

**A7 LOCHHEAD LIMITED**  
**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2019**



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FOR THE YEAR ENDED 31ST MARCH 2019**

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**A7 LOCHHEAD LIMITED**

**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31ST MARCH 2019**

**DIRECTORS:** A Hensher  
M Ridley

**SECRETARY:** K Hensher

**REGISTERED OFFICE:** 31A The Avenue  
Poole  
Dorset  
BH13 6LJ

**REGISTERED NUMBER:** 05974351 (England and Wales)

**AUDITORS:** JRW  
Chartered Accountants &  
Statutory Auditor  
19 Buccleuch Street  
Hawick  
Roxburghshire  
TD9 0HL

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST MARCH 2019**

The directors present their report with the financial statements of the company for the year ended 31st March 2019.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st April 2018 to the date of this report.

A Hensher  
M Ridley

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;

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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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 auditors are 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 auditors are aware of that information.

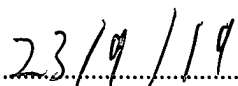
**AUDITORS**

JRW are deemed to be re-appointed under Section 487 (2) of the Companies Act 2006.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

  
.....  
A Hensher - Director

Date:   
.....

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF A7 LOCHHEAD LIMITED**

### **Opinion**

We have audited the financial statements of A7 Lochhead Limited (the 'company') for the year ended 31st March 2019 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, 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' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF A7 LOCHHEAD LIMITED**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
A7 LOCHHEAD LIMITED**

**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 a Report of the Auditors 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.



Alister Biggar (Senior Statutory Auditor)  
for and on behalf of JRW  
Chartered Accountants &  
Statutory Auditor  
19 Buccleuch Street  
Hawick  
Roxburghshire  
TD9 0HL

26th September 2019

**A7 LOCHHEAD LIMITED (REGISTERED NUMBER: 05974351)**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2019**

	Notes	2019 £	2018 £
<b>TURNOVER</b>		1,570,859	1,657,613
Administrative expenses		898,008	852,242
<b>OPERATING PROFIT</b>	4	672,851	805,371
Interest receivable and similar income		109,195	262,333
		782,046	1,067,704
Interest payable and similar expenses		241,882	281,985
<b>PROFIT BEFORE TAXATION</b>		540,164	785,719
Tax on profit		108,188	178,357
<b>PROFIT FOR THE FINANCIAL YEAR</b>		431,976	607,362

The notes form part of these financial statements



**A7 LOCHHEAD LIMITED (REGISTERED NUMBER: 05974351)**

**BALANCE SHEET  
31ST MARCH 2019**

	Notes	2019		2018	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	6		4,430,541		4,866,332
<b>CURRENT ASSETS</b>					
Debtors	7	464,939		482,531	
Cash at bank		816,254		763,073	
		<u>1,281,193</u>		<u>1,245,604</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	8	970,852		876,947	
<b>NET CURRENT ASSETS</b>			<u>310,341</u>		<u>368,657</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,740,882		5,234,989
<b>CREDITORS</b>					
Amounts falling due after more than one year	9		(3,042,388)		(3,848,745)
<b>PROVISIONS FOR LIABILITIES</b>	12		<u>(570,801)</u>		<u>(532,613)</u>
<b>NET ASSETS</b>			<u><u>1,127,693</u></u>		<u><u>853,631</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital			2,000		2,000
Retained earnings	13		<u>1,125,693</u>		<u>851,631</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><u>1,127,693</u></u>		<u><u>853,631</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors on 23/9/19 and were signed on its behalf by:

A. V. Hensher  
A Hensher - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2019**

**1. STATUTORY INFORMATION**

A7 Lochhead Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover represents net invoiced sales of renewable electricity and associated green credits, excluding value added tax. Turnover is accrued when the company obtains the right to consideration prior to raising sale invoices.

Revenue is measured at the fair value of the transaction excluding discounts, rebates, value added tax and other sales taxes.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Wind farm development - Straight line over 20 years

**Financial assets**

Basic financial assets, including trade and other debtors and bank balances, are initially recognised at transaction price.

At the end of each reporting period financial assets measured at cost are assessed for evidence of impairment. Any impairment loss is recognised in the Income Statement.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

**Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classed as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**Non basic financial liabilities**

The company purchases interest rate swaps to manage interest rate risk volatility. The fair value of these has been calculated by discounting the expected future cash flows at prevailing interest rates. Movements in fair value are taken to the Income Statement.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2019**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**3. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 2 (2018 - 2).

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation - owned assets	<u>435,791</u>	<u>435,791</u>

**5. EXCEPTIONAL ITEMS**

	2019	2018
	£	£
Fair value movement of interest rate swaps	<u>109,195</u>	<u>262,333</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2019

6. TANGIBLE FIXED ASSETS

	Wind farm development £
<b>COST</b>	
At 1st April 2018 and 31st March 2019	8,715,819
<b>DEPRECIATION</b>	
At 1st April 2018	3,849,487
Charge for year	435,791
At 31st March 2019	4,285,278
<b>NET BOOK VALUE</b>	
At 31st March 2019	4,430,541
At 31st March 2018	4,866,332

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	418,959	442,428
Other debtors	45,980	40,103
	<u>464,939</u>	<u>482,531</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Bank loans and overdrafts	697,163	695,228
Trade creditors	6,150	1,176
Corporation tax	70,000	-
VAT	81,382	73,265
Accruals and deferred income	116,157	107,278
	<u>970,852</u>	<u>876,947</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Bank loans 1 to 2 years	561,163	697,163
Bank loans 2 to 5 years	1,726,630	1,673,781
Bank loans more than 5 years	361,389	975,400
Interest rate swaps	393,206	502,401
	<u>3,042,388</u>	<u>3,848,745</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2019**

**9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR - continued**

	2019	2018
	£	£
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more than 5 years	361,389	975,400
	<u>          </u>	<u>          </u>

**10. SECURED DEBTS**

The following secured debts are included within creditors:

	2019	2018
	£	£
Bank loans	3,346,345	4,041,572
	<u>          </u>	<u>          </u>

Borrowings are secured by legal charge over the company's property and assets.

A Hensher and M Ridley, directors, have formally acknowledged their interest in an intercreditor deed entered into by A7 Lochhead Limited, its directors, bankers, Ventus VCT plc and Ventus 2 VCT plc ("the Ventus Funds"). Both the Ventus Funds and A Hensher have given certain undertakings to the company's bankers.

**11. FINANCIAL INSTRUMENTS**

The company purchases interest rate swaps to manage interest rate risk volatility. The fair value of these has been calculated by discounting the expected future cash flows at prevailing interest rates.

**12. PROVISIONS FOR LIABILITIES**

	2019	2018
	£	£
Deferred tax	570,801	532,613
	<u>          </u>	<u>          </u>
		Deferred tax
		£
Balance at 1st April 2018		532,613
Accelerated capital allowances		17,441
Interest rate swaps		20,747
		<u>          </u>
Balance at 31st March 2019		570,801
		<u>          </u>

**A7 LOCHHEAD LIMITED (REGISTERED NUMBER: 05974351)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31ST MARCH 2019**

**13. RESERVES**

	Retained earnings £
At 1st April 2018	851,631
Profit for the year	431,976
Dividends	(157,914)
	<hr/>
At 31st March 2019	<u>1,125,693</u>

**14. RELATED PARTY DISCLOSURES**

No shareholder has control of the company. Ventus VCT Plc and Ventus 2 VCT Plc are related parties by virtue of their shareholdings in the company (Ventus VCT Plc holds 30% and Ventus 2 VCT Plc holds 20%).

Energy L Limited holds 50%. A Hensher is Director and sole shareholder of Energy L Limited.

A7 Energy Ltd, a company which A Hensher is also a director of, charged A7 Lochhead Limited monitoring fees. During the year, these amounted to £19,820 (2018, £19,100).

**DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2019**

	2019		2018	
	£	£	£	£
<b>Sales</b>		1,570,859		1,657,613
<b>Other income</b>				
Fair value movement of interest rate swaps		109,195		262,333
		<u>1,680,054</u>		<u>1,919,946</u>
<b>Expenditure</b>				
Rates and water	69,828		67,896	
Insurance	13,533		12,797	
Directors' salaries	7,407		6,134	
Landowner royalty	83,498		59,979	
Operating expenses	187,990		170,244	
Brokers commission	15,922		14,167	
Administration fees	45,909		41,884	
Management Fees	26,106		29,431	
Auditors' remuneration	4,100		4,717	
Exchange losses	1,086		2,980	
	<u>455,379</u>		<u>410,229</u>	
		1,224,675		1,509,717
<b>Finance costs</b>				
Bank charges	6,838		6,222	
Loan interest	241,882		281,985	
	<u>248,720</u>		<u>288,207</u>	
		975,955		1,221,510
<b>Depreciation</b>				
Wind farm development		435,791		435,791
<b>NET PROFIT</b>		<u>540,164</u>		<u>785,719</u>