
Edinburgh
Scotland
EH3 8EH

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 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 judgments 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.

Profit and loss account

for the year ended 31 May 2016

	Note	**Year ended 31 May 2016 £**	16 month period ended 31 May 2015 £
Turnover		**85,091**	-
Administrative expenses		**(63,435)**	(11,674)
Operating profit/(loss)	*2*	**21,656**	(11,674)
Interest paid		**(22,191)**	-
Loss on ordinary activities before taxation		**(535)**	(11,674)
Tax on loss on ordinary activities	*3*	**6,386**	-
Profit/(loss) for the financial period		**5,851**	(11,674)

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

There were no items included in other comprehensive income in either the current or prior periods.

Balance sheet
at 31 May 2016

	Note	31 May 2016 £	31 May 2015 £
Tangible fixed assets	4	**472,694**	-
Current assets			
Debtors	5	**17,243**	392,487
Cash at bank and in hand		**6,327**	114,568
		23,570	507,055
Creditors: amounts falling due within one year	6	**(128,804)**	(77,834)
Net current (liabilities)/assets		**(105,234)**	429,221
Total assets less current liabilities		**367,460**	429,221
Creditors: amounts falling due after more than one year	7	**(373,282)**	(440,894)
Net liabilities		**(5,822)**	(11,673)
Capital and reserves			
Called up share capital	9	**1**	1
Capital contribution reserve		**73,598**	73,598
Profit and loss account		**(79,421)**	(85,272)
Shareholders' deficit		**(5,822)**	(11,673)

Statement by the directors under section 477 of the Companies Act 2006

The directors:

(a) confirm that the company was entitled to exemption under section 477 of the Companies Act 2006 from the requirement to have its financial statements for the financial period ended 31 May 2016 audited;

(b) confirm that the members have not required the company to obtain an audit of its financial statements for the financial period in accordance with section 476 of the Companies Act 2006; and

(c) acknowledge their responsibilities for:

(i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Companies Act 2006; and

(ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its surplus or deficit for the financial period in accordance with the requirements of sections 393 and 394 of the Companies Act 2006, and which otherwise comply with the requirements of that Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors on 23/2 2017 and were signed on its behalf by:

M Woodward
Director

Registration number SC415049

Statement of changes in equity

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 Feb 2014	1	-	(73,598)	(73,597)
Total comprehensive income for the period				
Profit or loss	-	-	(11,674)	(11,674)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(11,674)	(11,674)
Transactions with owners, recorded directly in equity				
Capital contribution in period	-	73,598	-	73,598
Total contributions by and distributions to owners	-	73,598	-	73,598
Balance at 31 May 2015	**1**	**73,598**	**(85,272)**	**(11,673)**

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 June 2015	1	73,598	(85,272)	(11,673)
Total comprehensive income for the period				
Profit or loss	-	-	5,851	5,851
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	5,851	5,851
Transactions with owners, recorded directly in equity				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 31 May 2016	**1**	**73,598**	**(79,421)**	**(5,822)**

Notes

(forming part of the financial statements)

1 Accounting policies

Wind Energy Scotland (Holmhead) Limited (the "Company") is a company limited by shares and incorporated and domiciled in England and Wales.

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 no measurement and recognition adjustments.

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The company meets its day to day working capital requirements through cash balances and finance provided by loan notes issued to shareholders.

The directors have considered the company's forecasts and projections, taking account of reasonably possible changes in trading performance, and these show that the company should be able to continue to operate within its available resources and is well placed to manage its business risks, despite an element of economic uncertainty.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Classification 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 *(continued)*

1 Accounting policies *(continued)*

1.4 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 instrument 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.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.8 below. The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

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. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Plant and Equipment	-	20 years straight line

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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.7 Turnover

Turnover represents amounts receivable in respect of exported electricity and Feed In Tariff receipts.

1.8 Expenses

Operating lease

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.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 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 between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. 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. Goodwill is adjusted by the amount of such deferred 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. Deferred tax balances are not discounted.

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.

2 Operating loss

	Year ended 31 May 2016 £	16 month period ended 31 May 2015 £
The operating loss is stated after charging:		
Director's remuneration and other benefits etc	-	-
Depreciated on owned assets	**24,878**	-

Notes *(continued)*

3 Taxation

	2016 £	£	2015 £	£
Current tax				
Current tax on income for the period	-		-	
Total current tax		-		-
Deferred tax (see note 8)				
Origination and reversal of timing differences	**(6,386)**		-	
Total deferred tax		**(6,386)**		-
Total tax		**(6,386)**		-

Reconciliation of effective tax rate

	2016 £	2015 £
Profit/(loss) for the year	**5,851**	(11,674)
Total tax credit	**(6,386)**	-
Loss before taxation	**(535)**	(11,674)
Tax using the UK corporation tax rate of 20% *(2015: 20.78%)*	**(107)**	(2,465)
Income not taxable	**(4,653)**	-
Reduction in tax rate on deferred tax balances	**709**	130
Deferred tax not recognised	**(2,335)**	2,335
Total tax expense included in profit or loss	**(6,386)**	-

Factors that may affect future current and total tax charges

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 reduction to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

Notes *(continued)*

4 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 June 2015	-
Additions	497,572
At 31 May 2016	497,572
Depreciation	
At 1 June 2015	-
Charge for the year	24,878
At 31 May 2016	24,878
Net book value	
At 31 May 2016	**472,694**
At 31 May 2015	-

5 Debtors: amounts falling due within one year

	31 May 2016 £	31 May 2015 £
Amounts due from parent undertaking	-	392,487
Prepayments and accrued income	**10,857**	-
Deferred tax asset (see note 8)	**6,386**	-
	17,243	392,487

6 Creditors: amounts falling due within one year

	31 May 2016 £	31 May 2015 £
Other creditors	**81,143**	77,834
Trade creditors	**8,278**	-
VAT	**39,383**	-
	128,804	77,834

Notes *(continued)*

7 Creditors: amounts falling due after more than one year

	31 May 2016 £	31 May 2015 £
Other creditors	**373,282**	440,894

8 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016 £	2015 £	Liabilities 2016 £	2015 £	Net 2016 £	2015 £
Accelerated capital allowances	-	-	**15,594**	-	**15,594**	-
Losses	**(21,980)**	-	-	-	**(21,980)**	-
Net tax (assets)/liabilities	**(21,980)**	-	**15,594**	-	**(6,386)**	-

9 Called up share capital

Allotted and issued:

Number	Class	Nominal value	31 May 2016 £	31 May 2015 £
1	Ordinary	1	**1**	1

10 Related party transactions

Earthmill Ltd S. Milner and M Woodward are directors of Earthmill Ltd

During the year the company made purchases from Earthmill Ltd of £508,110 *(2015: £nil).* The company also operates a loan facility with Earthmill Ltd which is interest free and repayable on demand.

The balance due from Earthmill Ltd at the year end was £8,147 *(2015: £392,487 debtor).*

11 Ultimate parent company

The company's immediate parent company is Wind Energy Holdings Limited

The ultimate controlling party is S Milner by virtue of his shareholdings in Wind Energy Holdings Limited.