

## Shenval Hydro Ltd

Financial Statements

Year Ended

31 December 2020

Company Number SC489744

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# Shenval Hydro Ltd

## Company Information

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**Directors**

S Green  
A Reading  
N Wakefield  
S Hutt

**Registered number**

SC489744

**Registered office**

Inveralmond Road  
Inveralmond Industrial Estate  
Perth  
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  
1 Exchange Crescent  
Edinburgh  
EH3 8UL

**Shenval Hydro Ltd**  
Registered number: SC489744

**Balance Sheet**  
**As at 31 December 2020**

	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	5		1,900,614		1,953,877
Investments	6		2		2
			<u>1,900,616</u>		<u>1,953,879</u>
<b>Current assets</b>					
Debtors: amounts falling due after more than one year	7	518,123		536,889	
Debtors: amounts falling due within one year	7	609,759		537,718	
Cash at bank and in hand	8	7,917		102,283	
		<u>1,135,799</u>		<u>1,176,890</u>	
Creditors: amounts falling due within one year	9	(50,264)		(68,159)	
<b>Net current assets</b>			<u>1,085,535</u>		<u>1,108,731</u>
<b>Total assets less current liabilities</b>			<u>2,986,151</u>		<u>3,062,610</u>
Creditors: amounts falling due after more than one year	10	(2,850,752)		(3,029,615)	
<b>Provisions for liabilities</b>					
Deferred tax		(32,682)		(8,765)	
Other provisions	13	(38,790)		(38,493)	
<b>Net assets/(liabilities)</b>			<u><u>63,927</u></u>		<u><u>(14,263)</u></u>

**Shenval Hydro Ltd**  
**Registered number: SC489744**

**Balance Sheet (continued)**  
**As at 31 December 2020**

	Note	2020 £	2019 £
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Profit and loss account	15	63,926	(14,264)
<b>Total equity</b>		<u>63,927</u>	<u>(14,263)</u>

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

The financial statements 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

15/17/21

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

# Shenval Hydro Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 1. General information

Shenval Hydro Ltd is a private company limited by shares incorporated in Scotland, UK. The address of the registered office is given in 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. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

#### 2.2 Going concern

The company made a profit during the year of £78,190 (15 month period ended 31 December 2019 - £138,978) and at the balance sheet date had net current assets of £1,085,535 (2019 - £1,108,731) and net assets of £63,927 (2019 - liabilities of £14,263).

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 30 June 2022 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.

# Shenval Hydro Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks 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 goods 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.

#### 2.4 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.

#### 2.5 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 for the land on which the hydro facilities plant has been constructed, being 40 years.

No depreciation is charged on assets under construction.

#### 2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.7 Debtors

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

# Shenval Hydro Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 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.

#### 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 leases

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.

# Shenval Hydro Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 2. Accounting policies (continued)

#### 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 year. An asset is created for an amount equivalent to the initial provision and depreciated according to the policy above.

#### 2.15 Current and deferred taxation

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

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

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

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

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

#### 2.16 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.



# Shenval Hydro Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 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 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 latest projected costs of restoration and amendments to the original lease agreement are taken into account. Residual values assessments consider issues such as future market conditions, the remaining life of the asset and the projected disposal values.

- Restoration provision (see note 13)

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 dependent upon the latest projected costs of restoration and changes to the discount factor.

### 4. Employees

The company has no employees (15 month period ended 31 December 2019 - none) other than the directors, who did not receive any remuneration (15 month period ended 31 December 2019 - £Nil).

### 5. Tangible fixed assets

	Hydro facilities plant £	Land restoration £	Total £
<b>Cost</b>			
At 1 January 2020	2,050,619	35,240	2,085,859
At 31 December 2020	2,050,619	35,240	2,085,859
<b>Depreciation</b>			
At 1 January 2020	129,724	2,258	131,982
Charge for the year	52,359	904	53,263
At 31 December 2020	182,083	3,162	185,245
<b>Net book value</b>			
At 31 December 2020	1,868,536	32,078	1,900,614
At 31 December 2019	1,920,895	32,982	1,953,877

# Shenval Hydro Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 5. Tangible fixed assets (continued)

Included in hydro facilities plant are capitalised finance costs of £113,202 (15 month period ended 31 December 2019 - £113,202).

### 6. Fixed asset investments

	Investments £
<b>Cost</b>	
At 1 January 2020	2
	<hr/>
At 31 December 2020	2
	<hr/> <hr/>

### Associated undertakings

The following was an associated undertaking of the company:

Name	Class of shares	Principal activity	Holding
Enrick Gridco Ltd	Ordinary	Provision of grid connection	33%

The registered office of all companies in this group is Inveralmond Road, Inveralmond Industrial Estate, Perth, PH1 3TW.

### 7. Debtors

	2020 £	2019 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	482,746	501,543
Other debtors	35,377	35,346
	<hr/> 518,123	<hr/> 536,889
	<hr/> <hr/>	<hr/> <hr/>
<b>Due within one year</b>		
Trade debtors	99,265	-
Amounts owed by group undertakings	466,323	496,729
Other debtors	1,934	-
Prepayments and accrued income	42,237	40,989

## Notes to the Financial Statements For the Year Ended 31 December 2020

<b>609,759</b>	<b>537,718</b>
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2020	2019
£	£
7,917	102,283

	2020 £	2019 £
Trade creditors	36,380	14,383
Other taxation and social security	-	4,082
Accruals and deferred income	13,884	49,694
	<u>50,264</u>	<u>68,159</u>

	2020 £	2019 £
Bank loans	2,850,752	3,029,615

All amounts owed to group undertakings were unsecured loans. Interest on these loans was capitalised to the cost of the hydro facility plant up to the date of commissioning.

	2020 £	2019 £
<b>Amounts falling due after more than 5 years</b>		
Bank loans	2,850,752	3,029,615

# Shenval Hydro Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2020

### 12. Deferred taxation

	2020 £
At beginning of year	8,765
Charged to profit or loss	23,917
<b>At end of year</b>	<b>32,682</b>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(54,856)	(37,397)
Tax losses carried forward	22,174	28,632
	<b>32,682</b>	<b>8,765</b>

### 13. Other provisions

	Restoration provision £
At 1 January 2020	38,493
Charged to profit or loss	297
<b>At 31 December 2020</b>	<b>38,790</b>

#### Restoration

This 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.

### 14. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1	1	1

All ordinary shares are prescribed equal voting and dividends rights.

# Shenval Hydro Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2020

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### 15. 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.

#### **Profit and loss account**

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

### 16. 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.

### 17. Controlling party

The company's immediate parent is GHH Group Holdings Ltd. 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 year ended 31 December 2020 was unqualified.

The audit report was signed on 20 July 2021 by Alastair Rae (senior statutory auditor) on behalf of BDO LLP.