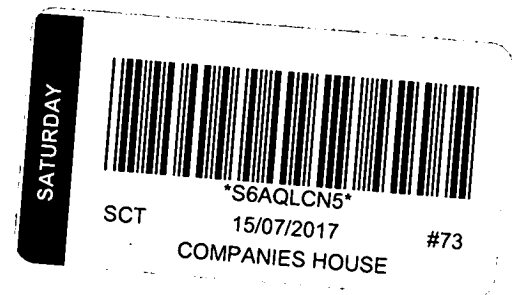


REGISTERED NUMBER: SC420122 (Scotland)

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

FOR

LDV HARBURNHEAD LIMITED



LDV HARBURNHEAD LIMITED (REGISTERED NUMBER: SC420122)

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for the Year Ended 31 March 2017**

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LDV HARBURNHEAD LIMITED

COMPANY INFORMATION
for the Year Ended 31 March 2017

DIRECTORS:

K Khevenhueller-Metsch
G Khevenhueller-Metsch
R Crosbie Dawson
W Cranstone

SECRETARY:

Pinsent Masons Secretarial Limited

REGISTERED OFFICE:

13 Queen's Road
Aberdeen
AB15 4YL

REGISTERED NUMBER:

SC420122 (Scotland)

AUDITORS:

Magma Audit LLP
Chartered Accountants
Statutory Auditor
Magma House, 16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

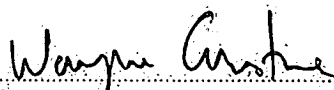
BALANCE SHEET
31 March 2017

	Notes	31.3.17	31.3.16
		£	£
FIXED ASSETS			
Tangible assets	3	69,067,983	45,232,767
CURRENT ASSETS			
Debtors: amounts falling due within one year	4	2,678,096	6,817,881
Debtors: amounts falling due after more than one year	4	1,069,611	1,069,611
Cash at bank and in hand		7,538,621	4,526
		11,286,328	7,892,018
CREDITORS			
Amounts falling due within one year	5	4,613,645	9,042,365
NET CURRENT ASSETS/(LIABILITIES)		6,672,683	(1,150,347)
TOTAL ASSETS LESS CURRENT LIABILITIES		75,740,666	44,082,420
CREDITORS			
Amounts falling due after more than one year	6	(79,484,854)	(46,363,007)
PROVISIONS FOR LIABILITIES	9	(6,500)	(475,000)
NET LIABILITIES		(3,750,688)	(2,755,587)
CAPITAL AND RESERVES			
Called up share capital		1	1
Capital contributions	10	1,217,416	1,803,746
Retained earnings	10	(4,968,105)	(4,559,334)
SHAREHOLDERS' FUNDS		(3,750,688)	(2,755,587)

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Profit and Loss Account has not been delivered.

The financial statements were approved by the Board of Directors on 23/6/2017 and were signed on its behalf by:


W. Cranstone Director

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 2017

1. STATUTORY INFORMATION

LDV Harburnhead Limited is a private company, limited by shares, registered in Scotland. The company's registered number is SC420122 and its registered office is 13 Queen's Road, Aberdeen, AB15 4YL.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention in accordance with FRS 102 Section 1A - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

Significant judgements and estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The company has adopted FRS 102 (September 2015) 1A Small Entities in these financial statements. Details of the transition to FRS 102 section 1A Small Entities are disclosed in the notes to the financial statements.

These financial statements for the year ended 31 March 2017 are the first financial statements that comply with FRS 102 Section 1A small entities. The date of transition is 1 April 2015.

The comparative figures for the year ended 31 March 2016 have been restated throughout these financial statements.

The financial statements are presented in Sterling (£).

Going concern

The company has made a loss before tax of £1,462,912 for the year ended 31 March 2017 and at 31 March 2017 had net liabilities of £3,750,688. The directors have prepared the financial statements on a going concern basis as they have reviewed the financial forecasts and working capital requirements of the company for the next 12 months. The directors are confident that the company will be able to meet its liabilities as they fall due for the foreseeable future.

Turnover

Turnover represents the fair value of the consideration received or receivable for goods rendered during the period, exclusive of Value Added Tax, derived from the generation of electricity.

In the case of 'Brown' energy and revenue on Renewable Obligation Certificates (ROCs), revenue is recognised in the month that it is generated.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition. Expenditure on construction of tangible fixed assets is included in assets under construction within the Balance Sheet, at cost, until the asset is brought into use at which point it is transferred to the appropriate fixed asset category. Such costs include all costs directly attributable to bringing the tangible fixed asset into working condition for the intended use. In the current year the assets held in the course of construction were completed and transferred to plant and machinery.

Finance costs are included in the cost of tangible assets when they are directly attributable to the construction of tangible fixed assets. Following the completion of the asset, depreciation is provided to write off the asset over a period of 24 years from the date it is brought into use.

Depreciation is provided at the following annual rates in order to write off each asset, net of anticipated disposal proceeds, over its estimated useful economic life. Depreciation is charged at the following rates:

Plant and machinery - 24 years from the date the asset was brought into use.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

2. ACCOUNTING POLICIES - continued

Taxation

The tax expense for the year comprises current and deferred tax.

Tax is recognised in profit or loss except that a change 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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.

Both current and deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Non-basic financial liabilities, including derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Profit and Loss Account in finance costs or finance income as appropriate.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

2. ACCOUNTING POLICIES - continued**Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

(ii) Valuation of loan notes

The directors measure the loan notes at the present value of future receipts discounted at a market rate of interest and subsequently at amortised cost. Estimates are made of the expected rate of return on the loan notes and the repayments expected to be made.

(iii) Fair value of derivatives

The directors measure derivatives at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the swaps at 31 March 2017 are the 6 month and 3 month LIBOR rates (2016: 1 month LIBOR rates).

3. TANGIBLE FIXED ASSETS

	Plant and machinery £	Assets in course of construction £	Totals £
COST			
At 1 April 2016	-	45,232,767	45,232,767
Additions	-	24,812,394	24,812,394
Reclassification/transfer	70,045,161	(70,045,161)	-
At 31 March 2017	70,045,161	-	70,045,161
DEPRECIATION			
Charge for year	977,178	-	977,178
At 31 March 2017	977,178	-	977,178
NET BOOK VALUE			
At 31 March 2017	69,067,983	-	69,067,983
At 31 March 2016	-	45,232,767	45,232,767

Included within the £24,812,394 of additions are finance costs of £2,143,224 (2016: £69,831). Finance costs capitalised to date total £2,213,055 (2016: £69,831) which have been incurred as part of the construction of the assets. The finance costs include £1,100,701 (2016: £39,831) of interest. Interest capitalised to date totals £1,140,532 (2016: £39,831).

4. DEBTORS

	31.3.17 £	31.3.16 £
Amounts falling due within one year:		
Trade debtors	2,563	-
Other debtors	-	246,702
VAT	-	6,571,179
Prepayments and accrued income	2,675,533	-
	2,678,096	6,817,881

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

4. DEBTORS - continued

	31.3.17	31.3.16
	£	£
Amounts falling due after more than one year:		
Other debtors	<u>1,069,611</u>	<u>1,069,611</u>
Aggregate amounts	<u>3,747,707</u>	<u>7,887,492</u>

Included within other debtors are amounts totalling £1,069,611 (2016: £1,069,611), due in over 1 year and held in escrow.

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.17	31.3.16
	£	£
Bank loans and overdrafts	2,952,007	5,490,000
Trade creditors	349,676	3,542,115
VAT	83,605	-
Other creditors	381,710	-
Accruals and deferred income	<u>846,647</u>	<u>10,250</u>
	<u>4,613,645</u>	<u>9,042,365</u>

6. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.17	31.3.16
	£	£
Bank loans - 1-2 years	2,705,696	2,552,876
Bank loans - 2-5 years	10,698,130	3,116,930
Bank loans due in more than five years	51,609,556	28,781,963
Amounts owed to group undertakings	5,217,119	4,862,454
Other creditors	5,598,809	4,862,454
Fair value of swap	<u>3,655,544</u>	<u>2,186,330</u>
	<u>79,484,854</u>	<u>46,363,007</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans due in more than five years	<u>51,609,556</u>	<u>28,781,963</u>
	<u>51,609,556</u>	<u>28,781,963</u>

The company entered into an interest rate swap to mitigate the interest rate risk of its bank loans. As at 31 March 2017, the interest rate swap fixes the interest at 1.8010% and is due for settlement by 2032, payable by instalments.

The interest rate swap is measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the interest rate swap at 31 March 2017 are the 6 month and 3 month LIBOR rates (2016: 1 month LIBOR rates).

7. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.17	31.3.16
	£	£
In more than five years	<u>11,294,460</u>	<u>11,229,542</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

8. SECURED DEBTS

The following secured debts are included within creditors:

	31.3.17	31.3.16
	£	£
Bank loans	<u>67,965,389</u>	<u>39,941,769</u>

The bank loans are secured by fixed and floating charges over the assets, licences, agreements and undertakings of the business. The charges prohibit or restrict the company from creating further security that will rank equally with or ahead of the charges.

The bank holds 100% of the issued share capital as a Security Trustee of the business.

The bank holds all and whole of the tenant's interests under the lease agreements held by the company.

9. PROVISIONS FOR LIABILITIES

	31.3.17	31.3.16
	£	£
Deferred tax	<u>6,500</u>	<u>475,000</u>
		Deferred tax
		£
Balance at 1 April 2016		475,000
Tax losses		(1,044,000)
Capital allowances		54,000
Loan notes		(123,000)
Capitalised finance costs		<u>644,500</u>
Balance at 31 March 2017		<u>6,500</u>

10. RESERVES

	Retained earnings	Capital contributions	Totals
	£	£	£
At 1 April 2016	(4,559,334)	1,803,746	(2,755,588)
Deficit for the year	(995,101)		(995,101)
Notional interest charge on loan notes	709,330	(709,330)	-
Deferred tax movement on loan notes	(123,000)	123,000	-
At 31 March 2017	<u>(4,968,105)</u>	<u>1,217,416</u>	<u>(3,750,689)</u>

Included within retained earnings is a non-distributable loss of £3,655,544 (2016: £2,186,330) in respect of the fair value of the interest rate swap accounted for as part of the transition to FRS 102.

The capital contribution reserve has arisen due to the requirement in FRS 102 to record the company's loan notes at the present value of future receipts discounted at a market rate of interest and subsequently at amortised cost. A notional interest charge is made each year and is transferred from retained earnings to the capital contribution reserve.

11. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Richard Lodder (Senior Statutory Auditor)
for and on behalf of Magma Audit LLP

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2017

12. CAPITAL COMMITMENTS

	31.3.17	31.3.16
	£	£
Contracted but not provided for in the financial statements	<u>1,128,575</u>	<u>23,956,136</u>

The capital commitment relates to a further commitment of capital expenditure for the maintenance of the wind farm.

13. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year the company issued loan notes to a fellow group company, totalling £nil (2016: £6,001,827). At the year end, amounts owed to the group company in respect of these loan notes was £6,001,827 (2016: £6,001,827). Following the transition to FRS 102, the loan notes have been revalued. Of the loan notes payable, £5,217,119 (2016: £4,862,454) is shown within amounts owed to group undertakings falling due after more than one year, and £784,709 (2016: £1,139,374) is shown within capital contributions. The loan notes are interest free and are repayable over 14 years.

During the year the company issued loan notes to a company with a joint director, totalling £nil (2016: £748,000). At the year end, included within other creditors due in more than one year, was an amount owed to the company in respect of these loan notes totalling £748,000 (2016: £748,000). Following the transition to FRS 102, the loan notes have been revalued. Of the loan notes payable, £650,203 (2016: £606,001) is shown within other creditors falling due after more than one year, and £97,797 (2016: £141,999) is shown within capital contributions. The loan notes are interest free and are repayable over 14 years.

During the year the company issued loan notes to directors totalling £nil (2016: £5,253,827). At the year end, included within other creditors due in more than one year, was an amount owed to the directors in respect of these loan notes totalling £5,212,119 (2016: £5,253,827). Following the transition to FRS 102, the loan notes have been revalued. Of the loan notes payable, £4,566,915 (2016: £4,256,452) is shown within other creditors falling due after more than one year, and £686,912 (2016: £997,375) is shown within capital contributions. The loan notes are interest free and are repayable over 14 years.

During the prior year the company incurred advanced construction costs, totalling £297,478, and pre development costs, totalling £2,303,654, recharged from the immediate parent company of a company with a joint director. No such costs were incurred in the current year.

14. ULTIMATE CONTROLLING PARTY

There was no ultimate controlling party as no individual member had a controlling vote during the current year or the preceding year.