

Broadland Energy (Kiachnish) Limited
Financial Statements
31 December 2017

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Broadland Energy (Kiachnish) Limited

Financial Statements

Year ended 31 December 2017

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Broadland Energy (Kiachnish) Limited

Officers and Professional Advisers

The board of directors	R. Guthrie M. Robson D.C. Mosgrove
Company secretary	B.P. Swiers
Registered office	137 Scalby Road Scarborough North Yorkshire YO12 6TB
Auditor	Scott-Moncrieff Chartered accountants & statutory auditor 25 Bothwell Street Glasgow G2 6NL
Bankers	Svenska Handelsbanken AB (publ) 3 Thomas More Square London E1W 1WY

Broadland Energy (Kiachnish) Limited

Directors' Report

Year ended 31 December 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

Principal activities

The principal activity of the company during the period has been the construction of a hydro electric power scheme and subsequent production of renewable energy.

Directors

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

R. Guthrie
M. Robson
D.C. Mosgrove

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Broadland Energy (Kiachnish) Limited

Directors' Report *(continued)*

Year ended 31 December 2017

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 14 June 2018 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'B.P. Swiers', written in a cursive style.

B.P. Swiers
Company Secretary

Broadland Energy (Kiachnish) Limited

Independent Auditor's Report to the Members of Broadland Energy (Kiachnish) Limited

Year ended 31 December 2017

Opinion

We have audited the financial statements of Broadland Energy (Kiachnish) Limited for the year ended 31 December 2017 which comprise the income statement, the statement of financial position, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Broadland Energy (Kiachnish) Limited

Independent Auditor's Report to the Members of Broadland Energy (Kiachnish) Limited *(continued)*

Year ended 31 December 2017

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Broadland Energy (Kiachnish) Limited

Independent Auditor's Report to the Members of Broadland Energy (Kiachnish) Limited *(continued)*

Year ended 31 December 2017

Responsibilities of directors

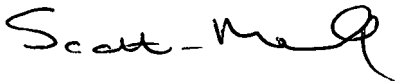
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Bernadette Higgins (Senior Statutory Auditor)

For and on behalf of
Scott-Moncrieff
Chartered accountants & statutory auditor
25 Bothwell Street
Glasgow
G2 6NL

14 June 2018

Broadland Energy (Kiachnish) Limited

Income Statement

Year ended 31 December 2017

	Note	Year to 31 Dec 17 £	Period from 1 Oct 15 to 31 Dec 16 £
Turnover	4	564,249	–
Cost of sales		<u>99,814</u>	<u>–</u>
Gross profit		464,435	–
Administrative expenses		<u>7,647</u>	<u>2,374</u>
Operating profit/(loss)	5	456,788	(2,374)
Profit/(loss) before taxation		456,788	(2,374)
Tax on profit/(loss)	7	<u>85,983</u>	<u>(457)</u>
Profit/(loss) for the financial year		<u>370,805</u>	<u>(1,917)</u>

All the activities of the company are from continuing operations.

The company has no other recognised items of income and expenses other than the results for the year as set out above.

The notes on pages 10 to 16 form part of these financial statements.

Broadland Energy (Kiachnish) Limited

Statement of Financial Position

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	8	5,877,518	3,232,940
Current assets			
Debtors	9	607,653	84,156
Cash at bank and in hand		<u>39,008</u>	<u>11,804</u>
		646,661	95,960
Creditors: amounts falling due within one year	10	<u>6,124,220</u>	<u>3,330,717</u>
Net current liabilities		5,477,559	3,234,757
Total assets less current liabilities		399,959	(1,817)
Provisions	11	<u>30,971</u>	<u>-</u>
Net assets/(liabilities)		<u>368,988</u>	<u>(1,817)</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	<u>368,888</u>	<u>(1,917)</u>
Members funds/(deficit)		<u>368,988</u>	<u>(1,817)</u>

These financial statements were approved by the board of directors and authorised for issue on 14 June 2018, and are signed on behalf of the board by:



R. Guthrie
Director

Company registration number: 08803669

The notes on pages 10 to 16 form part of these financial statements.

Broadland Energy (Kiachnish) Limited

Statement of Changes in Equity

Year ended 31 December 2017

	Called up share capital £	Profit and loss account £	Total £
At 1 October 2015	100	–	100
Loss for the year	<u> </u>	(1,917)	<u>(1,917)</u>
Total comprehensive income for the year	–	(1,917)	(1,917)
At 31 December 2016	100	(1,917)	(1,817)
Profit for the year	<u> </u>	370,805	<u>370,805</u>
Total comprehensive income for the year	–	370,805	<u>370,805</u>
At 31 December 2017	<u>100</u>	<u>368,888</u>	<u>368,988</u>

The notes on pages 10 to 16 form part of these financial statements.

Broadland Energy (Kiachnish) Limited

Notes to the Financial Statements

Year ended 31 December 2017

1. General information

The company is a United Kingdom company limited by shares. It is both incorporated and domiciled in the United Kingdom. The registered office is 137 Scalby Road, Scarborough, North Yorkshire, YO12 6TB.

The continuing activities of the company are the construction of a hydro electric power scheme and subsequent production of renewable energy.

2. Statement of compliance

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and with the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

3.2 Going concern

The financial statements for the period ended 31 December 2017 have been prepared on a going concern basis on the strength of confirmation from the parent company that it will continue to provide financial support.

3.3 Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Broadland Properties Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

3.4 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Broadland Energy (Kiachnish) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty *(continued)*

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The assumptions used regarding useful economic lives and residual values are assessed annually. They are amended when necessary to reflect current estimates, based on market conditions and the physical condition of the assets.

The directors do not consider that any other estimates and assumptions used in the preparation of these financial statements have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.5 Revenue recognition

Turnover represents amounts receivable for power sold and associated government incentives, net of value added tax where applicable.

3.6 Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Broadland Energy (Kiachnish) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

3.7 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits annually based on a percentage of power and subsidy income receivable.

3.8 Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

3.9 Depreciation

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

Plant and machinery - 5% straight line

Assets in the course of construction are not depreciated until they are brought into commercial use when they are transferred to the relevant asset headings.

3.10 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

3.11 Debtors

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

3.12 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Bank overdrafts, when applicable, are shown within current liabilities.

3.13 Creditors

Short term creditors are measured at the transaction price.

4. Turnover

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Broadland Energy (Kiachnish) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

5. Operating profit

Operating profit or loss is stated after charging:

	Year to 31 Dec 17 £	Period from 1 Oct 15 to 31 Dec 16 £
Depreciation of tangible assets	53,507	–
Fees payable for the audit of the financial statements	<u>2,200</u>	<u>2,160</u>

6. Particulars of employees

There were no employees during the period apart from the directors, who are the key management personnel. The directors received no remuneration for their services. The above details do not include directors' emoluments paid by the holding company which are partially recharged to the company as part of management charges made. It is not practicable to separately identify the amount of the directors' emoluments included in the management charge. Full details are given in the holding company's financial statements.

7. Tax on profit/(loss)

Major components of tax expense/(income)

	Year to 31 Dec 17 £	Period from 1 Oct 15 to 31 Dec 16 £
Current tax:		
UK current tax expense	54,555	–
Deferred tax:		
Origination and reversal of timing differences	<u>31,428</u>	<u>(457)</u>
Tax on profit/(loss)	<u>85,983</u>	<u>(457)</u>

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	Year to 31 Dec 17 £	Period from 1 Oct 15 to 31 Dec 16 £
Profit/(loss) on ordinary activities before taxation	456,788	(2,374)
Profit/(loss) on ordinary activities by rate of tax	86,790	(475)
Permanent timing differences	2,831	–
Difference in tax rates	<u>(3,638)</u>	<u>18</u>
Tax on profit/(loss)	<u>85,983</u>	<u>(457)</u>

Broadland Energy (Kiachnish) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

8. Tangible assets

	Assets in the course of construction £	Plant and machinery £	Total £
Cost			
At 1 January 2017	3,232,940	–	3,232,940
Additions	2,698,085	–	2,698,085
Transfers	(5,931,025)	5,931,025	–
At 31 December 2017	<u>–</u>	<u>5,931,025</u>	<u>5,931,025</u>
Depreciation			
Charge for the year	–	53,507	53,507
At 31 December 2017	<u>–</u>	<u>53,507</u>	<u>53,507</u>
Carrying amount			
At 31 December 2017	<u>–</u>	<u>5,877,518</u>	<u>5,877,518</u>
At 31 December 2016	<u>3,232,940</u>	<u>–</u>	<u>3,232,940</u>

9. Debtors

	2017 £	2016 £
Deferred tax asset	–	457
Prepayments and accrued income	578,727	–
Other debtors	28,926	83,699
	<u>607,653</u>	<u>84,156</u>

10. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	8,904	52,418
Amounts owed to group undertakings	5,939,675	3,137,372
Accruals and deferred income	58,883	89,781
Corporation tax	54,555	–
Other creditors	62,203	51,146
	<u>6,124,220</u>	<u>3,330,717</u>

11. Provisions

	Deferred tax (note 12) £
At 1 January 2017	–
Additions	30,971
At 31 December 2017	<u>30,971</u>

Broadland Energy (Kiachnish) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

12. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in debtors (note 9)	–	457
Included in provisions (note 11)	<u>(30,971)</u>	<u>–</u>
	<u>(30,971)</u>	<u>457</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Accelerated capital allowances	30,971	–
Unused tax losses	<u>–</u>	<u>(457)</u>
	<u>30,971</u>	<u>(457)</u>

13. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Shares carry equal voting rights and each share also ranks equally with regard to dividend payments or any other distribution including a distribution arising from the winding up of the company.

14. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

15. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	2017	2016
	£	£
Tangible assets	<u>–</u>	<u>1,988,200</u>

16. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	30,000	10,000
Later than 1 year and not later than 5 years	120,000	120,000
Later than 5 years	<u>545,000</u>	<u>575,000</u>
	<u>695,000</u>	<u>705,000</u>

Broadland Energy (Kiachnish) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

16. Operating leases *(continued)*

The company also has contingent rentals payable which are not included above and are based on the level of power supplied.

17. Contingencies

This company has given cross guarantees in respect of group borrowings from its bankers. Security given includes a debenture over the whole assets of the company.

18. Related party transactions

Advantage is taken of the exemption for wholly owned subsidiaries given in FRS 102 from the requirement to separately disclose transactions with group companies

19. Controlling party

The directors regard Broadland Properties Limited as the ultimate controlling party. Broadland Properties Limited is the ultimate parent of the Group and the only parent for which group accounts are prepared, which can be obtained from Companies House. Broadland Properties Limited is registered in England.