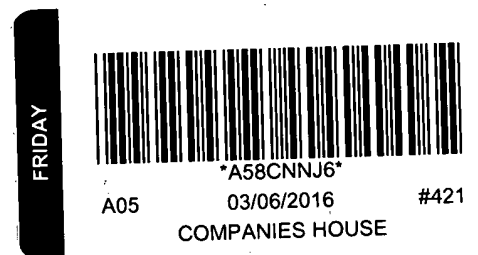


# Financial statements Aikengall Community Wind Company Limited

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For the year ended 30 November 2015



Company No. SC313596

## Officers and professional advisers

<b>Company registration number</b>	SC313596
<b>Registered office</b>	Lindsays Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE
<b>Directors</b>	D A Wood R M H Wood
<b>Secretary</b>	R M H Wood
<b>Banker</b>	HSBC Bank plc 8 Canada Square London E14 5HQ
<b>Solicitor</b>	Lindsays Caledonian Exchange 19A Canning Street Edinburgh EH3 8HE
<b>Auditor</b>	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 2015.

### **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 £6,960,880 (2014: £5,009,632).

### **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 2015, the wind farm significantly exceeded its P50 target due to consistently high output during the first half of the year. 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: 13.5.16

## **Directors' report**

The directors present their report and the financial statements of the company for the year ended 30 November 2015.

### **Directors**

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

D A Wood  
R M H Wood

### **Results for the year**

The company has paid a dividend during the year of £3,950,000 (2014: £6,800,000).

### **Directors' responsibilities**

The directors are responsible for preparing the Strategic report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 those 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**

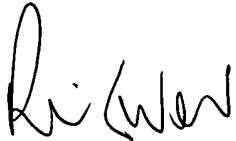
Each of the persons who are directors at the time when the Directors' report is approved has confirmed that:

- 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: 13.5.16

## Independent Auditor's Report to the Members of Aikengall Community Wind Company Limited

We have audited the financial statements of Aikengall Community Wind Company Limited for the year ended 30 November 2015 set out on pages 9 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 website at [www.frc.org.uk/auditscopeukprivate](http://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 2015 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 matter 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 Aikengall Community Wind Company 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: 29/5/2016

## Profit and loss account

	Note	2015 £	2014 £
Turnover		15,080,081	13,492,353
Cost of sales		(3,613,086)	(3,586,129)
<b>Gross profit</b>		<b>11,466,995</b>	<b>9,906,224</b>
Other operating charges		(1,602,885)	(1,583,456)
<b>Operating profit</b>	2	<b>9,864,110</b>	<b>8,322,768</b>
Interest payable and similar charges		(1,811,911)	(1,891,003)
<b>Profit on ordinary activities before taxation</b>		<b>8,052,199</b>	<b>6,431,765</b>
Tax on profit on ordinary activities	4	(1,091,319)	(1,422,133)
<b>Profit for the financial year</b>	12	<b>6,960,880</b>	<b>5,009,632</b>

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

## Statement of total recognised gains and losses

	2015	2014
	£	£
<b>Profit for the financial year</b> (being total recognised gains and losses relating to the year)	<b>6,960,880</b>	<b>5,009,632</b>
Prior year adjustment	-	(3,714,079)
<b>Total recognised gains and losses since last annual report</b>	<b><u>6,960,880</u></b>	<b><u>1,295,553</u></b>

## Balance sheet

	Note	30 November 2015 £	30 November 2014 £
<b>Fixed assets</b>			
Tangible assets	6	<u>30,319,493</u>	<u>32,592,839</u>
<b>Current assets</b>			
Debtors	7	3,092,928	2,769,746
Cash at bank		<u>4,499,911</u>	<u>4,114,364</u>
		7,592,839	6,884,110
<b>Creditors: amounts falling due within one year</b>	8	<u>(8,035,930)</u>	<u>(8,019,800)</u>
<b>Net current liabilities</b>		<u>(443,091)</u>	<u>(1,135,690)</u>
<b>Total assets less current liabilities</b>		<u>29,876,402</u>	<u>31,457,149</u>
<b>Creditors: amounts falling due after more than one year</b>	9	<u>(22,640,631)</u>	<u>(26,721,630)</u>
<b>Provisions for liabilities</b>			
Deferred taxation	4(c)	<u>(3,375,271)</u>	<u>(3,885,899)</u>
<b>Net assets</b>		<u><u>3,860,500</u></u>	<u><u>849,620</u></u>
<b>Capital and reserves</b>			
Called-up equity share capital	11	100,000	100,000
Profit and loss account	12	<u>3,760,500</u>	<u>749,620</u>
<b>Shareholders' funds</b>	13	<u><u>3,860,500</u></u>	<u><u>849,620</u></u>

These financial statements were approved by the directors and authorised for issue on 13 May 2016, and are signed on their behalf by:



R.M.H. Wood  
 Director

Company Registration Number: SC313596

# Notes to the financial statements

## 1 Principal accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The principal accounting policies have remained unchanged from the previous year.

### 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

### Cash flow statement

The company is exempt from the requirements of Financial Reporting Standard (FRS) 1 Cash Flow Statements to prepare a cash flow statement as it is a wholly owned subsidiary.

The largest and smallest group in which this company is consolidated is Community Wind Power (Holdings) Limited and copies of its annual report are available from Lindsays, Caledonian Exchange, 19A Canning Street, Edinburgh EH3 8HE.

### 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.

### Fixed assets

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.

### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery - 5% straight line per annum

### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

## Notes to the financial statements (continued)

### 1 Principal accounting policies (continued)

#### Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in future, or a right to pay less tax in future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. The company has not adopted a policy of discounting deferred tax.

#### Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

### 2 Operating profit

Operating profit is stated after charging:

	2015	2014
	£	£
Depreciation of owned fixed assets	2,273,346	2,308,346
Auditor's fees		
- Audit	5,400	5,150
- Tax	2,600	2,500
Operating lease costs:		
- Land and buildings	<u>224,900</u>	<u>219,980</u>

## Notes to the financial statements (continued)

### 3 Particulars of employees

During the year the company had nil (2014: nil) employees.

Remuneration in respect of directors was as follows:

	2015	2014
	£	£
Remuneration	<u>199,000</u>	<u>180,000</u>

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 (2014: no directors).

### 4 Tax on profit on ordinary activities

4(a) Analysis of tax charge in the year:

	2015	2014
	£	£
Current tax:		
Corporation tax	1,037,881	101,319
Amounts payable to group companies for group relief	<u>564,066</u>	<u>1,145,753</u>
Total current tax	1,601,947	1,247,072
Deferred tax:		
Origination and reversal of timing differences (note 4(c))		
Capital allowances	36,863	175,061
Adjustments in respect of prior periods	(176,557)	-
Effect of changes in tax rate on opening liability	<u>(370,934)</u>	<u>-</u>
Total deferred tax (note 4(c))	(510,628)	175,061
Tax on profit on ordinary activities	<u>1,091,319</u>	<u>1,422,133</u>

## Notes to the financial statements (continued)

### 4 Tax on profit on ordinary activities (continued)

#### 4(b) Factors affecting current tax charge:

The tax assessed on the profit on ordinary activities for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.33% (2014: 21.66%).

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>8,052,199</u>	<u>6,431,765</u>
Profit on ordinary activities by rate of tax	1,637,133	1,393,314
Fixed asset differences	6,452	43,375
Expenses not deductible for tax purposes	-	-
Capital allowances for period in excess of depreciation	(41,638)	(189,617)
Total current tax (note 4(a))	<u>1,601,947</u>	<u>1,247,072</u>

#### 4(c) Deferred tax:

The movement in the deferred taxation provision during the year was:

	£
At 1 December 2014	3,885,899
Profit and loss account movement arising during the year	(510,628)
At 30 November 2015	<u>3,375,271</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2015 £	2014 £
Excess of taxation allowances over depreciation on fixed assets	<u>3,375,271</u>	3,885,899
	<u>3,375,271</u>	<u>3,885,899</u>

#### 4(d) Factors affecting future tax charge:

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. The deferred tax liability at 30 November 2015 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.



## Notes to the financial statements (continued)

### 5 Dividends on shares classed as equity

	2015 £	2014 £
Paid during the year:		
Dividend of £39.50 per share (2014: £68.00 per share)	<u>3,950,000</u>	<u>6,800,000</u>
Proposed after the year-end (not recognised as a liability):		
Dividend of £14.00 per share (2014: £4.50 per share)	<u>1,400,000</u>	<u>450,000</u>

### 6 Tangible fixed assets

	Plant & Machinery £
Cost	
At 1 December 2014	<u>45,466,923</u>
At 30 November 2015	<u>45,466,923</u>
Depreciation	
At 1 December 2014	12,874,084
Charge for the year	<u>2,273,346</u>
At 30 November 2015	<u>15,147,430</u>
Net book value	
At 30 November 2015	<u>30,319,493</u>
At 30 November 2014	<u>32,592,839</u>

### 7 Debtors

	2015 £	2014 £
Prepayments and accrued income	2,942,151	2,282,969
Corporation tax	-	311,268
Other debtors	<u>150,777</u>	<u>175,509</u>
	<u>3,092,928</u>	<u>2,769,746</u>

### 8 Creditors: amounts falling due within one year

	2015 £	2014 £
Bank loan	4,165,807	4,072,193
Less deferred arrangement costs	(84,808)	(84,808)
Trade creditors	508,484	385,673
Amounts owed to group undertakings	1,714,066	2,295,753
Corporation tax creditor	570,071	-
Other taxation	237,508	181,337
Accruals and other creditors	<u>924,802</u>	<u>1,169,652</u>
	<u>8,035,930</u>	<u>8,019,800</u>

## Notes to the financial statements (continued)

### 8 Creditors: amounts falling due within one year (continued)

Included within amounts owed to group undertakings are loan notes with a term to 2025 totalling £1,150,000. The loan notes pay a rate of interest on the principal amount outstanding at the rate of the HSBC Bank plc base rate and are redeemable at the option of the Noteholder in any of the years commencing 30 November 2008 up to 30 June 2025, at which time any outstanding balance will be redeemed by the company.

The bank loan is secured by a fixed and floating charge over all of the assets held by the company by HSBC Bank plc. Repayments commenced on 30 June 2009 and amounts are based on the repayment schedule. Interest is charged on the loan balance outstanding amounting to the average of: LIBOR, the appropriate margin and mandatory cost.

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

	2015 £	2014 £
Bank loan	<u>4,165,807</u>	<u>4,072,193</u>

### 9 Creditors: amounts falling due after more than one year

	2015 £	2014 £
Bank loan	23,091,363	27,257,170
Less deferred arrangement costs	(600,732)	(685,540)
Restoration provision	150,000	150,000
	<u>22,640,631</u>	<u>26,721,630</u>

The company has entered into an interest rate swap agreement in respect to £24,452,682 (2014: £28,103,296) of its long and short term bank loan. At 30 November 2015, there was an unrecognised loss on this of approximately £2,837,294 (2014: loss £3,576,218).

The following liabilities disclosed under creditors falling due after more than one year are secured over the fixed assets by the company:

	2015 £	2014 £
Bank loan	<u>23,091,363</u>	<u>27,257,170</u>

## Notes to the financial statements (continued)

### 10 Creditors - bank borrowings

Creditors include borrowings which are due for repayment as follows:

	2015	2014
	£	£
Amounts repayable:		
In one year or less or on demand	4,165,807	4,072,193
In more than one year but not more than two years	4,145,004	4,165,807
In more than two years but not more than five years	10,453,522	12,076,159
In more than five years	8,492,837	11,015,204
	<u>27,257,170</u>	<u>31,329,363</u>

### 11 Share capital

Allotted and called up:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

### 12 Profit and loss account

	£
Balance brought forward	749,620
Profit for the financial year	6,960,880
Dividends paid	<u>(3,950,000)</u>
Balance carried forward	<u>3,760,500</u>

### 13 Reconciliation of shareholders' funds

	2015	2014
	£	£
Profit for the financial year	6,960,880	5,009,632
Dividends paid	<u>(3,950,000)</u>	<u>(6,800,000)</u>
Net increase/(reduction) from shareholders' funds	3,010,880	(1,790,368)
Opening shareholders' funds	<u>849,620</u>	<u>2,639,988</u>
Closing shareholders' funds	<u>3,860,500</u>	<u>849,620</u>

## Notes to the financial statements (continued)

### 14 Capital commitments

The company had no capital commitments at 30 November 2015 or 30 November 2014.

### 15 Commitments under operating leases

At 30 November 2015 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2015	2014
	£	£
Operating leases which expire:		
After more than 5 years	<u>220,158</u>	<u>218,631</u>

The operating lease commitment is subject to an annual indexation based on RPI.

### 16 Contingent liabilities

The directors have confirmed that there were no contingent liabilities as at 30 November 2015 or 30 November 2014, other than the interest rate swap as disclosed in note 9 to the financial statements.

### 17 Related party transactions

The company has taken the exemption available in FRS 8 related parties to not disclose transactions with other group companies as it is a wholly owned subsidiary of Community Wind Power (Holdings) Limited which prepares consolidated group accounts.

### 18 Ultimate parent company

The immediate parent undertaking of this company is Aikengall Community Wind Company (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.