

Clyde Windfarm (Scotland) Limited

Directors report and financial statements

Year ended 31 March 2018

Registered No.: SC281105



Clyde Windfarm (Scotland) Limited

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Clyde Windfarm (Scotland) Limited

Directors and Other Information

Directors

D. Hobson
S. Hood (appointed 23 March 2018)
S. Lilley
J. Ord
B. O'Regan
J. Porter (resigned 04 September 2017; appointed 31 October 2017)
C. Rule (appointed 30 May 2018)
J. Smith (resigned 23 Mar 2018)
J. Williamson

Registered office

Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ
Scotland

Secretary

S. Fairbairn

Auditor

KPMG LLP
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

Banker

Ulster Bank Ireland Ltd
George's Quay
Dublin 2

Registered number

SC281105

Clyde Windfarm (Scotland) Limited

Strategic Report

The directors submit their report and audited financial statements of the Company for the year ended 31 March 2018.

This Strategic report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. Its purpose is to inform shareholders and help them assess how the directors have performed their duty to promote the success of Clyde Windfarm (Scotland) Limited.

The Strategic and Financial Review sets out the main trends and factors underlying the development and performance of Clyde Windfarm (Scotland) Limited (the "Company") during the year ended 31 March 2018.

1 Principal activities

The Company is engaged in the operation of a 522.4MW (206 turbines) onshore windfarm located in South Lanarkshire in Scotland. The site comprises the original windfarm of 349.6MW (152 turbines) and an extension of 172.8MW (54 turbines) which became fully commissioned in August 2017.

On the 18 March 2016 the Company became a joint venture between SSE Renewables Onshore Windfarm Holdings Ltd ('SSE') (50.1%), Greencoat UK Wind Holdco Ltd ('Greencoat') (28.2%) and GLIL Corporate Holdings Ltd ('GLIL') (21.7%). Prior to this it was a wholly owned subsidiary of SSE Renewables Onshore Windfarm Holdings Ltd (previously SSE Renewables Group (UK) Limited).

In March 16, it was highlighted that when commercial operation of the extension began, the equity stake in the Company jointly owned by Greencoat and GLIL would be diluted to 30% with SSE retaining 70%.

In September 2017, Greencoat and GLIL acquired an additional 5% of Clyde equating to 26.1MW for a cash consideration of £67.8m bringing the shareholdings to SSE (65%), Greencoat (19.8%) and GLIL (15.2%). The additional acquisition was agreed in May 2017 and at that time a call option was granted allowing Greencoat and GLIL to buy a further 14.9% of Clyde equating to £202m. The option could be exercised between 1 April 2018 and 30 June 2018. As noted in the Director's report on page 4 the option was exercised in May 2018.

100% of the electricity output generated is sold to SSE Energy Supply Limited, a fellow group undertaking of SSE Renewables Onshore Windfarm Holdings Limited.

2 Business review

The income statement for the year ended 31 March 2018 is set out on page 8. The profit for the year after taxation amounted to £38.3m (2017: profit of £16.5m). The balance sheet at 31 March 2018 is set out on page 10 and indicates net assets of £76.0m (2017: net assets of £51.6m).

Business performance overview

Generation for the year was 1,327GWh, an increase of 47% from 901GWh in 2017. The rise in output predominantly relates to the extension coming on line plus increased wind speeds in the period. The windfarm was instructed to curtail output by a total of 221Gwh (2017: 133Gwh) through the balancing market mechanism.

Clyde Windfarm (Scotland) Limited

Strategic Report *(continued)*

Results & performance

3 Key performance indicators

The directors believe that the following indicators will provide shareholders with sufficient information to assess how effectively the Company is performing.

Financial / Operational	2018	2017
Revenue £m	144.5	89.1
Gross profit - £m	74.7	40.5
Net assets - £m	76.0	51.6
Output generated (GWh)	1,327	901

Principal risks and uncertainties

The principal risks facing the Company are lower wind speeds than anticipated resulting in less electricity generation, no off-take for electricity produced resulting in lower sales and technical issues with plant and machinery resulting in down-time of turbines and grid connection equipment. To mitigate against electricity off-take risk, power purchase agreements are in place which guarantee sales of electricity. To mitigate against technical risk, the Company has put in place a team of experienced operators who are responsible for monitoring wind farm performance and maintaining adequate stocks of essential parts, in addition the Company has in place Long Term Service Agreements (LTSAs) with Siemens to maintain the windfarm.

The Company is aware of the political uncertainty following the announcement of Brexit. This is being closely monitored by the Company but is not considered to have a significant impact on the accounts for the year ended 31 March 2018 or beyond.

On behalf of the board



J. Williamson
Director

9 November 2018

Clyde Windfarm (Scotland) Limited

Directors' Report

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

Reporting requirements on the Company's principal activities, its principal risks and uncertainties and its key performance indicators can be found in the Strategic Report on page 2.

1 Proposed dividend

The directors do not recommend the payment of a dividend (2017: *£nil*).

2 Directors

The directors and secretary who served during the year are as listed on page 1. In accordance with the Articles of Association of the Company the directors are not required to retire by rotation.

3 Political and charitable donations

The Company did not make any political or charitable donations during the year (2017: *£nil*).

4 Post balance sheet events

As noted under principal activities on page 2, a call option was granted in May 2017 allowing Greencoat and GLIL to buy a further 14.9% of Clyde equating to £202m. This was callable between 1 April 2018 and 30 June 2018. The option was exercised in May 2018 bringing the respective shareholdings in Clyde to SSE (50.1%), Greencoat (28.2%) and GLIL (21.7%).

5 Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the 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.

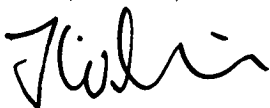
6 Going concern

The directors have assessed that the Company will prepare its financial statements on a going concern basis, see note 1 for details.

7 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.

On behalf of the Board:



J. Williamson
Director
9 November 2018

Clyde Windfarm (Scotland) Limited

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

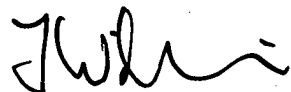
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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 of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 controls as they determine is necessary to enable the preparation of financial statements 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.

On behalf of the Board:



J. Williamson
Director
9 November 2018

Independent Auditor's Report to the Members of Clyde Windfarm (Scotland) Limited

Opinion

We have audited the financial statements of Clyde Windfarm (Scotland) Limited ("the Company") for the year ended 31 March 2018 which comprise the Income Statement, Statement of Other Comprehensive Income, Balance Sheet, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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 of 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the Strategic report and 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 Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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.

We have nothing to report in these respects.

Independent Auditor's Report to the Members of Clyde Windfarm (Scotland) Limited (continued)

Directors' responsibilities

As explained more fully in their 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; 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.

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.



Gordon Herbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

16 November 2018

Clyde Windfarm (Scotland) Limited

Income Statement

for the year ended 31 March 2018

	Note	2018 £m	2017 £m
Revenue	2	144.5	89.1
Cost of sales		(69.8)	(48.6)
Gross profit		74.7	40.5
Finance costs	4	(28.0)	(22.9)
Profit before taxation		46.7	17.6
Taxation	5	(8.4)	(1.1)
Profit for the financial year		38.3	16.5
Continuing operations			

The above results are derived from continuing activities.

The accompanying notes are an integral part of these financial statements.

Clyde Windfarm (Scotland) Limited

Statement of Other Comprehensive Income for the year ended 31 March 2018

	2018 £m	2017 £m
Profit for the financial year	38.3	16.5
(Loss) on effective portion of cash flow hedges	-	(7.5)
Taxation on cashflow hedges	-	1.4
Total other comprehensive income relating to the financial year	38.3	10.4

Clyde Windfarm (Scotland) Limited

Balance Sheet as at 31 March 2018

	Note	2018 £m	2017 £m
Non current assets			
Property, plant and equipment	6	651.0	647.0
Derivative financial assets	14	-	-
		651.0	647.0
Current assets			
Trade and other receivables	7	41.2	29.0
Cash and cash equivalents	8	41.4	24.1
		82.6	53.1
Total assets		733.6	700.1
Current liabilities			
Trade and other payables	9	(27.7)	(52.8)
		(27.7)	(52.8)
Non current liabilities			
Loans and borrowings	10	(550.0)	(529.7)
Provisions for liabilities and charges	11	(27.5)	(20.2)
Deferred taxation	12	(52.4)	(45.8)
		(629.9)	(595.7)
Total liabilities		(657.6)	(648.5)
Net assets		76.0	51.6
Capital and reserves			
Share capital	13	-	-
Retained earnings		76.0	51.6
Equity Shareholders' funds		76.0	51.6

The accompanying notes form an integral part of this balance sheet.

These financial statements were approved by the directors on 9 November 2018 and signed on their behalf by:



J. Williamson
Director
Company registered number: SC281105

Clyde Windfarm (Scotland) Limited

Statement of Changes in Equity for the year ended 31 March 2018

	Hedge reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2016	6.1	35.1	41.2
Profit for the financial year	-	16.5	16.5
Other comprehensive income	(6.1)	-	(6.1)
Total comprehensive income for the year	(6.1)	16.5	10.4
Balance at 31 March 2017	-	51.6	51.6
Balance at 1 April 2017	-	51.6	51.6
Profit for the financial year	-	38.3	38.3
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	38.3	38.3
Dividends paid	-	(13.9)	(13.9)
Balance at 31 March 2018	-	76.0	76.0

Clyde Windfarm (Scotland) Limited

Cash flow statement for the year ended 31 March 2018

	Note	2018 £m	2017 £m
Net cash inflow from operating activities	17	74.9	53.5
Acquisition of property, plant and equipment		(28.5)	(81.7)
Cash flows from financing activities			
Equity dividends paid		(13.9)	-
Proceeds from new borrowings		65.4	92.5
Repayment of borrowings		(59.3)	(28.2)
Interest paid		(21.4)	(17.9)
Net cash from financing activities		(29.2)	46.4
Increase in cash and cash equivalents in the year		17.2	18.2
Reconciliation of net cash flow to movement in net funds			
Increase in cash and cash equivalents in the year		17.2	18.2
Net cash and cash equivalents at start of the year	8	24.1	5.9
Net cash and cash equivalents at end of the year	8	41.4	24.1

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements for the year ended 31 March 2018

1 Significant accounting policies

Clyde Windfarm (Scotland) Limited (the "Company") is a private company, limited by shares and incorporated, domiciled and registered in Scotland in the UK. The registered number is SC281105 and the registered address is shown on page 1. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ('adopted IFRSs').

Going concern

The financial statements have been prepared on a going concern basis which assumes adequate finance will be available for the foreseeable future.

The Company is expected to remain profitable and the directors consider that this, together with the committed funding which provides funds at a level sufficient to provide good headroom on budgeted cash requirements, should enable the Company to continue in operational existence for the foreseeable future by meeting liabilities as they fall due for payment.

Financial assets

Financial assets are shown at cost less provision for any impairment in value.

Income from Financial assets is recognised in the profit and loss account in the year in which it is receivable.

Dividend income is recognised in the Profit and Loss account, when the right to receive payment is established.

Debt and debt finance costs

Debt is initially stated at the amount of the net proceeds after the deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting year and reduced by payments made in the year. Debt finance costs are recognised in the profit and loss account over the terms of the related instruments on a straight line basis.

Revenue

Revenue comprises the income from the generation of electricity.

Revenue consists of sales of renewable energy, exclusive of Value Added Tax together with revenue earned under the Renewable Obligation Certificates ("ROCs") regime. Electricity sales are based on meter readings and include an estimate of the fair value of units supplied between the date of the last meter reading and year end. "ROCs" revenue is based on units generated during the period at an estimated selling price.

Taxation

The credit for taxation is based on the profit for the year and takes into account deferred taxation.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable profits from which future reversals of the underlying temporary differences can be deducted.

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

1 Significant accounting policies *(continued)*

Dividends

Proposed final dividends payable which have not yet been approved at the balance sheet date are not included as a liability in the financial statements. Similarly, proposed final dividends receivable from subsidiaries which have not yet been approved at the balance sheet date are not included as an asset in the financial statements.

Property, plant and equipment

(i) Property, plant and equipment disclosure

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provisions for impairment. Assets under construction are recorded at cost. Interest on borrowings related to the financing of major capital projects is capitalised during the construction period as part of the cost of the project. Capitalisation will cease when the asset enters operational service.

Assets under construction that are commissioned and enter operation in the financial year are transferred to the appropriate category of assets. Capital additions in the year comprise additions to assets still in construction, additions to commissioned operational assets and other directly incurred capital costs.

Where an item of property, plant and equipment comprises major components having different useful lives, the components are accounted for as separate items of property, plant and equipment, and depreciated accordingly.

(ii) Depreciation

Heritable and freehold land is not depreciated.

Depreciation is provided on tangible and intangible fixed assets to write off cost, less residual values, on a straight-line basis over their estimated operational lives. The estimated operational lives are as follows:

Non-operational assets:

Operating wind farms	20 years
Leasehold improvements	Over the life of the lease
Decommissioning asset	20 years

Assets in development are recorded at cost. Depreciation of assets in construction commences when the asset is placed in service. Interest on borrowing and arrangements fees related to the financing of major capital projects are capitalised during construction, as part of the cost of the project. Capitalisation of these interest costs ceases when the asset is ready for service.

(iii) Subsequent expenditure

Expenditure incurred to replace a component of a tangible fixed asset that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits of the tangible fixed asset to which it relates.

Capitalised interest

Interest directly attributable to the acquisition, construction or production of major capital projects, which are projects that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use, and depreciated as part of the total cost over the useful life of the asset.

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

1 Significant accounting policies *(continued)*

Finance and operating leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Finance income and costs

Finance income is recognised as income in the year in which it is earned. Finance cost is recognised as an expense in the year in which it is incurred.

Interest receivable represents funds received on money invested and is recognised in the profit or loss in the year to which it relates.

Interest incurred on borrowings to finance the construction of the new extension has been capitalised as part of the cost of the asset. On completion of the construction of the plant the interest incurred on borrowings is charged to the Profit and Loss Account in the year in which it accrues.

Foreign currency

The financial statements are presented in pounds sterling, which is the functional currency of the Company.

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange prevailing at the balance sheet date or, where appropriate, the rates of exchange in related forward exchange contracts.

Gains and losses arising from changes in exchange rates subsequent to the dates of transactions are included in the profit and loss account.

Provisions and contingencies

The assessments undertaken in recognising provisions and contingencies have been made in accordance with IAS 37, the provisions are calculated based on estimations. The evaluation of the likelihood of the contingent events has required best judgement by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Decommissioning provision

A provision is made for the decommissioning of the Company's onshore wind farm. A provision is recognised when the Company has an obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. The amount recognised is the net present value of the estimated cost of decommissioning, discounted using a risk free rate; a corresponding amount is added to the carrying value of the related asset. As the discount applied to the decommissioning provision is unwound this will be recognised as a financing charge under interest payable in the profit and loss account of the Company. Changes in the decommissioning cost estimates are dealt with by recording an adjustment to the provision and a corresponding adjustment to the related asset. The decommissioning provision is reviewed on an annual basis. The estimated cost of decommissioning at the end of the useful lives of certain assets is reviewed periodically. Provision is made for the estimated cost of decommissioning. A corresponding decommissioning asset is recognised and is included within property, plant and equipment. The unwinding of the discount on the provision is included in finance costs and the depreciation for the asset is straight-line over the expected useful life of the asset.

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

1 Significant accounting policies *(continued)*

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to these financial statements.

Derivative financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the provisions of the instrument.

Non-derivative financial instruments

i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

ii) Trade and other receivables

Trade and other receivables do not carry any interest and are measured at cost (less an appropriate allowance for irrecoverable balances).

iii) Interest-bearing loans and borrowings

All such loans and borrowings are initially recognised at fair value including transaction costs and are subsequently measured at amortised cost, except where the loan or borrowing is the hedged item in an effective fair value hedge relationship.

iv) Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Adopted IFRS not yet applied:

The following issued standards have not yet been adopted by the Company:

- i) IFRS 15 'Revenue from contracts with customers' is effective on 1 January 2018 (1 April 2018 to the Company);
- ii) IFRS 16 'Leases' is effective on 1 January 2019 (1 April 2019 to the Company);
- ii) IFRS 9: 'Financial instruments' which will be effective on 1 January 2018 (1 April 2018 to the Company).

The Company has commenced initial assessment of the impact of these standards on the consolidated financial statements. However, at this stage, it is not yet practicable to quantify the impact these standards will have. The assessment of IFRS 16 will require, with certain exceptions, obligations associated with contracts currently designated as operating leases to be recognised on balance sheet as lease liabilities. The definition of a lease has also been modified which may impact which contracts the Company accounts for as leases.

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

2 Revenue

The Company's revenue, all of which is derived from the sale of renewable energy to SSE Energy Supply Limited, arises in the United Kingdom.

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2018 £m	2017 £m
Depreciation of property, plant and equipment	35.8	28.3

	2018 £000	2017 £000
<i>Amounts receivable by the company's auditor and its associates in respect of:</i>		
Audit related assurance services	14.4	15.0

The Company had no employees during the year ended 31 March 2018 (2017: nil)

4 Finance income and costs

	2018 £m	2017 £m
Finance costs:		
Decommissioning provision - unwind of discount (note 11)	(0.5)	(0.4)
Interest payable to related parties	(32.0)	(28.4)
Interest capitalised	4.5	5.9
Total finance costs	(28.0)	(22.9)
Net finance costs	(28.0)	(22.9)

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

5 Taxation

	2018 £m	2017 £m
Recognised in the Income Statement		
Current tax expense		
Current tax on income for the period	1.9	-
Adjustment in respect of prior periods	-	2.2
Total current tax expense	1.9	2.2
Deferred tax (see note 12):		
Temporary differences	7.3	4.0
Change in applicable tax rate	-	(3.1)
Adjustment in respect of prior periods	(0.8)	(2.0)
Total deferred tax	6.5	(1.1)
Total tax on profit	8.4	1.1

	2018 £m	2017 £m
Income tax recognised in other comprehensive income	-	(1.4)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2018 £m	2017 £m
Reconciliation of effective tax rate		
Profit before taxation	46.7	17.6
Tax on profit at standard UK corporation tax rate of 19% (2017: 20%)	8.9	3.5
Effects of:		
Expenses not deductible for tax purposes	0.3	0.5
Effect of rate change	-	(3.1)
Corporation tax adjustment in respect of previous periods	-	2.2
Deferred tax adjustment in respect of previous periods	(0.8)	(2.0)
Total tax expense	8.4	1.1

The standard rate of UK corporation tax changed from 20% to 19% with effect from 1 April 2017. An additional reduction to 17% will come into effect from 1 April 2020 which will reduce the Company's future current tax rate charge accordingly.

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

6 Tangible fixed assets

	Generation Assets £m	Assets under the course of construction (AUC) £m	Decommissioning Assets £m	Total £m
Cost:				
At 1 April 2017	574.7	193.3	16.2	784.2
Additions	0.4	32.6	6.8	39.8
Transfers from AUC to fully commissioned	225.9	(225.9)	-	-
At 31 March 2018	801.0	-	23.0	824.0
Accumulated depreciation:				
At 1 April 2017	136.3	-	0.9	137.2
Charge for the year	34.7	-	1.1	35.8
At 31 March 2018	171.0	-	2.0	173.0
Net book value:				
At 31 March 2018	630.0	-	21.0	651.0
At 31 March 2017	438.4	193.3	15.3	647.0

The above property, plant and equipment includes £50,581,821 (2017: £46,107,112) of capitalised interest, of which £4,474,709 was capitalised in the current year (2017: £5,856,800). It also includes a capitalised amount of £21,022,664 for future decommissioning costs (2017: £15,290,559).

7 Trade and other receivables

	2018 £m	2017 £m
Trade receivables	0.2	0.3
Amounts owed by related parties	37.9	23.6
Other trade and receivables	3.1	5.1
	41.2	29.0

8 Cash and cash equivalents

	2018 £m	2017 £m
Cash at bank and in hand	41.4	24.1

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

9 Trade and other payables

	2018 £m	2017 £m
Current liabilities		
Trade payables	0.1	0.3
Other creditors	0.2	0.2
Corporation tax payable	0.3	-
Amounts owed to related party (note 18)	9.3	11.4
Accruals and deferred income	17.8	40.9
	27.7	52.8

10 Loans and borrowings

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings which are held at amortised cost.

	2018 £m	2017 £m
Non current		
5.80% Shareholder Loans due to SSE Renewables Onshore Windfarm Holdings Ltd	(357.5)	(343.2)
5.80% Shareholder Loans due to Greencoat UK Wind Holdco Ltd	(108.8)	(105.4)
5.80% Shareholder Loans due to GLIL Corporate Holdings Ltd	(83.7)	(81.1)
Total Loans and borrowings	(550.0)	(529.7)

Loans and borrowings relate to amounts owed to investing companies, SSE Renewables Onshore Wind Farm Holdings Ltd, Greencoat UK Wind Holdco Ltd and GLIL Corporate Holdings Ltd.

11 Provisions for liabilities and charges

	Decommissioning		Total
	Other £m	Costs £m	£m
At 1 April 2017	3.6	16.6	20.2
Additions in the year	-	6.8	6.8
Unwind of discount	-	0.5	0.5
At 31 March 2018	3.6	23.9	27.5

Other provisions include balances held in relation to environmental impact costs and warranty claims. In addition, the Company has provided for certain expenditure in relation to habitat management that is included within here.

In accordance with the Company's accounting policy a provision has been made for the decommissioning of the Company's wind farms a discount rate of 2.3% (2017: 2.3%) has been applied to discount the decommissioning cost provision to present values. The unwinding of discount rate in relation to decommissioning costs is charged to interest payable in the profit and loss account.

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

12 Deferred taxation

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
	£m	£m	£m	£m	£m	£m
Property, Plant and equipment	-		(55.7)	(51.4)	(55.7)	(51.4)
Provisions	0.5	0.2	-	-	0.5	0.2
Losses utilised	2.8	5.3	-	-	2.8	5.3
Net tax liabilities	3.3	5.5	(55.7)	(51.4)	(52.4)	(45.9)

Movement in deferred tax during the year

	1 April 2017	Recognised in income	31 March 2018
	£m	£m	£m
Property, plant and equipment	(51.4)	(4.3)	(55.7)
Provisions	0.2	0.3	0.5
Financial assets	-	-	-
Losses utilised	5.3	(2.5)	2.8
	(45.9)	(6.5)	(52.4)

Movement in deferred tax during prior year

	1 April 2016	Recognised in income	Recognised in equity	31 March 2017
	£m	£m	£m	£m
Property, plant and equipment	(46.9)	(4.5)	-	(51.4)
Provisions	-	0.2	-	0.2
Financial assets	(1.4)	-	1.4	-
Losses utilised	-	5.3	-	5.3
	(48.3)	1.0	1.4	(45.9)

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

13 Share capital

	2018 £	2017 £
Allotted, called up and fully paid:		
10,000 (2017: 10,000) ordinary shares of £0.0002 (2017: £0.0002) each	2.0	2.0

During the year ending March 2016 the Company's issued share capital of 2 ordinary shares of £1 each were divided into 10,000 ordinary shares of £0.0002. On the 18 March 2016, 2,820 shares were transferred to Greencoat UK Wind Holdco Limited for par value £0.56 and 2,170 shares were transferred to GLIL Corporate Holdings Limited for par value of £0.44. The 5,010 remaining shares are held by the existing parent SSE Renewables Onshore Windfarm Holdings (previously SSE Onshore Wind Holdings Ltd).

As per principal activities note on page 2, in September 2017 the equity stake in the Company jointly owned by Greencoat and GLIL was diluted to 30% with SSE retaining 70% then subsequently increased to 35%. At completion the shareholdings were SSE (4652 shares), Greencoat (1415 shares) and GLIL (1090 shares)

As further noted in principal activities a call option was granted in May 2017, allowing Greencoat and GLIL to buy a further 14.9% of Clyde, callable between 1 April 2018 and 30 June 2018 and as noted in the Director's report on page 4 the option was exercised on 30 May 2018.

14 Derivatives and financial instruments

SSE Group's treasury department is responsible for managing the banking and liquidity requirements of the Company, risk management relating to interest rate and foreign exchange exposures, and for managing the credit risk relating to the banking counterparties with which it transacts. The department's operations are governed by policies determined by SSE Group's Executive Committee and any breaches of these policies are reported to SSE Group's Risk and Trading Committee and SSE Group's Audit Committee.

(i) Risk

Foreign exchange risk

Foreign exchange risk derives from the Company's exposure to changes in value of an asset or liability or future cash flows through changes in foreign currency rates.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Any gain or loss arising on the restatement of such items is taken to the income statement with the exception of exchange gains or losses incurred as part of a qualifying cash flow hedge.

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

14 Derivatives and financial instruments *(continued)*

(ii) Fair values

The fair values of the Company's financial assets and the carrying amounts in the balance sheet are analysed below. Balances included in the analysis of primary financial assets and liabilities include cash and cash equivalents, loans and borrowings, trade and other debtors, trade and other creditors and provisions, all of which are disclosed separately. Own use commodity contracts are not considered to be financial instruments.

Basis of determining fair value

Closing rate market values have been used to determine the fair values of the interest rate and foreign currency contracts and denominated long-term fixed rate debt. Estimates applied reflect the management's best estimates of these factors.

Summary fair values

The fair values of the primary financial assets and liabilities together with their carrying values are as follows:

	2018 Carrying value £m	2018 Fair Value £m	2017 Carrying value £m	2017 Fair Value £m
Financial Assets				
Trade and other receivables	41.2	41.2	29.0	29.0
Cash and cash equivalents	41.4	41.4	24.1	24.1
Financial Liabilities				
Trade and other payables	(27.7)	(27.7)	(52.8)	(52.8)
Interest bearing loans and borrowings	(550.0)	(550.0)	(529.7)	(529.7)

Fair values have been determined with reference to closing market prices.
Unless otherwise stated, carrying value approximates fair value.

Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due and is managed by SSE's Group Treasury function. The Company can be exposed to movements in its liquidity position due to changes in commodity prices and the impact of the seasonal nature of the business.

The Treasury department is responsible for managing the banking and liquidity requirements of the Company and risk management relating to interest rate exposures. Short-term liquidity is reviewed daily by treasury, while the longer-term liquidity position is reviewed on a regular basis by the Board. The Company's policy is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

14 Derivatives and financial instruments *(continued)*

Liquidity risk *(continued)*

The following are the undiscounted contractual maturities of financial liabilities, including interest and excluding the impact of netting agreements:

	2018						2017					
	Carrying value £m	Contractual cash flows £m	0-12 mnth £m	1-2 yrs £m	2-5 yrs £m	> 5 yrs £m	Carrying value £m	Contractual cash flows £m	0-12 mnth £m	1-2 yrs £m	2-5 yrs £m	> 5 yrs £m
Financial Assets												
Trade and other receivables	41.2	41.2	41.2	-	-	-	29.0	29.0	29.0	-	-	-
	41.2	41.2	41.2	-	-	-	29.0	29.0	29.0	-	-	-
Financial liabilities												
Loans and borrowings	550.0	(1,071.8)	(30.1)	(25.9)	(51.1)	(964.7)	529.7	(1,109.1)	(29.4)	(33.3)	(86.9)	(959.5)
Trade and other payables	27.7	(27.7)	(27.7)	-	-	-	52.8	(52.8)	(52.8)	-	-	-
	575.8	(1,097.6)	(55.9)	(25.9)	(51.1)	(964.7)	582.5	(1,161.9)	(82.2)	(33.3)	(86.9)	(959.50)

15 Capital commitments

(i) Capital expenditure

	2018 £m	2017 £m
Contracted but not provided for	-	0.4

Contracted for but not provided capital commitments includes the fixed contracted costs of the Clyde extension capital project. In practice contractual variations may arise on the final settlement of these contractual costs.

Clyde Windfarm (Scotland) Limited

Notes on the Financial statements *(continued)* for the year ended 31 March 2018

16 Operating lease commitments

Total commitments under non-cancellable operating leases are as follows:

	2018 Land & Buildings £m	2017 Land & Buildings £m
Operating leases which expire :		
Within one year	3.9	3.9
Between one and five years	15.7	15.7
In more than five years	55.0	58.9
	74.6	78.5

17 Reconciliation of operating profit to operating cash flow

	2018 £m	2017 £m
Reconciliation of profit to operating cash flows		
Profit for the year	38.3	16.5
Adjustments for:		
Depreciation	35.8	28.3
Finance costs	28.0	22.9
Taxation	8.4	1.1
	110.5	68.8
Increase in debtors	(12.2)	(7.6)
Decrease in creditors	(21.9)	(5.0)
Increase/(decrease) in provisions	-	(2.7)
Tax paid	(1.5)	-
Net cash inflow from operating activities	74.9	53.5

18 Related party transactions

The Company is a joint venture between SSE Renewables Onshore Windfarm Holdings Limited (65.%) which is a wholly owned subsidiary of SSE plc, Greencoat UK Wind Holdco Ltd (19.8%), a wholly owned subsidiary of Greencoat UK Wind plc and GLIL Corporate Holdings Ltd (15.2%), a wholly owned subsidiary of GMPF & LPFA Infrastructure LLP. To the extent not disclosed elsewhere in these financial statements, details of related party transactions and balances are summarised below.

(i) During the year ended 31 March 2018, the Company was charged £2,878,219 (2017: £2,235,517) by SSE Generation Limited (a subsidiary of SSE plc) in connection with the Management Services Agreement (MSA). At the year-end £908,333 was due to SSE Generation Limited (2017: £0) and £nil was accrued (2017: £nil).

(ii) Output sales of £129,344,696 have been recognised and accrued in the year (2017: £79,881,126) for electricity and ROCs supplied to SSE Energy Supply Limited (a subsidiary of SSE plc). At the year end £37,703,443 (2017: £23,677,787) was due from SSE Energy Supply Limited.

(iii) A creditor of £5,182,062 (2017: £8,692,366 restated) as due to SSE Renewables Onshore Windfarm Holdings (UK) Ltd in relation to interest due on shareholder loans.

(iv) A creditor of £1,576,948 (2017: £1,533,723 restated) was due to Greencoat in relation to interest due on shareholder loans.

(vi) A creditor of £1,213,225 (2017: £1,180,205 restated) was due to GLIL in relation to interest due on shareholder loans.