

Sandy Knowe Wind Farm Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 06850950

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Sandy Knowe Wind Farm Limited

Company Information

Directors	C Deperu C N Williams L K H Purves
Company secretary	TMF Corporate Administration Services Limited
Registered number	06850950
Registered office	Seebeck House 1 Seebeck Place Knowhill Milton Keynes Buckinghamshire MK5 8FR
Independent auditor	KPMG LLP 66 Queen Square Bristol United Kingdom BS1 4BE

Sandy Knowe Wind Farm Limited

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Sandy Knowe Wind Farm Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report together with the financial statements for the year ended 31 December 2019.

Principal activity

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

Results and dividends

The loss for the year, after taxation, amounted to €48,957 (2018 - €88,864).

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018 - €Nil).

Directors

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

A J Hamilton (resigned 27 September 2019)
M S Evans (resigned 15 April 2020)
C Deperu
C N Williams (appointed 27 September 2019)
L K H Purves (appointed 15 April 2020)

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Non-adjusting post balance sheet events

ERG Group Management performed and constantly performs an analysis to evaluate COVID-19 potential impacts both at group and each country level. With reference to the UK area, no material impacts or negative effects are expected in terms of going concern. The directors have considered the impact of COVID-19, which is a post balance sheet event. Given the specific nature of the company's business which is a wind farm under construction, the directors have reasonable expectation that COVID-19 has no significant impact on wind production and is satisfied that the revenues that will be generated from its investments in the foreseeable future will be sufficient to enable to meet the obligations to the company. Therefore the directors consider the going concern basis to be appropriate. As specified in details through the 1H 2020 Official Interim Financial Report of ERG Group, (reference to the Internet site www.erg.eu), there are no critical issues or points for attention regarding the business continuity of the group and therefore of the company as well.

Auditor

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.

Sandy Knowe Wind Farm Limited

Directors' Report (continued) for the Year Ended 31 December 2019

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.

DocuSigned by:

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L K H Purves
Director

Seebeck House 1 Seebeck Place
Knowlhill
Milton Keynes
Buckinghamshire
MK5 8FR

Date: December 18, 2020 | 4:34 PM GMT

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 2019

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:

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.

Independent Auditor's Report to the Members of Sandy Knowe Wind Farm Limited

Opinion

We have audited the financial statements of Sandy Knowe Wind Farm Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of Sandy Knowe Wind Farm Limited (continued)

Directors' Report

The directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using 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.

Independent Auditor's Report to the Members of Sandy Knowe Wind Farm Limited (continued)

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

NChimes

Nathan Chimes (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

Date: 18 December 2020

Sandy Knowe Wind Farm Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 €	Unaudited 2018 €
Administrative expenses		8,537	(86,587)
Operating profit/(loss)	4	8,537	(86,587)
Interest payable and similar charges	6	(26,178)	(20,479)
Loss before tax		(17,641)	(107,066)
Tax on loss	7	(31,316)	18,202
Loss for the financial year		(48,957)	(88,864)

There was no other comprehensive income for 2019 (2018 - €Nil).

The notes on pages 10 to 19 form part of these financial statements.

Sandy Knowe Wind Farm Limited

Registered number:06850950

**Statement of Financial Position
as at 31 December 2019**

	Note	2019 €	Unaudited 2018 €
Fixed assets			
Intangible assets	8	-	6,156,140
Tangible assets	9	7,088,679	-
		<u>7,088,679</u>	<u>6,156,140</u>
Current assets			
Debtors: amounts falling due after more than one year	10	636,420	440,858
Debtors: amounts falling due within one year	10	571,681	47,298
Cash at bank and in hand		733,627	103,200
		<u>1,941,728</u>	<u>591,356</u>
Creditors: amounts falling due within one year	11	(9,232,256)	(6,900,388)
Net current liabilities		<u>(7,290,528)</u>	<u>(6,309,032)</u>
Net liabilities		<u>(201,849)</u>	<u>(152,892)</u>
Capital and reserves			
Share capital	12	2	2
Profit and loss account		(201,851)	(152,894)
		<u>(201,849)</u>	<u>(152,892)</u>

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

DocuSigned by:

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L K H Purves
Director

Date: December 18, 2020 | 4:34 PM GMT

The notes on pages 10 to 19 form part of these financial statements.

Sandy Knowe Wind Farm Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2019 (unaudited)	2	(152,894)	(152,892)
Comprehensive loss for the year			
Loss for the year	-	(48,957)	(48,957)
At 31 December 2019	<u>2</u>	<u>(201,851)</u>	<u>(201,849)</u>

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

	Share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2018 (unaudited)	2	(64,030)	(64,028)
Comprehensive loss for the year			
Loss for the year	-	(88,864)	(88,864)
At 31 December 2018 (unaudited)	<u>2</u>	<u>(152,894)</u>	<u>(152,892)</u>

The notes on pages 10 to 19 form part of these financial statements.

Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1. General information

Sandy Knowe Wind Farm Limited is a private company, limited by shares, incorporated, registered and domiciled in England and Wales. The registered number is 06850950. The address of the registered office is Seebeck House 1 Seebeck Place, Knowlhill, Milton Keynes, Buckinghamshire, MK5 8FR and the nature of the company's operations and its principal activities are set out in the Directors' Report.

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 (see note 3).

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 11.42, 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; and
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

This information is included in the consolidated financial statements of ERG Power Generation S.p.A. as at 31 December 2019 and these financial statements may be obtained from Torre WTC - Via DeMarini, 1 - 16149 Genoa, Italy.

2.3 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides including the impact of COVID-19, the company will have sufficient funds, through its parent company, to meet its liabilities as they fall due for that period.

Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Going concern (continued)

Those forecasts are dependent on ERG Power Generation SpA providing additional financial support during that period were to seek repayments of the amounts currently due to the group, which at 31 December 2019 amounted to EUR 8,942,164. ERG Power Generation SpA has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4 Debtors

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

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 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.

2.7 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Comprehensive Income.

Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2. Accounting policies (continued)

2.7 Financial instruments (continued)

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 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.

2.9 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 year 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 year-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'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2. Accounting policies (continued)

2.10 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.

2.11 Operating leases

Rentals paid under operating leases are charged to profit or loss 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.

2.12 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.

Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

2. Accounting policies (continued)

2.13 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.

2.14 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.

Assets under construction are not depreciated until they are complete, where they are transferred to Plant and equipment.

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 Comprehensive Income.

Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

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

In preparing these financial statements, the directors have had to make the following judgement:

- Functional currency

There is judgement around the companies functional currency. This is because there are day to day transactions in multiple currencies as well as loan balances denominated in different currencies. As trading within the UK is currently limited the decision has been made that Euro's is the appropriate functional currency for the company. This is under review each year and as trading increases in the UK the functional currency will change to pounds. This is expected to change in the year to 31 December 2020.

4. Operating profit/(loss)

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

	2019 €	Unaudited 2018 €
Exchange differences	(69,748)	12,971
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	12,675	-
	<u>12,675</u>	<u>-</u>

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 - €Nil).

Directors salaries are borne by another entity within the group. No portion of their remuneration can be specifically attributed to their services to the company.

6. Interest payable and similar charges

	2019 €	Unaudited 2018 €
Group interest payable	-	20,479
Foreign exchange	26,178	-
	<u>26,178</u>	<u>-</u>

Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

7. Taxation

	2019 €	Unaudited 2018 €
Current tax on loss for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	31,316	(18,202)
Total deferred tax	31,316	(18,202)
Taxation on loss	31,316	(18,202)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 €	Unaudited 2018 €
Loss before tax	(17,641)	(107,066)
Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	(3,352)	(20,343)
Effects of:		
Deferred tax not recognised	34,315	-
Change in tax rate	353	2,141
Total tax charge/(credit) for the year	31,316	(18,202)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016 as at 31 December 2019 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the Company's future current tax charge accordingly.

Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

8. Intangible assets

	Development expenditure €
Cost	
At 1 January 2019 (unaudited)	6,156,140
Additions	1,309,672
Transfer to tangible assets	(7,465,812)
At 31 December 2019	-
Net book value	
At 31 December 2019	-
At 31 December 2018 (unaudited)	6,156,140

9. Tangible fixed assets

	Asset under construction €
Cost	
At 1 January 2019 (unaudited)	-
Transfer from intangible assets	7,465,812
Transfer to prepayments	(377,133)
At 31 December 2019	7,088,679
Net book value	
At 31 December 2019	7,088,679
At 31 December 2018 (unaudited)	-

Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

10. Debtors

	2019 €	Unaudited 2018 €
Due after more than one year		
Connection deposit prepayment	636,420	440,858
	<u>636,420</u>	<u>440,858</u>
Due within one year		
Other debtors	445,759	15,867
Prepayments	125,922	115
Deferred taxation	-	31,316
	<u>571,681</u>	<u>47,298</u>

11. Creditors: Amounts falling due within one year

	2019 €	Unaudited 2018 €
Trade creditors	243,895	4,152
Amounts owed to group undertakings	8,942,164	6,871,224
Accruals and deferred income	46,197	25,012
	<u>9,232,256</u>	<u>6,900,388</u>

The amounts owed to group undertakings are unsecured and are repayable with 1 months prior written notice. The amounts bear interest at 2.5% + EURIBOR.

12. Share capital

	2019 €	Unaudited 2018 €
Allotted, called up and fully paid		
200 Ordinary shares of £0.01 each	2.00	2.00
	<u>2.00</u>	<u>2.00</u>

Sandy Knowe Wind Farm Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

13. Commitments under operating leases

At 31 December, the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 €	Unaudited 2018 €
Not later than 1 year	422,365	-
Later than 1 year and not later than 5 years	946,188	-
Later than 5 years	13,136,258	-
	<u>14,504,811</u>	<u>-</u>

14. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in the company are controlled by the group. Balances held with group companies are shown in note 11.

15. Non-adjusting post balance sheet events

ERG Group Management performed and constantly performs an analysis to evaluate COVID-19 potential impacts both at group and each country level. With reference to the UK area, no material impacts or negative effects are expected in terms of going concern. The directors have considered the impact of COVID-19, which is a post balance sheet event. Given the specific nature of the company's business which is a wind farm under construction, the directors have reasonable expectation that COVID-19 has no significant impact on wind production and is satisfied that the revenues that will be generated from its investments in the foreseeable future will be sufficient to enable to meet the obligations to the company. Therefore the directors consider the going concern basis to be appropriate. As specified in details through the 1H 2020 Official Interim Financial Report of ERG Group, (reference to the Internet site www.erg.eu), there are no critical issues or points for attention regarding the business continuity of the group and therefore of the company as well.

16. Ultimate parent company

Post year end, the ultimate parent company became ERG UK Holding Ltd, a company incorporated in Scotland, in the United Kingdom. Prior to the year end, the directors considered 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 2019 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 2019 was that headed by San Quirico S.p.A.. Copies of its consolidated financial statements are available from its registered office at Via Martin Piaggio 17/4, Genova, 16122, Italy.