EFR (Scotland) Limited

Annual report and financial statements

For the year to 31 December 2016

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COMPANIES HOUSE

Registered in Scotland No: SC354527

EFR (Scotland) Limited

Directors

S. Aird	(Appointed 15 September 2016)
P. Decostre	(Appointed 15 September 2016)
R. L. Caperton	(Resigned 15 September 2016)
W. J. Straker-Nesbit	(Resigned 15 September 2016)

Company Secretary

Burness Paull LLP	(Appointed 15 September 2016)
R. G. Bourne	(Resigned 15 September 2016)

Registered office

50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2016. This directors' report has been prepared in accordance with the special provisions relating to small companies under section 419(2) of the Companies Act 2006. The Directors have taken advantage of the provisions applicable to companies entitled to the small companies exemption in both this Directors' report and in not preparing a Strategic report.

Principal activities

The principal activity of the company is renewable energy production.

The loss for the year after taxation amounted to £403,705 (2015: profit £3,886).

Business review

The company, through its subsidiaries, is undertaking the processes required under local legislation that are necessary for it to construct wind farms on properties owned in Scotland by a Group undertaking and are investigating other renewable energy production opportunities in Scotland.

The company's use of financial instruments and their associated risks are detailed in Note 17 of these accounts.

Dividends

The directors do not recommend the payment of a dividend (2015: £nil).

Going Concern, Key Business Risks and Uncertainties

After making enquiries, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future as described in note 1 to the financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. The directors note the following key business risks and uncertainties:

- liquidity risk;
- interest rate risk;
- credit risk; and
- foreign exchange risk.

These risks and management's responses thereto are described more fully in note 17 to the financial statements.

Auditor

Deloitte LLP were appointed as auditor. The company has elected to dispense with the requirement to appoint an auditor annually.

EFR (Scotland) Limited

Directors' report *(continued)*

Auditor *(continued)*

Each of the persons who is a director at the date of approval of this annual report confirms that so far as each director is aware, there is no relevant audit information 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 to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

By order of the Board

S. Aird

Director

17 July 2017

Statement of Directors' Responsibilities

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 to 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.

The names of all persons who were directors during the year are disclosed on page 1.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EFR (SCOTLAND) LIMITED

We have audited the financial statements of EFR (Scotland) Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EFR (SCOTLAND) LIMITED
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report and director's report; or
- we have not received all the information and explanations we require for our audit.

Andrew Partridge (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

17 July 2017

EFR (Scotland) Limited

Statement of Comprehensive Income

for the year ended 31 December 2016

	Note	2016 £	2015 £
Cost of sales		(35,986)	(38,548)
Unrealised loss on revaluation of property, plant and equipment	9	(10,000)	-
Unrealised gain on revaluation of investment property	10	15,000	5,000
Loss on sale of property, plant & equipment	9	(83)	-
Loss on sale of investment property	10	(24,995)	-
Administrative expenses	4	(55,234)	(40,268)
Foreign exchange (loss) / gain		(284,795)	88,586
Operating (loss) / profit		(396,093)	14,770
Finance income		52	45
Finance costs		(8,627)	(9,923)
(Loss) / profit before tax		(404,668)	4,892
Taxation	8	963	(1,006)
(Loss) / profit for the year		(403,705)	3,886
Other comprehensive income		-	-
Total comprehensive (loss) / profit		(403,705)	3,886

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

Statement of Financial Position

as at 31 December 2016

	Note	At 31 December 2016 £	At 31 December 2015 £
Non-current assets			
Property, plant and equipment	9	350,288	361,006
Investment property	10	580,000	955,000
Investment in subsidiaries	12	4	4
		930,292	1,316,010
Current assets			
Trade and other receivables	13	9,056	4,004
Cash and cash equivalents	14	165,775	1,764
Current assets		174,831	5,768
Total assets		1,105,123	1,321,778
Equity			
Share capital	15	2	2
Accumulated loss		(836,672)	(432,967)
Total equity		(836,670)	(432,965)
Current liabilities			
Trade and other payables	16	1,931,637	1,745,390
Current liabilities		1,931,637	1,745,390
Non-current liabilities			
Deferred tax liability	8	10,156	9,353
Non-current liabilities		10,156	9,353
Total liabilities		1,941,793	1,754,743
Total equity and liabilities		1,105,123	1,321,778

Approved by the Board on 17 July 2017 and signed on its behalf by

S. Aird

Director

Registered in Scotland No: 354527

The notes on pages 10 to 21 form part of these accounts

Statement of Cash Flows
for the year ended 31 December 2016

	2016	2015
	£	£
Cash flows from: Operating activities		
(Loss) / profit for the year	(403,705)	3,886
(Increase) / decrease in trade and other receivables	(5,052)	2,018
Increase / (decrease) in trade payables	23,556	(22,680)
Less total net gain on fair value of assets	(5,000)	(5,000)
Less total net loss on disposal of property, plant and equipment	83	-
Less total net loss on disposal of investment property	24,995	-
Less finance income	(52)	(45)
Add finance costs	8,627	9,923
Add depreciation on property, plant and equipment	635	7,055
Adjust for taxation	803	1,000
Net cash used in operating activities	(355,110)	(3,843)
Investing activities		
Proceeds from sale of property, plant and equipment	-	-
Proceeds from sale of investment property	365,005	-
Net cash from investing activities	365,005	-
Financing activities		
Proceeds from / (repayment of) group undertaking borrowing	162,691	(18,633)
Interest received	52	45
Interest paid	(8,627)	(9,923)
Net cash from / (used in) financing activities	154,116	(28,511)
Net increase / (decrease) in cash and cash equivalents	164,011	(32,354)
Cash and cash equivalents at beginning of period	1,764	34,118
Cash and cash equivalents at end of period	165,775	1,764

The notes on pages 10 to 21 form part of these accounts

Statement of Changes in Equity
for the year ended 31 December 2016

	Share capital £	Accumulated loss £	Total equity £
Balance at 1 January 2015	2	(436,853)	(436,851)
Total comprehensive profit	-	3,886	3,886
Balance at 31 December 2015	2	(432,967)	(432,965)
Total comprehensive loss	-	(403,705)	(403,705)
Balance at 31 December 2016	2	(836,672)	(836,670)

The notes on pages 10 to 21 form part of these accounts

Notes to the financial statements

1 General information

EFR (Scotland) Limited is a private company limited by shares, registered in Scotland and incorporated in the United Kingdom under the Companies Act 2006.

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted for use in the EU. IFRSs comprise accounting standards issued by the International Accounting Standards Board ('IASB') and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body as adopted by the EU.

The company is exempt from preparing consolidated accounts under IAS 27 *Consolidated and Separate Financial Statements* on the basis that the company is a wholly-owned subsidiary of European Forest Resources Holdings Limited, which produces consolidated financial statements in accordance with IFRS.

The financial statements are presented in pounds sterling "£" because this is the currency of the primary economic environment in which the company operates.

Going concern

The company's business activities, performance and position are set out in the Business Review on page 1. The financial position of the company, its cash flows, liquidity position and borrowing facilities are found in the Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows and Notes to the Financial Statements. In addition, within the Notes to the Financial Statements one will find its financial risk management objectives, details of its financial instruments, and its exposures to credit risk, foreign exchange risk, interest risk and liquidity risk. The factors likely to affect its future development are summarised below.

The company meets its day-to-day working capital requirements through financial support provided by European Forest Resources (UK) S.à r.l. The company has obtained a letter of support stating that Boralex Europe S.à r.l. will provide additional financial support, if required, to enable the company to meet its obligations as they fall due, and continue as a going concern.

The company forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2 Accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Amendments to IFRSs that are mandatorily effective for the current period

The following Standards or Interpretations have been adopted in the current period. Their adoption has not had any impact on the amounts reported in these financial statements and is not expected to have any impact on future financial periods:

- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception* - The company has adopted the amendments for the first time in the current period. The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

  As the company is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity, the adoption of the amendments has had no impact on the company's financial statements.

2 **Accounting policies** *(continued)*

***Amendments to IFRSs that are mandatorily effective for the current period** (continued)*

- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* - The company has adopted the amendments for the first time in the current period. The amendments

  provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

  A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

  The adoption of these amendments has had no impact on the company's financial statements.

- Amendments to IAS 1 *Disclosure Initiative* - The company has adopted the amendments for the first time in the current period. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance. The amendments also address the structure of the financial statements by providing examples of systematic ordering or grouping of the notes.

  The adoption of these amendments has not resulted in any impact on the financial performance or financial position of the company.

- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* - The company has adopted the amendments for the first time in the current period. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

  a) when the intangible asset is expressed as a measure of revenue; or

  b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

  As the company already uses the straight-line method for depreciation and amortisation for its property, plant and equipment and intangible assets, respectively, the adoption of these amendments has had no impact on the company's financial statements.

- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants* - The company has adopted the amendments for the first time in the current period. The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

  The adoption of these amendments has had no impact on the company's financial statements as the company is not engaged in agricultural activities.

- Amendments to IAS 27 *Equity Method in Separate Financial Statements* - The company has adopted the amendments for the first time in the current period. The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

  - at cost,
  - in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9), or
  - using the equity method as described in IAS 28 *Investments in Associates and Joint Ventures*

2 **Accounting policies** *(continued)*

***Amendments to IFRSs that are mandatorily effective for the current period** (continued)*

The same accounting must be applied to each category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The adoption of the amendments has had no impact on the company's financial statements as the company accounts for investments in subsidiaries and associates at cost and is not an investment entity.

- Annual Improvements to IFRSs 2012-2014 Cycle - The company has adopted the amendments to IFRSs for the first time in the current period.

  The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarifies the guidance for when held-for-distribution accounting is discontinued.

  The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

  The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

  The adoption of these amendments has had no effect on the company's financial statements.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements the following Standards and Interpretations have been issued, but are not yet effective (and in some cases had not been adopted by the EU):

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRS 2 (amendments) *Classification and Measurement of Share-based Payment Transactions*
- IAS 7 (amendments) *Disclosure Initiative*
- IAS 2 (amendments) *Recognition of Deferred Tax Assets for Unrealised Losses*
- IFRS 10 and IAS 28 (amendments) *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Measurement convention

The financial statements are prepared on the historical cost basis.

Expenses

All expenses are accounted for on an accruals basis.

Financial instruments

Most of the company's financial instruments are carried at fair value on the Statement of Financial Position. For certain other financial instruments, specifically trade and other receivables and payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

2 **Accounting policies** *(continued)*

Property, plant and equipment

Plant and equipment are carried at acquisition cost less subsequent depreciation and impairment losses.

Owner-occupied buildings are stated at their revalued amounts, being the fair value at the reporting date. Any revaluation gains are recognised in the Revaluation Reserve, except to the extent that these reverse a revaluation decrease for the same asset previously recognised as an expense, in which case the gain is credited to the Statement of Comprehensive Income to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the Revaluation Reserve relating to a previous revaluation of that asset. The fair market valuation of the buildings will be calculated by employing the services of local third party experts to ascertain the value of the buildings in their condition at the time of the valuation. Additionally, the company will analyse data from the previous 12 months of buildings transactions within the geographical area and will consider the price of buildings which are being offered on the market at the year end. Owner-occupied buildings are not depreciated.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Depreciation of an asset commences when it is available for use. The estimated useful lives are as follows:

- Plant and equipment: 5 years

Investment Property

In the first 12 months following acquisition of an investment property, whether by means of outright purchase, share purchase or other means the investment property will be valued at purchase price plus associated costs, which equates to fair value.

Going forward, the fair market valuation of the investment property will be calculated by employing the services of local third party experts to ascertain the value of the investment property in its condition at the time of the valuation.

The resulting fair value will be compared for reasonableness, where possible, to recent sales of similar types of property in the geographical area.

Gains or losses arising from changes in the fair value of investment property assets are included in the Statement of Comprehensive Income for the period in which they arise.

Investment Properties represent those properties held by the company which are not occupied by the company.

Trade and other payables

Trade payables, borrowings and other payables are measured at amortised cost using the effective interest rate method.

Trade and other receivables

Trade receivables, loans and other receivables are measured at amortised cost using the effective interest rate method, less any impairment.

Financing income and cost

Financing costs comprise interest payable and interest receivable on funds invested that are recognised in the Statement of Comprehensive Income.

Interest income and interest cost is recognised in the Statement of Comprehensive Income as it accrues.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange

2 Accounting policies *(continued)*

***Foreign currencies** (continued)*

rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

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 following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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 Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

3 Critical accounting judgements and key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below:

- Investment property; and
- Property, plant and equipment

The directors use their judgement in selecting an appropriate valuation technique for each of the above. Changes in any estimates could lead to recognition of significant fair value changes in the Statement of Comprehensive Income.

4 Administrative expenses

Included in administrative expenses are the following:

	2016	2015
	£	£
Audit fee	4,870	4,870
Travel and entertainment expense	278	-
Asset management fee	13,489	21,558
Service fee	19,583	-
Professional consultancy fees	11,568	2,503
Depreciation	635	7,055
Other administrative expenses	4,811	4,282
	55,234	40,268

5 Staff numbers and costs

The average number of persons employed by the company during the period was nil (2015: nil).

6 Directors' emoluments

	2016	2015
	£	£
Total directors' emoluments	-	-
	-	-

No director received any remuneration from the company during the year (2015: £nil).

7 Fees payable to the company's auditor

	2016	2015
	£	£
Fee for the audit of the company	4,870	4,870
	4,870	4,870

8 Taxation

Recognised in the Statement of Comprehensive Income	2016	2015
	£	£
Current tax expense:		
Current year	-	-
Total current tax expense	-	-
Deferred tax charge	803	1,000
Group relief prior year adjustment	(1,766)	6
Total tax (credit) / charge in Statement of Comprehensive Income	(963)	1,006

Reconciliation of effective tax rate	2016	2015
	£	£
(Loss) / profit before tax	(404,668)	4,892
UK Corporation tax (credit) / charge at 20% (2015: 20.25%)	(80,934)	991
Non-deductible expenses	4,016	1,429
Capital allowances	803	(954)
Prior year adjustment	(1,766)	6
Effect of temporary differences recognised in current tax	76,918	(466)
Total tax (credit) / charge in Statement of Comprehensive Income	(963)	1,006

Reconciliation of net deferred tax asset / (liability)	2016	2015
	£	£
Opening balance as at 1 January	(9,353)	(8,353)
Prior period adjustment	-	-
Charge to comprehensive income	(803)	(1,000)
	(10,156)	(9,353)

The company has unused tax losses, including temporary timing differences, of £616,980 (2015: £228,228). A deferred tax liability has been recognised in respect of £56,422 (2015 deferred tax liability: £46,766). No deferred tax asset has been recognised in respect of the remaining £560,558 (2015: £274,994) as it is not considered probable that there will be future taxable profits available.

Notes to the financial statements *(continued)*

9 Property, plant and equipment

	Property	Plant and equipment	Total
	£	£	£
Cost:			
Balance at 1 January 2015	441,811	46,054	487,865
Additions	-	-	-
Balance at 31 December 2015	441,811	46,054	487,865
Disposals	-	(9,954)	(9,954)
Balance at 31 December 2016	441,811	36,100	477,911
Depreciation:			
As at 1 January 2015	-	(37,993)	(37,993)
Provided during the period	-	(7,055)	(7,055)
Balance at 31 December 2015	-	(45,048)	(45,048)
Released on disposal	-	9,871	9,871
Provided during the period	-	(635)	(635)
Balance at 31 December 2016	-	(35,812)	(35,812)
Revaluation			
As at 1 January 2015	(81,811)	-	(81,811)
Provided during the period	-	-	-
Balance at 31 December 2015	(81,811)	-	(81,811)
Provided during the period	(10,000)	-	(10,000)
Balance at 31 December 2016	(91,811)	-	(91,811)
Carrying amount:			
At 31 December 2016	350,000	288	350,288
At 31 December 2015	360,000	1,006	361,006

10 Investment property

	2016	2015
	£	£
Cost		
Opening cost	826,423	826,423
Disposals	(366,345)	-
Closing cost	460,078	826,423
Revaluation		
Opening	128,577	123,577
Released on disposal	(23,655)	-
Revaluation for the year	15,000	5,000
Closing	119,922	128,577
Closing carrying value	580,000	955,000

11 Fair value measurement

The company's assets have all been classified as Level 3 in accordance with the fair value hierarchy.

The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

There have been no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the year.

The following table shows the fair value measurements recognised in the statement of financial position:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Property	-	-	350,000	350,000
Investment property	-	-	580,000	580,000
As at 31 December 2016	-	-	930,000	930,000

The following table shows a reconciliation of all the movements in the fair value of financial instruments categorised within Level 3 during the year.

	Property	Investment property	Total
	£	£	£
As at 1 January 2015	360,000	950,000	1,310,000
Revaluation for the year	-	5,000	5,000
As at 31 December 2015	360,000	955,000	1,315,000
Released on disposal	-	(390,000)	(390,000)
Revaluation for the year	(10,000)	15,000	5,000
As at 31 December 2016	350,000	580,000	930,000

The fair value of the company's assets has been arrived at on the basis of a valuation carried out at that date by independent valuers not connected with the group. The valuation conforms to International Valuation Standards. The valuation was determined as described in Note 2 of these financial statements. All valuations are categorised as being within Level 3 of the fair value hierarchy. In estimating the fair value of the assets it is considered that the highest and best use of the assets is their current use. There has been no change to the valuation technique during the year.

Quantitative information about fair value measurements using unobservable inputs

Property and Investment property - fair value from market transactions

Price Sensitivity

The following details the company's sensitivity to a 10% increase or decrease in the value of the company's assets, with 10% being the sensitivity rate used when reporting price risk internally to key management personnel and representing management's assessment of the possible changes in market prices.

11 Fair value measurement *(continued)*

An increase or decrease of 10% higher or lower of the company's assets, with all the other variables held constant and before any adjustment to deferred taxes where necessary, would result in an increase or decrease to the net gain attributable to shareholders for the year of:

Effect of 10% increase or decrease in assets	Property £	Investment property £	Total £
At 31 December 2016	35,000	58,000	93,000
At 31 December 2015	36,000	95,500	131,500

12 Investment in subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name	**Place of registration and operation**	**Proportion of ownership interest %**
Druim Ba Sustainable Energy Limited	Scotland	100
Fauch Hill Sustainable Energy Limited	Scotland	100

The investment in subsidiaries are stated at cost.

	2016 £	2015 £
Opening cost	4	4
Shares purchased during the year	-	-
Closing cost	4	4

The company has taken the exemption stated in section 400 of the Companies Act 2006 and is not obligated to prepare and deliver consolidated accounts for the company.

13 Trade and other receivables

	2016 £	2015 £
Trade receivables	2,510	1,045
Trade receivables due from group companies	1,715	-
Prepayments	4,831	2,959
	9,056	4,004

14 Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	165,775	1,764
	165,775	1,764

15 Share capital

Authorised – ordinary shares of £1 each:	£
Balance at 1 January 2015	100,000
Balance at 31 December 2015 and 31 December 2016	100,000

Issued and fully paid – ordinary shares of £1 each:	£
Balance at 1 January 2015	2
Balance at 31 December 2015 and 31 December 2016	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

16 Trade and other payables

	2016	2015
	£	£
Trade payables	3,454	-
Trade payables due to group companies	25,066	4,948
Loan payable to group company	1,892,731	1,730,040
Other trade payables and accrued expenses	10,386	10,402
	1,931,637	1,745,390

The company has signed a loan agreement with a related party, which expires in December 2017 and is callable by the lender at any time. Interest is charged at 6 months LIBOR plus 0.50%.

17 Financial instruments

The company's financial instruments comprise receivables, borrowings and payables that arise from its operations.

The company's activities expose it to credit risk, foreign exchange risk, interest rate risk and liquidity risk.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the company. The company has credit policies in place and exposure to credit risk is monitored on an ongoing basis. At 31 December, the financial assets exposed to credit risk were as follows:

Financial Assets	2016	2015
	£	£
Trade and other receivables	9,056	4,004
Cash and cash equivalents	165,775	1,764
	174,831	5,768

Credit risk arising on trade and other receivables and financial assets is mitigated by management involvement in the group companies. Credit risk on cash and cash equivalents is mitigated by depositing funds with banks with credit rating of 'AA3' or better as determined by Moody's and Fitch rating agencies.

Fair value

The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate fair value due to the immediate or short term nature of these financial instruments.

17 Financial instruments *(continued)*

Foreign exchange risk
Changes in the exchange rate between the Euro and pound sterling can affect the financial results as the company receives financing in Euro. For example, a 1% increase / decrease in the value of the Euro against pound sterling would have an effect of approximately £18,740 (2015: £17,129) on the Statement of Comprehensive Income, before tax.

Interest rate risk
The company is exposed to interest rate risk on its borrowings from European Forest Resources (UK) S.à r.l. and changes in interest rates can affect the financial results of the company. For example, a 1% increase / decrease in interest rates would have an effect of approximately £18,927 (2015: £17,300) on the Statement of Comprehensive Income, before tax.

Liquidity risk
The company meets its day-to-day working capital requirements through financial support provided by European Forest Resources (UK) S.à r.l. The company has obtained a letter of support stating that Boralex Europe S.à r.l. will provide additional financial support, if required, to enable the company to meet its obligations as they fall due, and continue as a going concern.

The following table details the company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be expected to pay.

Maturity analysis of financial liabilities	Payable on demand	Less than 3 months	Total
	£	£	£
31 December 2016			
Trade payables	-	3,454	3,454
Amounts due to group companies	1,892,731	25,066	1,917,797
Other trade payables and accrued expenses	-	10,386	10,386
	1,892,731	38,906	1,931,637
31 December 2015			
Trade payables	-	-	-
Amounts due to group companies	1,730,040	4,948	1,734,988
Other trade payables and accrued expenses	-	10,402	10,402
	1,730,040	15,350	1,745,390

18 Related parties

Identity of related parties

The company has a related party relationship with its parent, subsidiaries, fellow subsidiaries of its parent and with its key management personnel, being its directors.

The company is in the same VAT group as Druim Ba Sustainable Energy Limited, EFR Service Company Limited, European Forest Resources Acquisition Limited, European Forest Resources GP Limited and Fauch Hill Sustainable Energy Limited.

18 Related parties *(continued)*

The following companies are related parties as a director of the company held a directorship or was a partner in those companies during the period:

Chasses et Foret SAS
Convector LLP (related party until 15 September 2016)
Druim Ba Sustainable Energy Limited
EFR Service Company Limited
European Forest Resources Holdings Limited
European Forest Resources Holdings LP
European Forest Resources Holdings GP Limited
European Forest Resources Limited
European Forest Resources Holdings S.à r.l.
European Forest Resources (France) S.à r.l.
European Forest Resources (UK) S.à r.l.
European Forest Resources Acquisition Limited
European Forest Resources LP
European Forest Resources (Scotland) LP
European Forest Resources GP Limited
Fauch Hill Sustainable Energy Limited
Forestis SAS
Groupement Forestier des Bois de L'Avenir
Kastanie Limited (related party until 15 September 2016)
Les Moulins du Lohan SAS
Louis Dreyfus Holdings Limited (related party until 15 September 2016)
Louis Dreyfus Energy Holdings Limited (related party until 15 September 2016)
Ressources Forestieres SAS

Amounts due to related parties at the period end representing payments of administrative expenses made on behalf of the company, loans and interest and investment management fees are:

	2016	2015
	£	£
EFR Service Company Limited	20,118	-
European Forest Resources (UK) S.à r.l.	1,892,731	1,730,040
Fauch Hill Sustainable Energy Limited	4,948	4,948
	1,917,797	1,734,988

Amounts due from related parties at the year end represent the payment of administrative expenses made on behalf of the related party.

	2016	2015
	£	£
European Forest Resources (Scotland) LP	1,715	-
	1,715	-

19 Ultimate parent company and group financial statements

The ultimate parent undertaking is Boralex Inc., a company registered in Canada. Boralex Inc. is also the largest and smallest parent undertaking for which group financial statements are prepared. Copies of these group financial statements may be obtained from its registered office at 36 Lajeunesse Street, Kingsly Falls, Canada JOA 1BO

Until 15 September 2016 the ultimate parent undertaking was Louis Dreyfus Holding B.V., a company registered in the Netherlands.