

**Roroyere Hydro Ltd (Formerly
SIMEC GHR Roroyere Limited)**

Financial Statements

Period Ended

31 December 2019

Company Number SC357527

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Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited)

Company Information

Directors

S Green
A Reading
N Wakefield
I Cartwright
S Hutt

Registered number

SC357527

Registered office

CEF Building
Inveralmond Road
Inveralmond Industrial Estate
Perth
Scotland
PH1 3TW

Independent auditor

BDO LLP
Citypoint
65 Haymarket Terrace
Edinburgh
EH12 5HD

Bankers

National Westminster Bank Plc
1 Princes Street
London
EC2R 8BP

Solicitors

Shepherd and Wedderburn LLP
5th Floor
1 Exchange Crescent
Edinburgh
EH3 8UL

Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited)

Registered number: SC357527

Balance Sheet As at 31 December 2019

	Note	31 December 2019 £	31 December 2019 £	30 September 2018 £	30 September 2018 £
Fixed assets					
Tangible assets	5		1,447,313		1,504,416
Current assets					
Debtors: amounts falling due after more than one year	6	5,020		4,511	
Debtors: amounts falling due within one year	6	583,753		1,738,260	
Cash at bank and in hand	7	52,344		279,274	
		<u>641,117</u>		<u>2,022,045</u>	
Creditors: amounts falling due within one year	8	(98,694)		(52,845)	
Net current assets			<u>542,423</u>		<u>1,969,200</u>
Total assets less current liabilities			<u>1,989,736</u>		<u>3,473,616</u>
Creditors: amounts falling due after more than one year	9		(685,306)		(2,365,200)
Provisions for liabilities					
Deferred tax	11	(47,427)		(44,982)	
Other provisions	12	(52,264)		(50,668)	
			<u>(99,691)</u>		<u>(95,650)</u>
Net assets			<u><u>1,204,739</u></u>		<u><u>1,012,766</u></u>

Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited)

Registered number: SC357527

Balance Sheet (continued) As at 31 December 2019

	Note	31 December 2019 £	30 September 2018 £
Capital and reserves			
Called up share capital	13	4,010	4,010
Share premium account	14	812,271	812,271
Profit and loss account	14	388,458	196,485
Total equity		1,204,739	1,012,766

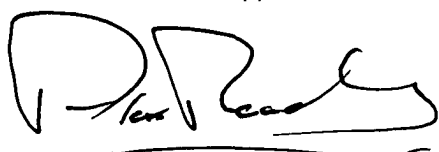
The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

A Reading
Director



5/11/20

The notes on pages 3 to 11 form part of these financial statements.

Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited)

Notes to the Financial Statements For the Period Ended 31 December 2019

1. General information

Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited) is a private company limited by shares incorporated in Scotland, UK. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity is set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The company's functional and presentational currency is GBP. The level of rounding is to the nearest pound.

The following principal accounting policies have been applied:

2.2 Period of account

These financial statements represent the 15 month period from 1 October 2018 to 31 December 2019. The prior year comparatives represent the 12 month period from 1 October 2017 to 30 September 2018.

2.3 Going concern

The directors have assessed the impact of COVID-19 on the company. The company operates a hydro-electric power scheme and has agreements in place for the supply of electricity until 31 March 2021 which are renewed annually. As the electricity being generated is from renewable sources, this is prioritised over other types of electricity when there is overall reduced demand, as has been experienced during the lockdown period. While the company itself does not have any employees, the maintenance of the scheme is dependent upon the operations and maintenance contractor being able to carry out work and obtain any necessary parts. There have been no significant operational or maintenance issues during the period of the lockdown imposed by the Scottish Government.

The company has long term funding agreements in place with its parent company. The directors have prepared a funding model which covers the period until 31 March 2059 and models income and expenditure as well as cash flows for this period. As the cost base of the company is stable, sensitivities have been applied to the income levels to assess the level of headroom available should income fall by up to 30%. Even in this unlikely event, there would be sufficient funds for the company to meet all liabilities as they fall due.

As a result of these factors, the directors do not consider there to be a material uncertainty arising over the going concern basis of preparation.

Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited)

Notes to the Financial Statements For the Period Ended 31 December 2019

2. Accounting policies (continued)

2.4 Revenue recognition

Revenue comprises revenue recognised by the company in respect of electricity generation during the period. Revenue is recorded exclusive of VAT.

Electricity generation

Revenue from electricity generation is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risk and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the energy sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives range as follows:

Hydro facilities plant - 40 years

The land restoration asset is written off over the term of the lease on which the hydro facilities plant has been constructed, being 40 years.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited)

Notes to the Financial Statements For the Period Ended 31 December 2019

2. Accounting policies (continued)

2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Finance costs

Finance costs incurred on loans directly attributable to the construction of the hydro facilities plant are capitalised during the period of construction.

When construction is complete, finance costs are charged to the statement of income and retained earnings over the term of the debt using the effective interest rate method.

2.12 Operating lease

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term, except where they are incurred in the period of construction of the hydro facility plant, and capitalised.

2.13 Interest income

Interest income is recognised in the statement of income and retained earnings when income is receivable.

2.14 Restoration cost

The total cost of land restoration is recognised as a provision when the obligation arises. The amount provided represents the directors' estimates of the present value of the future expected costs. Costs are charged to the provision as incurred and the unwinding of the discount is included in the interest charge for the period. An asset is created for an amount equivalent to the initial provision and depreciated according to the policy above.

Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited)

Notes to the Financial Statements For the Period Ended 31 December 2019

2. Accounting policies (continued)

2.15 Current and deferred taxation

The current tax for the period comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

In preparing these financial statements the directors have made the following judgements:

- Tangible fixed assets (see note 5)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Restoration provision (see note 12)

The restoration provision represents the obligation to restore the land on which the hydro facilities plant has been constructed. The obligation is assessed annually and is dependant upon the latest projected costs of restoration and changes to the discount factor.

4. Employees

The company has no employees other than the directors (year ended 30 September 2018 - None), who did not receive any remuneration from the company (year ended 30 September 2018 - £Nil).

Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited)

Notes to the Financial Statements For the Period Ended 31 December 2019

5. Tangible fixed assets

	Hydro facilities plant £	Land restoration £	Total £
Cost			
At 1 October 2018	1,783,710	40,000	1,823,710
At 31 December 2019	1,783,710	40,000	1,823,710
Depreciation			
At 1 October 2018	313,730	5,564	319,294
Charge for the period	55,741	1,362	57,103
At 31 December 2019	369,471	6,926	376,397
Net book value			
At 31 December 2019	1,414,239	33,074	1,447,313
At 30 September 2018	1,469,980	34,436	1,504,416

Included within the hydro facilities plant are capitalised finance costs of £10,994 (year ended 30 September 2018 - £10,994).

6. Debtors

	31 December 2019 £	30 September 2018 £
Due after more than one year		
Other debtors	5,020	4,511

Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited)

Notes to the Financial Statements For the Period Ended 31 December 2019

6. Debtors (continued)

	31 December 2019 £	30 September 2018 £
Due within one year		
Trade debtors	112,429	26,398
Amounts owed by group undertakings	406,662	-
Amounts owed by previous group undertakings	-	1,691,542
Other debtors	14,653	61
Prepayments and accrued income	50,009	20,259
	<u>583,753</u>	<u>1,738,260</u>

7. Cash and cash equivalents

	31 December 2019 £	30 September 2018 £
Cash at bank and in hand	<u>52,344</u>	<u>279,274</u>

8. Creditors: amounts falling due within one year

	31 December 2019 £	30 September 2018 £
Bank loans	-	34,800
Trade creditors	20,737	7,864
Corporation tax	41,285	-
Accruals	36,672	10,181
	<u>98,694</u>	<u>52,845</u>

Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited)

Notes to the Financial Statements For the Period Ended 31 December 2019

9. Creditors: amounts falling due after more than one year

	31 December 2019 £	30 September 2018 £
Bank loans	-	2,365,200
Amounts owed to group undertakings	685,306	-
	<u>685,306</u>	<u>-</u>

Included in creditors are loans of £685,306 (2018 - £2,400,000) which are unsecured.

Bank loans held in the previous year were repaid in full on 8 July 2019 and a new loan issued by the parent company at the same date. Interest on the bank loans was payable at 3.01% per annum to the repayment date. Interest is payable on the parent company loan at 5.03% per annum. The loan is repayable in full on 8 July 2044.

10. Loans

Analysis of the maturity of loans is given below:

	31 December 2019 £	30 September 2018 £
Amounts falling due within one year		
Bank loans	-	34,800
Amounts falling due 1-2 years		
Bank loans	-	73,440
Amounts falling due 2-5 years		
Bank loans	-	2,291,760
Amounts falling due after more than 5 years		
Amounts owed to group undertakings	685,306	-
	<u>685,306</u>	<u>2,400,000</u>

Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited)

Notes to the Financial Statements For the Period Ended 31 December 2019

11. Deferred taxation

	2019 £
At beginning of period	44,982
Charged to profit or loss	2,445
At end of period	47,427

The provision for deferred tax is made up as follows:

	31 December 2019 £	30 September 2018 £
Accelerated capital allowances	47,427	44,982

12. Other provisions

	Restoration provision £
At 1 October 2018	50,668
Unwinding of discount	1,596
At 31 December 2019	52,264

Restoration

The provision relates to the obligation to restore the land on which the hydro facilities plant has been constructed in accordance with the terms of the lease.

13. Share capital

	31 December 2019 £	30 September 2018 £
Allotted, called up and fully paid		
4,010 ordinary shares of £1 each	4,010	4,010

Roroyere Hydro Ltd (Formerly SIMEC GHR Roroyere Limited)

Notes to the Financial Statements For the Period Ended 31 December 2019

14. Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

15. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

16. Post balance sheet events

In December 2019 a novel strain of coronavirus 'COVID-19' presented and in the first quarter of 2020 the World Health Organisation declared COVID-19 as a global pandemic. The pandemic has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses. As the extent of the outbreak of COVID-19 was not known until post year end, the outbreak is being treated as a non-adjusting post balance sheet event. Further details regarding the impact on the company are disclosed in the directors' report and the going concern basis of preparation note.

17. Controlling party

The company's immediate parent is GHH Group Holdings Ltd (formerly SIMEC GHH Limited). The ultimate parent and ultimate controlling party is Equitix Fund V LP, a limited partnership registered in the UK.

18. Auditor's information

The auditor's report on the financial statements for the period ended 31 December 2019 was unqualified.

The audit report was signed on ^{13 November} 2020 by Alastair Rae (Senior Statutory Auditor) on behalf of BDO LLP.