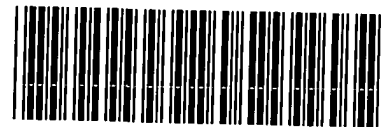


Carcant Windfarm (Scotland) Limited
Strategic Report, Directors' Report and
Financial Statements for the Year Ended 31 December 2019

THURSDAY



A98XH08H

A12

09/07/2020

#167

COMPANIES HOUSE

Carcant Windfarm (Scotland) Limited

Contents of the Financial Statements for the Year Ended 31 December 2019

	Page
Company Information	1
Strategic Report	2
Directors' Report	5
Directors' Responsibilities Statement	7
Independent Auditor's Report	8
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14

Carcant Windfarm (Scotland) Limited

Company Information

for the Year Ended 31 December 2019

Directors:

L Fumagalli
S Lilley
P Hernandez

Secretary:

Ocorian Administration (UK) Limited

Registered office:

Citypoint
65 Haymarket Terrace
Edinburgh
EH12 5HD

Registered number:

SC315036

Independent auditor:

Shipleys LLP
Statutory Auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

Carcant Windfarm (Scotland) Limited

Strategic Report

for the Year Ended 31 December 2019

Introduction

The Directors present the Strategic Report of Carcant Windfarm (Scotland) Limited (the "Company") for the year ended 31 December 2019 which has been prepared in accordance with the requirements of Section 414(c) of the Companies Act 2006.

Principal activity

The Company is involved in the generation of renewable electricity from the operation of its 6 MW wind farm in southern Scotland. All sales of electricity are made to SSE Energy Supply Limited under the terms of a long term Power Purchase Agreement ("PPA").

Review of the business

There are no material issues that are affecting the performance of the Company.

During the year, energy generation was 2 per cent above budget at 17,673 MWh. Average power price during the year was below budget which resulted in turnover being below budget at £1,724k (2018: £1,828k).

Health and safety

There were no major incidents to report in the year to 31 December 2019 (2018: nil).

Key performance indicators

The Directors believe that the following indicators will provide shareholders with sufficient information to assess how effectively the Company is performing, as they indicate the Company's ability to generate electricity.

	Year ended 31 December 2019	Year ended 31 December 2018
Generation (MWh)	17,673	16,784
Turnover	£1,724k	£1,828k

Carcant Windfarm (Scotland) Limited

Strategic Report

for the Year Ended 31 December 2019

Principal risks and uncertainties

The principal risks facing the Company are:

Regulation

If a change in Government renewable energy policy were applied retrospectively to current operating projects this could adversely impact the market price for renewable energy or the value of the green benefits earned from generating renewable energy.

The Government has evolved the regulatory framework for new projects being developed but has consistently stood behind the framework that supports operating projects as it understands the need to ensure investors can trust regulation.

Electricity prices

Other things being equal, a decline in the market price of electricity would reduce the Company's revenues. In general, independent forecasters expect UK wholesale power prices to rise in real terms from current levels, driven by higher gas and carbon prices combined with the ongoing phasing out of coal-fired power stations.

Wind resource

The Company's revenues are dependent upon wind conditions, which will vary across seasons and years within statistical parameters. Although the Company does not have any control over wind resource, it ensures that there are adequate financial reserves in place to ensure it can withstand significant short term variability in production relating to wind.

Asset life and operational issues

Wind turbines may have shorter lives than their expected life-span. In addition, technical issues may arise on plant and equipment which may cause significant down-time of turbines, business interruption and lost revenues. To mitigate this risk, regular reviews are undertaken by third party contractors to ensure that maintenance is performed on all wind turbines to ensure they are in good working order, consistent with their expected life spans. In addition the Company has taken out appropriate plant, equipment and business interruption insurance to reduce the potential financial impact of operating risks.

Off-take arrangements

The Company has a long term PPA in place which guarantees that electricity generated can be sold.

Health and safety and the environment

The physical location, operation and maintenance of wind farms may, if inappropriately assessed and managed, pose health and safety risks to those involved. Wind farm operation and maintenance may result in bodily injury or industrial accidents, particularly if an individual were to fall from height or be electrocuted. If an accident were to occur and if the Company was deemed to be at fault, the Company could be liable for damages or compensation to the extent such loss is not covered by insurance policies. In addition, adverse publicity or reputational damage could ensue. To mitigate this risk a independent health and safety consultant has been engaged to ensure the ongoing appropriateness of the Company's health and safety policies. This process is overseen by a Health and Safety Director. The Board also reviews health and safety performance at each of its scheduled Board meetings. The Company complies with all regulatory and planning conditions relating to the environment, including in relation to noise emissions, habitat management and waste disposal.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Company adopts a prudent approach to liquidity management and to mitigate against cash flow and liquidity risk it continuously monitors forecasted and actual cash flows and maintains sufficient cash reserves to meet its obligations. The Company's main exposure to credit risk is its cash balances with banks and trade debtors. This risk is mitigated through using banks with investment grade credit ratings and entering into a PPA with a credit worthy off-taker.

Carcant Windfarm (Scotland) Limited

Strategic Report

for the Year Ended 31 December 2019

COVID-19 Impact

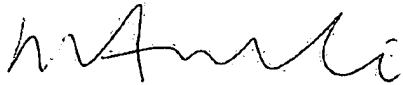
The Directors have considered COVID-19 and concluded that it will have a limited impact on the Company's ability to trade. The site, service providers and liquidity are being closely monitored during this period to ensure any ensuing risks are addressed.

Future developments

The Directors expect the activity and performance of the Company to be satisfactory in the forthcoming year and are not aware of any potential circumstance that would adversely affect operations.

The Directors do not expect any material change to the Company's business as a result of the UK exiting the European Union. All of the Company's assets and liabilities are inside the UK and sterling denominated. In addition, the regulatory regime under which the Company operates is robust, longstanding and rooted in UK legislation.

On behalf of the board:



.....
L Fumagalli - Director

Date: 2 July 2020

Carcant Windfarm (Scotland) Limited

Directors' Report

for the Year Ended 31 December 2019

The Directors present their Annual Report and the audited financial statements of the Company for the year ended 31 December 2019.

Dividends

During the year the Company declared and paid interim dividends totalling £863k (2018: £1,426k). The Directors do not recommend the payment of a final dividend in relation to the year ended 31 December 2019 (2018: £nil).

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Directors

The Directors who were in office during the financial year and up to the date of this report are listed below. In accordance with the Articles of Association of the Company, the Directors are not required to retire by rotation. Directors' and Officers' liability insurance cover is in place in respect of the Directors.

L Fumagalli

S Lilley

J Porter (resigned 9 May 2019)

P Hernandez (appointed 9 May 2019)

Results for the year

The results for the year ended 31 December 2019 are set out on page 10. The Statement of Financial Position as at 31 December 2019 is set out on page 11 and indicates net assets of £9,838k (2018: £9,759k).

Going concern

At the current time the UK is in the midst of the COVID-19 pandemic, which has introduced challenges and restrictions on all aspects of our daily lives. Management have taken all precautions necessary to ensure the health and safety of those required to access our windfarm site, while continuing to operate the Company's wind farm. Given the nature of the Company's activities, COVID-19 is not expected to have a significant impact on the Company's revenues, costs and hence cash flows. In particular, the Directors of the Company have considered the impact of COVID-19 on the Company's financial performance and cash flows, which indicate the Company is expected to continue to be cash generative and meet its obligations as they fall due for at least the next 12 months. Consequently, the Directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

Auditor

Shipleys LLP were appointed statutory auditor for the year ended 31 December 2019. In accordance with Section 485-488 of the Companies Act 2006, the Auditor, Shipleys LLP, will be deemed to be reappointed and therefore will continue in office.

Carcant Windfarm (Scotland) Limited

Directors' Report

for the Year Ended 31 December 2019

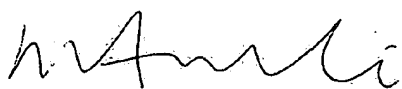
Disclosure of information to auditor

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Disclosure in the Strategic Report

The principal activities, a review of the business, key performance indicators, principal risks and uncertainties including financial risk management objectives and policies and future developments of the Company have not been included in this report as they are disclosed in the Strategic Report.

On behalf of the board:



.....
L Fumagalli - Director

Date: 2 July 2020

Carcant Windfarm (Scotland) Limited

Directors' Responsibilities Statement

for the Year Ended 31 December 2019

The Directors are responsible for preparing the Annual 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; 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. 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.

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

Opinion

We have audited the financial statements of Carcant Windfarm (Scotland) Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 21, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the period 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.

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 Auditors responsibilities for the audit of the financial statements section of our report below. 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 FRCs 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:

- 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.

Other Information

The other information comprises the information included in the 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 this 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 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you it, 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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.

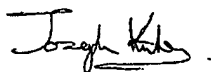
Auditors' responsibilities for the audit of the financial statements

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 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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Joseph Kinton, (Senior Statutory Auditor)
for and on behalf of Shipleys LLP
Statutory Auditor
London

2 July 2020
Date:

Carcant Windfarm (Scotland) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Turnover	2	1,724	1,828
Operating expenses		(904)	(1,072)
		<u>820</u>	<u>756</u>
Other operating income	3	-	79
Operating profit and Profit before taxation	4	820	835
Tax on profit	5	122	(217)
Profit for the financial year		<u>942</u>	<u>618</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>942</u>	<u>618</u>

The notes on pages 14 to 23 form part of these financial statements

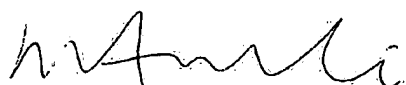
Carcant Windfarm (Scotland) Limited (Registered number: SC315036)

Statement of Financial Position

31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	7	255	267
Tangible assets	8	9,437	9,898
		<u>9,692</u>	<u>10,165</u>
Current assets			
Debtors	9	724	569
Cash at bank		694	475
		<u>1,418</u>	<u>1,044</u>
Creditors			
Amounts falling due within one year	10	(71)	(256)
Net current assets		<u>1,347</u>	<u>788</u>
Total assets less current liabilities		<u>11,039</u>	<u>10,953</u>
Provisions for liabilities	13	(1,201)	(1,194)
Net assets		<u>9,838</u>	<u>9,759</u>
Capital and reserves			
Called up share capital	14	-	-
Retained earnings	15	9,838	9,759
Shareholders' funds		<u>9,838</u>	<u>9,759</u>

The financial statements were approved by the Board of Directors on 2 July 2020 and were signed on its behalf by:



.....
L Fumagalli - Director

The notes on pages 14 to 23 form part of these financial statements

Carcant Windfarm (Scotland) Limited

Statement of Changes in Equity

For the Year Ended 31 December 2019

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018	-	10,567	10,567
Changes in equity			
Dividends	-	(1,426)	(1,426)
Profit and total comprehensive income	-	618	618
Balance at 31 December 2018	-	9,759	9,759
Changes in equity			
Dividends	-	(863)	(863)
Profit and total comprehensive income	-	942	942
Balance at 31 December 2019	-	9,838	9,838

The notes on pages 14 to 23 form part of these financial statements

Carcant Windfarm (Scotland) Limited

Statement of Cash Flows

for the Year Ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	18	1,082	1,557
Net cash from operating activities		<u>1,082</u>	<u>1,557</u>
 Cash flows from financing activities			
Equity dividends paid		(863)	(1,426)
Net cash from financing activities		<u>(863)</u>	<u>(1,426)</u>
 Increase in cash and cash equivalents		<u>219</u>	<u>131</u>
Cash and cash equivalents at beginning of year	19	475	344
 Cash and cash equivalents at end of year	19	<u><u>694</u></u>	<u><u>475</u></u>

The notes on pages 14 to 23 form part of these financial statements

Carcant Windfarm (Scotland) Limited

Notes to the Financial Statements

for the Year Ended 31 December 2019

1. Accounting policies

Basis of preparing the financial statements

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) General information and basis of accounting preparation

The Company is a limited liability company incorporated and domiciled in the United Kingdom ("UK") under the Companies Act 2006. The address of its registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

The financial statements of the Company have been prepared on the historical cost basis and in compliance with UK Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" and the Companies Act 2006. The Company has applied the amendments to Company law made by the Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015.

The preparation of these financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial information and the reported amounts of revenue and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(m).

b) Functional and presentational currency

The financial statements are denominated in pounds sterling ("£") rounded to the nearest thousand unless otherwise stated, as this is the functional currency of the Company.

c) Going concern

At the current time the UK is in the midst of the COVID-19 pandemic, which has introduced challenges and restrictions on all aspects of our daily lives. Management have taken all precautions necessary to ensure the health and safety of those required to access our windfarm site, while continuing to operate the Company's wind farm. Given the nature of the Company's activities, COVID-19 is not expected to have a significant impact on the Company's revenues, costs and hence cash flows. In particular, the Directors of the Company have considered the impact of COVID-19 on the Company's financial performance and cash flows, which indicate the Company is expected to continue to be cash generative and meet its obligations as they fall due for at least the next 12 months. Consequently, the Directors continue to adopt the going concern basis of accounting in preparing the Company's annual financial statements.

d) Turnover

Turnover is recognised exclusive of Value Added Tax ("VAT") and consists of sales of renewable energy together with revenue earned under the Renewable Obligation Certificate ("ROCs") and Embedded Benefits. Renewable energy and ROCs revenue is based on units generated during the year. Turnover from ROC auctions was received until April 2017 and is recognised when the sale is completed.

e) Foreign currency translation

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the individual transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate ruling at the reporting date are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are not carried at fair value are not subsequently restated and are carried at the rate of exchange at the date they are acquired.

Carcant Windfarm (Scotland) Limited

Notes to the Financial Statements - continued

for the Year Ended 31 December 2019

f) Interest receivable and payable

Interest on loan amounts used for capital expenditure during the construction phase of assets are capitalised according to the nature of the capital expenditure.

g) Operating leases

Where the Company is the lessee, and the lessor maintains a significant portion of the risks and rewards related to ownership of the asset, the lease is recorded as an operating lease. Lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the life of the lease.

h) Tangible assets

The operating wind farm consists of wind turbines and the balance of plant, including substations, and are stated at acquisition cost, net of accumulated depreciation and impairment losses. Costs included amounts payable to third party contractors for the construction of the wind farm and other costs that were directly attributable to bringing assets into working condition for their intended use.

Depreciation is provided on all tangible assets, at rates calculated to write off the cost, less estimated residual value, on a straight-line basis over their expected useful lives. The following expected useful lives are used for calculation of depreciation:

- Operating wind farm - 30 years

Depreciation commences when the asset becomes ready for its intended use. The residual values, if not insignificant, and remaining useful lives are reassessed at each reporting date. When parts of an item of tangible assets have different useful lives, those components are accounted for as separate items of tangible assets. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are recognised within other income/(expenditure) in the Statement of Comprehensive Income.

The Company's tangible assets are assessed for indicators of impairment at each Statement of Financial Position date. An impairment is recognised in profit or loss where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, the estimated carrying value of the asset exceeds its recoverable amount.

i) Intangible assets

Intangible assets relate to capitalised fees associated with long term operating lease arrangements. Intangible assets are initially recognised at cost and then are amortised over the period of the contract or over the period for which the Company is entitled to the use of the asset, right or benefit.

Amortisation is recognised on a straight-line basis for contracts, assets, rights and benefits over the 30 year life of the wind farm assets.

The Company's intangible assets are assessed for indicators of impairment at each Statement of Financial Position date. An impairment is recognised in profit or loss where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, the estimated carrying value of the asset exceeds its recoverable amount.

j) Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Statement of Financial Position when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

The carrying amounts of financial instruments reflected in the financial statements are reasonable estimates of fair value in view of their nature or the relatively short period of time between their original and expected realisation.

Carcant Windfarm (Scotland) Limited

Notes to the Financial Statements - continued **for the Year Ended 31 December 2019**

j) Financial instruments (continued)

Financial assets

Cash and cash equivalents comprise cash balances or deposits held on call with banks, or other short term highly liquid investments with original maturities of three months or less.

All financial assets are initially recognised at fair value less transaction price. All purchases of financial assets are recorded at the date on which the Company became party to the contractual requirements of the financial asset.

At the end of each reporting period, financial assets are measured at amortised cost and assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is recognised in the Statement of Comprehensive Income.

A financial asset (in whole or in part) is derecognised either:

- when the Company has transferred substantially all the risks and rewards of ownership;
- when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Financial liabilities

All financial liabilities are initially recognised at fair value less transaction costs and are recorded on the date on which the Company becomes party to the contractual requirements of the financial liability.

The Company's financial liabilities are subsequently measured at amortised cost and include trade and other creditors.

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is credited or charged to the Statement of Comprehensive Income.

k) Called-up share capital

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

l) Tax

Tax for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax is charged or credited to the Statement of Comprehensive Income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Statement of Comprehensive Income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Carcant Windfarm (Scotland) Limited

Notes to the Financial Statements - continued

for the Year Ended 31 December 2019

l) Tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are not discounted.

m) Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Recoverability of tangible assets

Management have made key assumptions regarding wind yield assessments, securing the customer under the PPA and the UK inflationary environment which directly impact the future economic benefits to be derived from the tangible assets. Changes in these assumptions affect cashflows generated by the tangible assets. Management expect the future economic benefits that will result from the use of the tangible assets to exceed the cost of the investments and thus the costs of the tangible assets are recoverable.

Recognition of Recycled ROCs

Recycled ROC revenue is estimated on the basis of market data and is accrued in the period when the associated electricity is supplied.

Decommissioning provision

Provision has not been recognised in respect of wind farm site restoration costs based on the assumptions that the technical asset life for many wind farms exceeds 30 years, so additional revenue generated after the end of useful life and the scrap value of the turbines will cover some decommissioning costs. There is also the potential that the wind farm will be re-powered and the related site lease renewed. If circumstances indicate otherwise, the Company will recognise an appropriate provision.

2. Turnover

	2019	2018
	£'000	£'000
Turnover	1,724	1,828

3. Other operating income

	2019	2018
	£'000	£'000
Blade repair settlement	-	53
Embedded benefits in relation to prior years	-	26

Carcant Windfarm (Scotland) Limited

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

4. Operating profit

Operating profit is stated after charging the following:

	2019 £'000	2018 £'000
Depreciation of tangible assets	461	461
Amortisation of intangible assets	12	12
Operating lease rentals	48	65
Auditor's remuneration for audit of financial statements	4	7

The Directors received no remuneration for their duties in respect of the Company for the current or prior year. There are no employees in the Company in the current and prior year and therefore no employee costs.

5. Taxation

Analysis of the tax (credit)/charge	2019 £'000	2018 £'000
Current tax		
Current tax charge	-	129
Adjustment in respect of previous periods	(129)	-
Deferred tax		
Adjustment in respect of previous periods	(3)	59
Origination and reversal of timing differences	11	32
Effect of rate change	(1)	(3)
	7	88
(Credit)/charge on profit	(122)	217

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

	2019 £'000	2018 £'000
Profit before tax	820	835
Tax on profit at standard UK corporation tax rate of 19% (2018: 19%)	155	159
Effects of:		
Disallowable expenditure	2	2
Adjustment in respect of previous periods	(131)	59
Group relief for no consideration	(147)	-
Effect of rate change	(1)	(3)
(Credit)/charge for year	(122)	217

The Government announced that the UK corporation tax rate will remain at 19% from 1 April 2020 rather than reducing to 17% as previously legislated. As the amendment had not been substantively enacted at the year end, the deferred tax accounting has been prepared using the then legislated 17% rate.

Carcant Windfarm (Scotland) Limited

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

6. Dividends

	2019 £'000	2018 £'000
Ordinary shares of £1.00 each Interim	<u>863</u>	<u>1,426</u>
Dividends per ordinary share	<u>£288</u>	<u>£475</u>

7. Intangible assets

	Intangible assets £'000
Cost	
At 1 January 2019 and 31 December 2019	<u>445</u>
Amortisation	
At 1 January 2019	178
Amortisation for year	<u>12</u>
At 31 December 2019	<u>190</u>
Net book value	
At 31 December 2019	<u>255</u>
At 31 December 2018	<u>267</u>

Intangible assets relate to capitalised fees associated with long term operating lease arrangements. The carrying amount of intangible assets as at 31 December 2019 was £255k (2018: £267k) and the assets have an estimated remaining useful life of 20 years.

8. Tangible assets

	Operating wind farm £'000
Cost	
At 1 January 2019 and 31 December 2019	<u>16,737</u>
Depreciation	
At 1 January 2019	6,839
Charge for year	<u>461</u>
At 31 December 2019	<u>7,300</u>
Net book value	
At 31 December 2019	<u>9,437</u>
At 31 December 2018	<u>9,898</u>

Carcant Windfarm (Scotland) Limited

Notes to the Financial Statements - continued

for the Year Ended 31 December 2019

9. Debtors: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade debtors	-	155
Accrued income	680	393
Prepayments	44	21
	<u>724</u>	<u>569</u>

10. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade creditors	45	54
Corporation tax	-	129
VAT	12	43
Accrued expenses	14	30
	<u>71</u>	<u>256</u>

11. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£'000	£'000
Within one year	27	26
Between one and five years	129	109
In more than five years	727	756
	<u>883</u>	<u>891</u>

12. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

Financial assets	2019	2018
Measured at cost	£'000	£'000
Cash and receivables:		
Debtors	680	548
Cash and cash equivalents	694	475
	<u>1,374</u>	<u>1,023</u>
 Financial liabilities	 2019	 2018
Measured at cost	£'000	£'000
Other financial liabilities:		
Creditors	(59)	(84)
	<u>(59)</u>	<u>(84)</u>

Further details on the Company's credit, cash flow and liquidity risk are covered in the Strategic Report.

Carcant Windfarm (Scotland) Limited

Notes to the Financial Statements - continued

for the Year Ended 31 December 2019

13. Provisions for liabilities

Deferred tax is provided as follows

	2019 £'000	2018 £'000
At the beginning of the year	1,194	1,106
Charge for the year	7	88
At the end of the year	<u>1,201</u>	<u>1,194</u>

14. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
3	Ordinary	£1.00	<u>3</u>	<u>3</u>

Called up share capital - represents the nominal value of shares that have been issued.

15. Reserves

	Retained earnings £'000
At 1 January 2019	9,759
Profit for the year	942
Dividends	(863)
At 31 December 2019	<u>9,838</u>

Retained earnings - includes all current and prior period retained profits and losses, net of dividends.

16. Related party transactions

To the extent not disclosed elsewhere in the financial statements, details of related party transactions and balances are as follows:

Under the terms of a Management Services Agreement the Company pays Greencoat UK Wind Holdco Limited ("Greencoat Holdco") £35k (2018: £34k) per annum in relation to administration services. As at 31 December 2019, £35k (2018: £34k) had been paid in relation to this agreement and £nil was outstanding (2018: £nil).

No Director had any interest in any contract or arrangements of a material nature with the Company.

Carcant Windfarm (Scotland) Limited

Notes to the Financial Statements - continued

for the Year Ended 31 December 2019

17. Events since the end of the year

On 10 February 2020 and 20 May 2020 the Company paid an interim dividends of £659k and £354k respectively. There were no other significant events after the year end.

At the current time the UK is in the midst of the COVID-19 pandemic, which has introduced challenges and restrictions on all aspects of our daily lives. The Directors have taken all precautions necessary to ensure the health and safety of those required to access our windfarm site, while continuing to operate the Company's wind farm. The impact on going concern has been disclosed in note 1(c) to the financial statements. The Directors do not expect an impairment of tangible fixed assets or debtors to arise.

18. Reconciliation of profit before taxation to cash generated from operations

	2019	2018
	£'000	£'000
Profit before taxation	820	835
Depreciation charges	461	461
Amortisation charges	12	12
	<u>1,293</u>	<u>1,308</u>
(Increase)/decrease in trade and other debtors	(155)	230
(Decrease)/increase in trade and other creditors	(56)	19
	<u>1,082</u>	<u>1,557</u>
Cash generated from operations	1,082	1,557

19. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2019

	31/12/19	1/1/19
	£'000	£'000
Cash and cash equivalents	<u>694</u>	<u>475</u>

Year ended 31 December 2018

	31/12/18	1/1/18
	£'000	£'000
Cash and cash equivalents	<u>475</u>	<u>344</u>

20. Analysis of changes in debt

	At 1 January 2019 £'000	Cash flows £'000	Acquisition and disposal of subsidiaries £'000	Interest and finance charges £'000	Changes in market value/ exchange rate £'000	At 31 December 2019 £'000
Cash and cash equivalents	475	219	-	-	-	694
Net debt	475	219	-	-	-	694

Carcant Windfarm (Scotland) Limited

Notes to the Financial Statements - continued

for the Year Ended 31 December 2019

21. Controlling party

The immediate parent of the Company, holding 100% of its shares is Greencoat UK Wind Holdco Limited. Greencoat UK Wind Holdco Limited is a company registered in the United Kingdom of which the ultimate controlling party is Greencoat UK Wind PLC ("Greencoat PLC"), a company registered in the United Kingdom. The financial statements of Greencoat PLC are available to the public and may be obtained from its website at www.greencoat-ukwind.com.