

Tormywheel Wind Farm Limited

Financial Statements

Year ended

31 December 2016

Company Number SC272942



TORMYWHEEL WIND FARM LIMITED

Company Information

Directors	Chris Walker Guy Rubinstein Ilan Reich
Registered number	SC272942
Registered office	Muirhall Farm Auchengray Carnwath South Lanarkshire ML11 8LL
Independent auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
Bankers	Close Brothers Treasury 10 Crown Place London EC2A 4FT
Solicitors	Ennova Law 26 George Square Edinburgh EH8 9LD

TORMYWHEEL WIND FARM LIMITED

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TORMYWHEEL WIND FARM LIMITED

Registered number: SC272942

Balance Sheet As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	4	24,007,437	-
		<u>24,007,437</u>	<u>-</u>
Current assets			
Stocks	5	-	541,666
Debtors: amounts falling due within one year	6	2,746,463	107,541
Cash at bank and in hand	7	1,558,789	-
		<u>4,305,252</u>	<u>649,207</u>
Creditors: amounts falling due within one year	8	(3,869,266)	(651,707)
Net current assets/(liabilities)		<u>435,986</u>	<u>(2,500)</u>
Total assets less current liabilities		<u>24,443,423</u>	<u>(2,500)</u>
Creditors: amounts falling due after more than one year	9	(23,886,178)	-
Provisions for liabilities			
Other provisions	12	(619,515)	-
		<u>(619,515)</u>	<u>-</u>
Net liabilities		<u>(62,270)</u>	<u>(2,500)</u>
Capital and reserves			
Called up share capital	13	1,000	1,000
Profit and loss account	14	(63,270)	(3,500)
		<u>(62,270)</u>	<u>(2,500)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

11 July 2017

Chris Walker
Director



The notes on pages 2 to 9 form part of these financial statements.

TORMYWHEEL WIND FARM LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

1. General information

The company is a private members limited liability company (limited by shares) and has its registered office address and company number as noted on the company information page. The principal activity is as described in the directors' report. The company was incorporated in Scotland, UK.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. See note 20 for impact of first time adoption of FRS 102.

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 accounting policies (see note 3).

The directors have chosen to file filleted financial statements with Companies House. The filleted financial statements have been prepared on the same basis as to the full financial statements and exclude the statement of income and retained earnings and related notes.

The following principal accounting policies have been applied:

2.2 Information regarding audit report

An audit of the financial statements was carried out by BDO LLP as statutory auditor who reported to the company's members on 12 JULY 2017. The auditor's report was signed by Alastair Rae as senior statutory auditor and was unqualified.

2.3 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.

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:

Land restoration	- 27.75 years
Asset under construction	- Not depreciated

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.

2.4 Work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost includes all costs incurred which relate directly to the project in question.

TORMYWHEEL WIND FARM LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.6 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs.

2.8 Finance costs

Finance costs are capitalised to the balance sheet at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

TORMYWHEEL WIND FARM LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.9 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

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 balance sheet 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 balance sheet.

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

In preparing these financial statements the directors have made the following judgements:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as latest projected costs of restoration and amendments to the original lease agreement are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Restoration provision

Restoration provisions in relation to the obligation to restore the land on which the wind farm has been constructed. The obligation is assessed annually and is dependent upon the latest projected costs of restoration and changes to the discount factor.

TORMYWHEEL WIND FARM LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

4. Tangible fixed assets

	Assets under construction £	Land restoration £	Total £
Cost			
Additions	23,412,721	611,236	24,023,957
At 31 December 2016	23,412,721	611,236	24,023,957
Depreciation			
Charge for the year	-	16,520	16,520
At 31 December 2016	-	16,520	16,520
Net book value			
At 31 December 2016	23,412,721	594,716	24,007,437
At 31 December 2015	-	-	-

Included within the assets under construction are capitalised finance costs of £1,918,572 (2015: £Nil).

5. Stocks

	2016 £	2015 £
Work in progress	-	541,666
	-	541,666

6. Debtors

	2016 £	2015 £
Other debtors	524,188	106,541
Called up share capital not paid	-	1,000
Amounts due from related parties	2,222,275	-
	2,746,463	107,541

TORMYWHEEL WIND FARM LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

7. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	1,558,789	-
	<u>1,558,789</u>	<u>-</u>

8. Creditors: Amounts falling due within one year

	2016 £	2015 £
Revolving credit facility	1,977,791	-
Amounts owed to related parties	1,158,210	648,207
Accruals and deferred income	733,265	3,500
	<u>3,869,266</u>	<u>651,707</u>

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

	2016 £	2015 £
Bank loans	23,886,178	-
	<u>23,886,178</u>	<u>-</u>

Secured loans

The bank loans are secured by fixed charge over the shares of the company, and by floating charge over the property and undertaking of the company.

The bank loan has a cross guarantee with the Muirhall WF Extension 1 Limited facility.

Bank facilities comprise a revolving credit facility of £2,000,000 and a term loan of £43,382,000. The term loan is repayable by instalments, with the final repayment due in March 2020.

TORMYWHEEL WIND FARM LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

10. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due within one year		
Other loans	1,977,791	-
	<u>1,977,791</u>	<u>-</u>
Amounts falling due 2-5 years		
Bank loans	23,886,178	-
	<u>25,863,969</u>	<u>-</u>

11. Financial instruments

	2016 £	2015 £
Financial assets		
Cash and cash equivalents	1,558,789	-
Financial assets measured at amortised cost	2,746,463	106,541
	<u>4,305,252</u>	<u>106,541</u>
Financial liabilities		
Financial liabilities that are debt instruments measured at amortised cost	(25,863,968)	-
Financial liabilities measured at amortised cost	(1,929,638)	(651,707)
	<u>(27,793,606)</u>	<u>(651,707)</u>

Financial assets measured at amortised cost comprise other debtors and amounts due from related parties.

Financial liabilities that are debt instruments measured at amortised cost comprise the bank loan and revolving credit facility.

Financial liabilities measured at amortised cost comprise accruals and amounts owed to related parties.

TORMYWHEEL WIND FARM LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2016

12. Provisions

	Restoration provision £
Additions	611,236
Charged to profit or loss - unwinding of discount	8,279
At 31 December 2016	619,515

13. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100,000 Ordinary shares shares of £0.01 each	-	1,000
49,999 A Ordinary shares shares of £0.01 each	500	-
50,001 B Ordinary shares shares of £0.01 each	500	-
	<u>1,000</u>	<u>1,000</u>

Called up share capital represents the nominal value of shares issued.

On 7 April 2016 100,000 Ordinary shares were redesignated as 49,999 A Ordinary and 50,001 B Ordinary shares.

All A Ordinary and B Ordinary shares are prescribed equal voting and dividends rights.

14. Reserves

Profit and loss account

The profit and loss account represents the cumulative profits or losses, net of dividends paid and other adjustments.

15. Capital commitments

At 31 December 2016 the Company had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	28,501,907	-
	<u>28,501,907</u>	<u>-</u>

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Notes to the Financial Statements For the Year Ended 31 December 2016

16. 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	54,000	-
Later than 1 year and not later than 5 years	216,000	-
Later than 5 years	1,086,732	-
	<u>1,356,732</u>	<u>-</u>

17. Related party transactions

During the year expenses of £225,859 (2015 - £197,873) were incurred on behalf of the company by Muirhall Energy Limited, a shareholder in the company. Management fees of £300,000 (2015 - £Nil) were charged by Muirhall Energy Limited during the year. Payments of £16,066 (2015 - £181,667) have been made during the year. At the balance sheet date the amount owed to Muirhall Energy Limited was £525,999 (2015 - £16,206) and is included in amounts owed to related parties.

At the balance sheet date £632,000 (2015 - £632,000) is due to WWS Renewables LLP, a shareholder in the company, and is included in amounts owed to related parties. No payments (2015 - Nil) have been made during the year.

During the year the company advanced £2,250,000 (2015 - £Nil) to Muirhall Energy Limited and £2,250,000 to WWS Renewables LLP. Muirhall Energy Limited made repayments totalling £343,969 (2015 - £Nil) and WWS Renewables LLP made repayments totalling £1,933,756 (2015 - £Nil). At the balance date the amount due from Muirhall Energy Limited was £1,906,031 (2015 - £Nil) and WWS Renewables LLP was £316,244 (2015 - £Nil). These balances are included in amounts due from related parties.

18. Post balance sheet events

In March 2017 agreements were signed in respect of:

- Operation and administration with Muirhall Energy Limited.
- Integrated service package for the turbines with Servion GmbH.

The wind turbines became operational on 17 March 2017.

19. Controlling party

The ultimate controlling party is WWS Renewables LLP. The registered office of WWS Renewables LLP is c/o Buzzacott LLP, 130 Wood Street, London EC2V 6DL.

20. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.