
WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

COMPANY INFORMATION

Directors

Simon Richard Eaves
Simon John Foy (resigned 1 June 2018)
Gerald Joseph Friel (resigned 21 September 2018)
Justyna Roza Golanska-Ryan (resigned 21 September 2018)
Dario Bertagna
Kirsty Louise Usher (appointed 25 September 2018)

Company secretary

Elizabeth Oldroyd

Registered number

SC312729

Registered office

13 Queens Road
Aberdeen
AB15 4YL

Trading Address

1030 Centre Park
Slutchers Lane
Warrington
Cheshire
WA1 1QL

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
No. 1 Spinningfields
Hardman Square
Manchester
M3 3EB

Bankers

Lloyds Bank
25 Gresham Street
London
EC2V 7HN

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

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WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the audited financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 applicable to small entities, as outlined in FRS 102 Section 1A small entities "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Directors

The directors who served during the year were:

Simon Richard Eaves

Simon John Foy (resigned 1 June 2018)

Gerald Joseph Friel (resigned 21 September 2018)

Justyna Roza Golanska-Ryan (resigned 21 September 2018)

Dario Bertagna

Kirsty Louise Usher (appointed 25 September 2018)

Director indemnities

The directors and officers of the Company were insured for the full financial year and up to the date of approval of the financial statements. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as officers of entities, and any other payments arising from liabilities incurred by officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Change of control

On 21 September 2018 EFS UK Holdings sold its 50% share in Norman 1985 Limited to CEI WSH Limited, the new joint venture partner, with the remaining 50% share still being held by Clean Energy and Infrastructure Wind 2 Limited.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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 on 21 June 2019 and signed on its behalf.

DocuSigned by:



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Kirsty Louise Usher
Director

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Whiteside Hill Windfarm (Scotland) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2018; the Statement of Income and Retained Earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED (CONTINUED)

there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHITESIDE HILL WINDFARM
(SCOTLAND) LIMITED (CONTINUED)**

- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare 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 preparing a strategic report. We have no exceptions to report arising from this responsibility.

Jonathan Studholme

Jonathan Studholme (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
21 June 2019

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover		6,687	-
Cost of sales		(3,246)	-
Gross profit		3,441	-
Administrative (expenses)/income		(111)	49
Operating profit	4	3,330	49
Interest payable and expenses		(5,253)	-
(Loss)/profit before tax		(1,923)	49
Tax on (loss)/profit	6	(66)	(12)
(Loss)/profit after tax		(1,989)	37
Accumulated losses at the beginning of the year		(42)	(79)
(Loss)/profit for the year		(1,989)	37
Accumulated losses at the end of the year		(2,031)	(42)

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

The notes on pages 8 to 22 form part of these financial statements.

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED
REGISTERED NUMBER: SC312729

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	7	49,703	46,628
		<u>49,703</u>	<u>46,628</u>
Current assets			
Debtors: amounts falling due after more than one year	8	384	-
Debtors: amounts falling due within one year	8	4,970	1,775
Cash at bank and in hand	9	1,191	410
		<u>6,545</u>	<u>2,185</u>
Creditors: amounts falling due within one year	10	(1,610)	(917)
Net current assets		<u>4,935</u>	<u>1,268</u>
Total assets less current liabilities		<u>54,638</u>	<u>47,896</u>
Creditors: amounts falling due after more than one year	11	(49,235)	(40,790)
Provisions for liabilities			
Deferred tax	13	(66)	-
Other provisions	14	(220)	-
		<u>(286)</u>	<u>-</u>
Net assets		<u><u>5,117</u></u>	<u><u>7,106</u></u>
Capital and reserves			
Share premium account		7,148	7,148
Accumulated losses		(2,031)	(42)
Total equity		<u><u>5,117</u></u>	<u><u>7,106</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 June 2019.

DocuSigned by:



Kirsty Louise Osner
 Director

The notes on pages 8 to 22 form part of these financial statements.

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Whiteside Hill Windfarm (Scotland) Limited ('the Company') is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is 13 Queens Road, Aberdeen, AB15 4YL.

The principal activity of the Company during the reporting period was the development and construction of a wind farm.

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 Section 1A of 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 Section 1A requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3)

Future amendments to FRS 102 Section 1A:

There is no effect on the current period, prior period or future period.

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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Norman 1985 Limited as at 31 December 2018 and these financial statements may be obtained from Companies House.

2.3 Going concern

As the Company has net assets of £5.117 million (2017: £7.106 million) but a loss for the year of £1.989 million (2017: profit of £0.037 million) the Directors have prepared the financial statements on a going concern basis. The Directors have received a letter of support from Capital Dynamics Clean Energy and Infrastructure LP and CEI WSH Limited confirming ongoing financial support for at least 12 months from the approval of these financial statements.

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.4 Turnover

Turnover represents the value of sales of electricity generated and associated benefits, exclusive of Value Added Tax and trade discounts. This includes the sale of electricity and associated renewable energy benefits:

- (i) electricity delivered to customers is based on actual meter readings,
- (ii) renewable energy benefits sold to customers are based on actual benefits awarded to the Company by the Office of Gas and Electricity Markets (OFGEM) during the reporting period. The pricing mechanism for renewable obligation certificates (ROCs) includes a recycle value component. ROC recycling turnover is measured at the fair value of the consideration receivable. The Company recognises ROC recycling turnover when the amount of turnover can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of turnover is not considered to be reliably measurable until the Company delivers the energy output. The Company bases its estimate of the ROC recycle value component on historical results, consulting market specialists and incorporating market information published by OFGEM.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.6 Foreign currencies

Foreign currency transactions are initially translated at the rate of exchange at the date of the transaction. At balance sheet date amounts payable and receivable in foreign currencies are translated at rates of exchange current at that date. Resulting exchange differences are recognised in the Statement of Income and Retained Earnings.

2.7 Finance costs

Finance costs of financial liabilities are recognised in the Statement of Income and Retained Earnings as they accrue, using the effective interest method.

Finance costs directly attributable to the construction of qualifying assets, which are assets that take a substantial time to get ready for intended use, are added to the cost of those assets, until such time those assets are substantially ready for use.

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, 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 balance sheet 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 Balance Sheet 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 balance sheet date.

2.9 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market views of the time value of money and the risks specific to the assets. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately.

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

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.

The estimated useful lives range as follows:

Plant and machinery	- Lower of the length of the lease or the expected life of the wind farm.
Plant and machinery	- Decommissioning costs - life of the operating contract
Assets under construction	- Not depreciated until operational

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 Income and Retained Earnings.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 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.

2.12 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.

2.13 Borrowing costs

All loans and borrowings are initially recognised at fair value being the consideration received net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses are recognised in the Statement of Income and Retained Earnings when liabilities are derecognised as well as through the amortisation process.

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that economic resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Decommissioning provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the balance sheet date, with a corresponding balance held in fixed assets. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.15 Financial instruments

The Company does not utilise derivative financial instruments. Non-derivative financial instruments comprise investments, trade and other debtors, cash and cash equivalents, loans and borrowings, trade and other creditors, and provisions. Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, they are measured as described below:

Trade and other debtors are carried at original invoice amount less any allowance for uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Trade and other creditors are carried at cost.

Accounting policies for borrowings are given reflected in section 2.12.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, turnover and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The most critical of these accounting judgments and estimates are explained below.

Impairment:

The group test annually whether intangible and tangible fixed assets have suffered any impairment. The recoverable amounts of cash-generating unit have been determined based on value in use calculations. These calculations require the use of estimates, which includes the following: generation outputs, pricing, operating costs and discount rate.

Decommissioning provisions:

Decommissioning provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date, with a corresponding balance held in fixed assets. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Operating profit

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

	2018	2017
	£000	£000
Exchange differences	(12)	(123)
Other operating lease rentals	148	-
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	6	10
	<u>6</u>	<u>10</u>

During the year, no director received any emoluments (2017: £Nil).

5. Employees

Until 30th September 2018 asset management services were carried out on behalf of the Company through a long term agreement with Arevon Services Limited with asset management costs for the year of £0.037 million (2017: £0.015 million).

From 1 October 2018 these services were carried out on behalf of the Company through a long term agreement with CD Arevon UK Limited with asset management costs for the year of £0.016 million (2017: £Nil).

The average monthly number of employees, including directors, during the year was 1 (2017 - 0).

6. Tax on (loss)/profit

	2018	2017
	£000	£000
Corporation tax		
Adjustments in respect of prior periods	-	24
Adjustments in respect of previous periods	(19)	-
Total current tax	<u>(19)</u>	<u>24</u>
Deferred tax		
Origination and reversal of timing differences	95	(14)
Changes to tax rates	(10)	2
Total deferred tax	<u>85</u>	<u>(12)</u>
Taxation on profit on ordinary activities	<u>66</u>	<u>12</u>

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Tax on (loss)/profit (continued)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
(Loss)/profit on ordinary activities before tax	(1,923)	49
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(365)	9
Effects of:		
Expenses not deductible for tax purposes	117	1
Adjustments to tax charge in respect of prior periods	(19)	-
Benefit of deferred tax previously not recognised	343	-
Tax rate changes	(10)	2
Total tax charge for the year	66	12

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Tax on (loss)/profit (continued)

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were substantively enacted on 18 November 2015 and 6 September 2016 respectively. The deferred tax asset has been recognised at the substantively enacted rate of 17%.

The Company has recognised a deferred tax asset of £nil million (2017: £0.019 million) in respect of the carried forward losses, as the entity is expected to generate future profits.

7. Tangible assets

	Plant and machinery £000	Assets under construction £000	Total £000
Cost			
At 1 January 2018	-	46,628	46,628
Additions	212	4,792	5,004
Transfers between classes	51,420	(51,420)	-
At 31 December 2018	51,632	-	51,632
Accumulated depreciation			
Charge for the year on owned assets	1,929	-	1,929
At 31 December 2018	1,929	-	1,929
Net book value			
At 31 December 2018	49,703	-	49,703
At 31 December 2017	-	46,628	46,628

Included in the additions in the year is capitalised construction interest of £1.548 million which was charged at a rate of 15% (2017: £4.873 million).

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Debtors

	2018 £000	2017 £000
Due after more than one year		
Other debtors	384	-
	384	-

Other debtors due after more than one year relates to a decommissioning bond of £0.338 million and National Grid contingency of £0.046 million.

	2018 £000	2017 £000
Due within one year		
Amounts owed by group undertakings	2	7
Other debtors	1,933	1,748
Prepayments and accrued income	3,035	1
Deferred taxation	-	19
	4,970	1,775

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Of other debtors, £1.879 million are monies due as part of the fixed asset contribution cost share agreement.

Trade debtors are stated after provisions for impairment of £Nil (2017: £Nil).

9. Cash at bank and in hand

	2018 £000	2017 £000
Cash at bank and in hand	1,191	410
	1,191	410

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	8	456
Retentions	286	277
Corporation tax	-	24
Other taxation and social security	340	-
Other creditors	500	-
Accruals and deferred income	476	160
	1,610	917

11. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Amounts owed to group undertakings	47,855	40,790
Other creditors	1,380	-
	49,235	40,790

Amounts owed to group undertakings relate to the unsecured loan notes. During the year £2.967 million loan notes were issued (2017: £14.398 million). Accrued interest at 31 December 2018 is £10.708 million (as at 31 December 2017: £6.610 million). The loan notes have an interest rate of 15% and a final repayment date of June 2028. There are no fixed repayment instalments.

Other creditors are made up of monies due for the contribution towards fixed assets, as part of a cost sharing agreement, these monies will be amortised over the remaining life of the assets.

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Financial instruments

	2018 £000	2017 £000
Financial assets		
Financial assets measured at fair value through profit or loss	1,191	410
Financial assets that are debt instruments measured at amortised cost	5,240	1,755
Financial assets that are equity instruments measured at cost less impairment	-	-
	6,431	2,165
Financial liabilities		
Financial liabilities measured at amortised cost	(50,504)	(41,683)

Financial assets that are debt instruments measured at amortised cost comprise of the following

- Trade receivables
- Amounts owed by group undertakings
- Amounts owed by joint ventures and associated undertaking
- Other debtors and accrued income

Financial liabilities measured at amortised cost comprise of the following:

- Bank overdrafts
- Bank Loans
- Trade creditors
- Amounts owed to group undertakings
- Other creditors and accruals

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

13. Deferred tax

	2018 £000	2017 £000
At beginning of year	19	7
Charged to profit or loss	(85)	12
At end of year	(66)	19

The deferred taxation balance is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	(1,922)	-
Tax losses carried forward	661	-
Short term timing differences	847	19
Short term timing differences - non trading	348	-
	(66)	19

14. Other provisions

	Decommissioning provision £000
Charged to profit or loss	8
Additions	212
At 31 December 2018	220

Upon closure of the wind farm, the Company has a requirement to dismantle and clean up the facility sites. This provision represents an estimated cost to perform this function. The provision is expected to crystallise in more than 20 years based on the length of the lease.

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

15. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
200 (2017 - 200) Ordinary shares of £0.01 each	2	2
110 (2017 - 110) Ordinary B shares of £0.01 each	1	1
	<u>3</u>	<u>3</u>

On 1 June 2018 200 Ordinary shares were acquired by Norman 1985 Limited from Whiteside Hill Windfarm Holdings Limited. Ordinary shares hold 24% of the voting rights.

Ordinary B shares hold 76% of the voting rights and are held by Norman 1985 Limited.

There are no restrictions on the distribution of dividends and the repayment of capital on either class of shares.

16. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000
Not later than 1 year	195
Later than 1 year and not later than 5 years	779
Later than 5 years	4,496
	<u>5,470</u>

17. Related party transactions

Amounts owed to Norman 1985 Limited, relate to the unsecured loan notes. During the year £2.967 million loan notes were issued (2017: £14.398 million). Accrued interest at 31 December 2018 is £10.708 million (as at 31 December 2017: £6.610 million).

Arevon Services Limited is related to the Company due to being under common control of the Directors. Until 30th September 2018 asset management services were carried out on behalf of the Company through a long term agreement with Arevon Services Limited with asset management costs for the year of £0.037 million (2017: £0.015 million). The amount outstanding as at 31 December 2018 is £Nil (2017: £Nil).

CD Arevon UK Limited is related to the Company due to being under common control of the Directors. From 1 October 2018 these services were carried out on behalf of the Company through a long term agreement CD Arevon UK Limited with asset management costs for the year of £0.016 million (2017: £Nil). The amount outstanding as at 31 December 2018 is £0.007 million (2017: £Nil).

WHITESIDE HILL WINDFARM (SCOTLAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

18. Controlling party

The immediate parent undertaking is Norman 1985 Limited. The ultimate parent undertakings are Capital Dynamics Clean Energy and Infrastructure LP and Capital Dynamics CEI WSH LP.

Norman 1985 Limited is an investment entity of Capital Dynamics Clean Energy and Infrastructure LP (CEI II) and Capital Dynamics CEI WSH LP (CEI WSH).

CEI II is a limited partnership in England under the Limited Partnership Acts 1907 with LP number 14392. CEI II was constituted by an agreement entered into between Capital Dynamics UK 2 Limited ("Initial GP") and the Limited Partners in CEI II. On 20 December 2011 the Initial GP transferred its interest in CEI II to Capital Dynamics CEI GP LP ("CD GP"), a Scottish limited partnership with registered number SL8840 acting by its general partners, Capital Dynamics CEI GP Sarl, a company incorporated under the laws of Luxembourg whose registered office is at 47 Avenue J.F. Kennedy, L 1855 Luxembourg and Capital Dynamics UK GP I LLP, a Scottish limited liability partnership with registered number SO305128. Capital Dynamics Limited has been appointed as the Manager of CEI II to manage and operate CEI II and act as investment manager of CEI II on behalf of the Partners.

CEI WSH is an exempted limited partnership in the Cayman Islands under the Exempted Limited Partnership Law 2018 with LP number DB-97313. CEI WSH was constituted by an agreement entered into between Capital Dynamics CEI GP (Cayman Islands) Limited and Capital Dynamics CEI Founder Partner (Cayman Islands) LP. Capital Dynamics Inc has been appointed as the Manager of CEI WSH to manage and operate CEI WSH and act as investment manager of CEI WSH on behalf of its Limited Partner.

Norman 1985 Limited is the largest and smallest parent undertaking to consolidate these financial statements at 31 December 2018. The consolidated financial statements of Norman 1985 Limited are available from 1030 Centre Park, Slutchers Lane, Warrington, Cheshire WA1 1QL.