

AMENDING

Sandy Knowe Wind Farm Limited

Unaudited Report and Financial Statements

For the Year Ended

31 December 2018

Company Number 06850950



AMENDING

Sandy Knowe Wind Farm Limited

Company Information

Directors	A J Hamilton M S Evans C Deperu
Company secretary	TMF Corporate Administration Services Limited
Registered number	06850950
Registered office	Seebeck House 1 Seebeck Place Knowlhill Milton Keynes Buckinghamshire MK5 8FR

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Sandy Knowe Wind Farm Limited

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Sandy Knowe Wind Farm Limited

Directors' Report for the Year Ended 31 December 2018

The directors present their report together with the unaudited financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the Company is the building of wind farms in the United Kingdom.

Directors

The directors who served during the period and to the date of this report were:

A J Hamilton (appointed 24 October 2018)
M S Evans (appointed 24 October 2018)
C Deperu (appointed 24 October 2018)
C N Williams (resigned 24 October 2018)
S W S Norton (resigned 24 October 2018)
S Chiericoni (resigned 24 October 2018)

Review of business

As shown in the Statement of Comprehensive Income on page 7 of the financial statements, the Company made a loss for the period ended 31 December 2018 of €88,864 (period ended 31 December 2017 - €64,030).

The Statement of Financial Position on page 8 of the financial statements shows the Company's financial position at the year end. The equity shareholders' deficit increased from €64,028 at 31 December 2017 to a deficit of €152,892 at 31 December 2018 because of the loss for the period.

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 at accounting in preparing the annual financial statements.

The financial statements are prepared on a going concern basis as the group has committed to provide ongoing financial support, due to the importance of the Company to the group in realising their strategic goals of growth and development in the UK market.

Principal risks and uncertainties

Operating risk

The Company is subject to typical risks affecting wind farms. These include operating risks via its construction/development of the sites.

Interest rate risk

The Company has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets include cash at bank which earns interest at a floating rate.

The Company is principally financed by an on-loan facility from the parent company ERG Power Generation Spa. The rate of interest on these loans is based on a floating rate of EURIBOR 12 Months + 2.50%.

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Sandy Knowe Wind Farm Limited

Directors' Report (continued) for the Year Ended 31 December 2018

Results and dividends

The loss for the year, after taxation, amounted to €88,864 (period ended 31 December 2017 - loss of €64,030).

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2018 (period ended 31 December 2017 - €Nil).

Future developments

During January 2019, enabling works to construct a small site compound were completed, thus implementing the planning consent already granted. An application under S36 of the Electricity Act to increase MW capacity of the site, without any change to the infrastructure already consented, remains undetermined by the Scottish Ministers at the date of this report, however Dumfries and Galloway Council have resolved not to object to the application.

The project, after obtaining the authorisation, is sent towards the construction phase. In this regard, the preliminary activities are in progress, in particular relating to the discharge of the planning conditions. While in the coming months the construction of civil works will be started. Based on the current programmes, which are still subject to possible modifications, the plant is expected to start operating 50MW in October 2021 and 40MW in October 2023.

Employees

Details of employees can be found in note 7 to the financial statements.

Charitable and political donations

The Company did not make any charitable or political donations during the year (period ended 31 December 2017 - €Nil).

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
Director

MARK STANTON EVANS

Date: 27/9/19

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Sandy Knowe Wind Farm Limited

Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements for the Year Ended 31 December 2018

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 *FRS 102 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 accounting estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

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Sandy Knowe Wind Farm Limited

Chartered accountants' report to the Board of Directors on the preparation of the unaudited financial statements of Sandy Knowe Wind Farm Limited for the year ended 31 December 2018

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Sandy Knowe Wind Farm Limited for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>

It is your duty to ensure that Sandy Knowe Wind Farm Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Sandy Knowe Wind Farm Limited. You consider that Sandy Knowe Wind Farm Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Sandy Knowe Wind Farm Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of directors of Sandy Knowe Wind Farm Limited, as a body, in accordance with the terms of our engagement letter dated 10 August 2017. Our work has been undertaken solely to prepare for your approval the accounts of Sandy Knowe Wind Farm Limited and state those matters that we have agreed to state to the board of directors of Sandy Knowe Wind Farm Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sandy Knowe Wind Farm Limited and its board of directors as a body for our work or for this report.

BDO LLP

BDO LLP
Chartered Accountants
London
United Kingdom

Date: 27/09/19

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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Sandy Knowe Wind Farm Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

		Year ended 31 December 2018 €	9 month period ended 31 December 2017 €
	Note		
Administrative expenses		(86,587)	(74,693)
Operating loss	4	(86,587)	(74,693)
Interest payable and similar charges	5	(20,479)	(2,451)
Loss before tax		(107,066)	(77,144)
Tax on loss	6	18,202	13,114
Loss for the financial year/period		(88,864)	(64,030)

All amounts relate to continuing operations.

There was no other comprehensive income for 2018 (2017 - €Nil).

The notes on pages 8 to 15 form part of these financial statements.

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Sandy Knowe Wind Farm Limited
Registered number: 06850950

**Statement of Financial Position
as at 31 December 2018**

	Note	2018 €	2017 €
Fixed assets			
Intangible assets	8	6,156,140	283,626
		<u>6,156,140</u>	<u>283,626</u>
Current assets			
Debtors: amounts falling due after more than one year	9	440,858	445,901
Debtors: amounts falling due within one year	9	47,298	24,532
Cash at bank and in hand		103,200	2
		<u>591,356</u>	<u>470,435</u>
Creditors: amounts falling due within one year	10	(6,900,388)	(818,089)
Net current liabilities		<u>(6,309,032)</u>	<u>(347,654)</u>
Total assets less current liabilities		<u>(152,892)</u>	<u>(64,028)</u>
Net liabilities		<u>(152,892)</u>	<u>(64,028)</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	(152,894)	(64,030)
Shareholders' deficit		<u>(152,892)</u>	<u>(64,028)</u>

The directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 were approved and authorised for issue by the board and were signed on its behalf by:



Director

MARK STANTON EVANS

Date: 27/9/19

The notes on pages 8 to 15 form part of these financial statements.

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Sandy Knowe Wind Farm Limited

Statement of Changes in Equity for the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 April 2017	2	-	2
Comprehensive income for the period			
Loss for the period	-	(64,030)	(64,030)
At 1 January 2018	2	(64,030)	(64,028)
Comprehensive loss for the year			
Loss for the year	-	(88,864)	(88,864)
At 31 December 2018	2	(152,894)	(152,892)

The notes on pages 8 to 15 form part of these financial statements.

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Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1. General information

Sandy Knowe Wind Farm Limited ("the company") is a private limited company incorporated and domiciled in England and Wales.

The address of its registered office is Seebeck House 1 Seebeck Place, Knowlhill, Milton Keynes, Buckinghamshire, MK5 8FR.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of ERG Power Generation S.p.A. as at 31 December 2018 and these financial statements may be obtained from Via de Marini no. 1, 16149 Genova, Italy.

2.3 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 at accounting in preparing the annual financial statements.

The financial statements are prepared on a going concern basis as the group has committed to provide ongoing financial support, due to the importance of the company to the group in realising their strategic goals of growth and development in the UK market.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment.

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Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2. Accounting policies (continued)

2.5 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax from the proceeds.

2.6 Financial instruments

The company only enters into basic financial instrument 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.

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, and are measured subsequently at amortised cost using the effective interest method.

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Euros. All amounts in the financial statements are shown to the nearest Euro.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'.

2.9 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Intangible assets

Included in intangible assets are development wind and other projects which represent the costs incurred in bringing individual wind park projects to the consented stage. Expenditure on research into identifying suitable sites and other initial costs incurred before site selection are expensed. Once site selection stage has been reached an option over the land is acquired. The option forms the basis of the development wind asset.

Subsequent directly attributable costs, including attributable labour and overhead costs, planning application costs and environmental impact studies costs over the land in respect of which the interest is held are capitalised only if there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to be exceeded by related future sales and adequate resources exist to enable the project to be completed.

Development wind assets are not amortised until the asset is substantially complete and ready for its intended use. At the time the planning permission is approved and the option is exercised the carrying value of the project is transferred to property, plant and equipment as assets under construction. Amortisation is over the expected useful life of the related operational asset. The asset is derecognised on disposal. Where planning permission is not granted or a decision is made not to acquire the land the related assets are written off.

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Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

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

In preparing these financial statements, the directors do not believe there are any material judgements or estimations, except in relation to deferred taxation. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available in the future against which these losses can be utilised.

Judgement is required in determining the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

4. Operating loss

The operating loss is stated after charging/(crediting):

	Year ended 31 December 2018 €	9 month period ended 31 December 2017 €
Auditors remuneration: audit of the financial statements	-	7,500
Exchange differences	12,971	(5,010)

5. Interest payable and similar charges

	Year ended 31 December 2018 €	9 month period ended 31 December 2017 €
Interest payable	20,479	2,451

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Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

6. Taxation

	Year ended 31 December 2018 €	9 month period ended 31 December 2017 €
Current tax on loss for the year/period	-	-
Total current tax	-	-
Deferred tax		
Tax rate of 19%	(18,202)	(13,114)
Total deferred tax	(18,202)	(13,114)
Taxation on loss	(18,202)	(13,114)

Factors affecting tax credit for the year/period

The tax assessed for the year is lower than (period ended 31 December 2017 - lower than) the standard rate of corporation tax in the UK of 19.00% (period ended 31 December 2017 - 19.00%). The differences are explained below:

	Year ended 31 December 2018 €	9 month period ended 31 December 2017 €
Loss before tax	(107,066)	(77,144)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (period ended 31 December 2017 - 19.00%)	(20,343)	(14,657)
Effects of:		
Adjust closing deferred tax to average rate of 17.00%	2,141	1,543
Total tax credit for the year/period	(18,202)	(13,114)

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Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

6. Taxation (continued)

Factors that may affect future tax charges

The main rate of corporation tax from 1 April 2020 will be reduced to 17%. This will reduce the company's future current tax charge accordingly. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

7. Staff cost

The directors did not receive any fees or emoluments during the year directly attributable to their position within the company as they performed no qualifying services (period ended 31 December 2017 - €Nil). The company had no employees during the financial year and therefore incurred €Nil costs (period ended 31 December 2017 - €Nil).

The average monthly number of employees, including directors, during the year was 0 (2017 - 0).

8. Intangible assets

	Development asset €
Cost	
At 1 January 2018	283,626
Additions	5,872,514
At 31 December 2018	<u>6,156,140</u>
Net book value	
At 31 December 2018	<u>6,156,140</u>
At 31 December 2017	<u>283,626</u>

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Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

9. Debtors

	2018 €	2017 €
Due after more than one year		
Connection deposit prepayment	<u>440,858</u>	<u>445,901</u>
	2018 €	2017 €
Due within one year		
Other debtors	15,867	11,418
Prepayments	115	-
Deferred taxation	<u>31,316</u>	<u>13,114</u>
	<u>47,298</u>	<u>24,532</u>

Debtors include prepayment of €440,858 (2017 - €445,901) due after more than one year.

10. Creditors: Amounts falling due within one year

	2018 €	2017 €
Trade creditors	4,152	-
Amounts owed to group undertakings	6,871,224	795,567
Accruals and deferred income	<u>25,012</u>	<u>22,522</u>
	<u>6,900,388</u>	<u>818,089</u>

Amounts owed to group undertakings are repayable on demand.

11. Called-up share capital

	2018 €	2017 €
Allotted, called up and fully paid		
200 Ordinary shares of €0.01 each	<u>2</u>	<u>2</u>

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Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

12. Reserves

Profit and loss account

Represents cumulative profits or losses, net of dividends paid and other adjustments. The company has made a loss of €88,864 (period ended 31 December 2017 - €64,030) in the year ended 31 December 2018.

13. Related party transactions

At 31 December 2018 the company was a wholly owned subsidiary of ERG Power Generation S.p.A..

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. The balances that the Company owes to the group undertakings at year end is shown in note 10.

The consolidated financial statements of ERG Power Generation S.p.A. within which the company is included, can be obtained from its registered office at Via de Marini no. 1, 16149 Genova, Italy.

14. Ultimate parent company

The directors consider the company's ultimate parent undertaking and controlling party to be San Quirico S.p.A., a company incorporated in Italy.

The smallest group in which the results of the company were consolidated for the year ended 31 December 2018 was that headed by ERG Power Generation S.p.A.. Copies of its consolidated financial statements are available from its registered office at Torre WTC - Via De Marini, 1 - 16149 Genoa, Italy.

The largest group in which the results of the company were consolidated for the year ended 31 December 2018 was that headed by San Quirico S.p.A.. Copies of its consolidated financial statements are available from its registered office at Via San Luca 2, Genova, 16124, Italy.