

Coulags Hydro Ltd

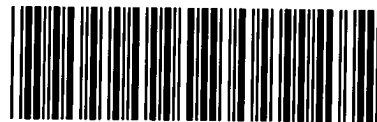
Financial Statements

Year Ended

31 December 2021

Company Number SC489741

THURSDAY



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29/09/2022

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Coulags Hydro Ltd

Company Information

Directors	N Wakefield B Burgess J Sherman
Registered number	SC489741
Registered office	CEF Building Inveralmond Road Inveralmond Industrial Estate Perth PH1 3TW
Independent auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
Banker	National Westminster Bank Plc 1 Princes Street London EC2R 8BP
Solicitor	Shepherd and Wedderburn LLP 1 Exchange Crescent Edinburgh EH3 8UL

Going concern

The company made a loss during the year of £16,825 (2020 - profit of £97,938) and at the balance sheet date had net current assets of £147,966 (2020 - £651,216) and net liabilities of £16,763 (2020 - net assets of £62).

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%. Whilst there are variations in climate that cause fluctuations in income, the directors consider the probability of a sustained fall in income of 30% to be remote. Even in this event, there would be sufficient funds for the company to meet all ~~liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements.~~

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.

Coulags Hydro Ltd
Registered number: SC489741

Balance Sheet
As at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	5		3,659,292		3,839,075
Current assets					
Debtors: amounts falling due within one year	6	149,590		743,532	
Cash at bank and in hand	7	95,795		17,390	
		<u>245,385</u>		<u>760,922</u>	
Current liabilities					
Creditors: amounts falling due within one year	8	(97,419)		(109,706)	
Net current assets			<u>147,966</u>		<u>651,216</u>
Total assets less current liabilities			<u>3,807,258</u>		<u>4,490,291</u>
Creditors: amounts falling due after more than one year	9	(3,691,942)		(4,383,574)	
Provisions for liabilities					
Deferred tax	11	(65,468)		(40,885)	
Other provisions	12	(66,611)		(65,770)	
			<u>(132,079)</u>		<u>(106,655)</u>
Net (liabilities)/assets			<u>(16,763)</u>		<u>62</u>
Capital and reserves					
Called up share capital	13		1		1
Profit and loss account	14		(16,764)		61
Total equity			<u>(16,763)</u>		<u>62</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.

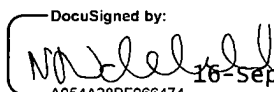
The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

Coulags Hydro Ltd
Registered number: SC489741

Balance Sheet (continued)
As at 31 December 2021

N Wakefield
Director

DocuSigned by:

16-Sep-2022
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The notes on pages 9 to 19 form part of these financial statements.

Coulags Hydro Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Coulags Hydro Ltd 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 Going concern

The company made a loss during the year of £16,825 (2020 - profit of £97,938) and at the balance sheet date had net current assets of £147,966 (2020 - £651,216) and net liabilities of £16,763 (2020 - net assets of £62).

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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.

Coulags Hydro Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.3 Revenue

Revenue comprises revenue recognised by the company in respect of electricity generation during the year. 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 risks and rewards of ownership to the buyer; or
- the company retains neither continuing managerial involvement to the degree associated with ownership nor effective control over the energy sold; or
- the amount of revenue can be measured reliably; or
- it is probable that the company will receive the consideration due under the transaction; or
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 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	- 25 years
Motor vehicles	- 4 years

The land restoration asset is written off over the term of the lease on the land on which the hydro facilities plant has been constructed, being 25 years.

No depreciation is charged on assets under construction.

2.5 Debtors

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

2.6 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.

2.7 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

Coulags Hydro Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.7 Financial instruments (continued)

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.

2.8 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.

2.9 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.

2.10 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.

2.11 Interest income

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

2.12 Restoration cost

The total cost of land restoration is recognised as a provision when the obligation arises. The amount provided represents the directors' estimate 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.

Coulags Hydro Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

2. Accounting policies (continued)

2.13 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.

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

4. Employees

The company has no employees other than the directors (2020 - none), who did not receive any remuneration (2020 - £Nil).

Coulags Hydro Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

5. Tangible fixed assets

	Motor vehicles £	Hydro facilities plant £	Land restoration £	Total £
Cost				
At 1 January 2021	6,299	4,378,853	61,698	4,446,850
At 31 December 2021	6,299	4,378,853	61,698	4,446,850
Depreciation				
At 1 January 2021	2,729	596,100	8,946	607,775
Charge for the year	1,575	175,740	2,468	179,783
At 31 December 2021	4,304	771,840	11,414	787,558
Net book value				
At 31 December 2021	1,995	3,607,013	50,284	3,659,292
At 31 December 2020	3,570	3,782,753	52,752	3,839,075

Included in hydro facilities plant are capitalised finance costs of £180,970 (2020 - £180,970).

6. Debtors: amounts falling due within one year

	2021 £	2020 £
Trade debtors	-	153,209
Unpaid share capital	1	1
Amounts owed by parent undertakings	-	403,232
Other debtors	61,888	61,882
Prepayments and accrued income	87,701	125,208
	149,590	743,532

7. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	95,795	17,390

Coulags Hydro Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

8. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	15,250	15,243
Amounts owed to group undertakings	16,780	47,577
Corporation tax	2	-
Other taxation and social security	16,219	7,957
Accruals and deferred income	49,168	38,929
	<u>97,419</u>	<u>109,706</u>

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

	2021 £	2020 £
Amounts owed to group undertakings	<u>3,691,942</u>	<u>4,383,574</u>

Included in creditors are loans of £3,691,942 (2020 - £4,383,574) which are unsecured.

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:

	2021 £	2020 £
Amounts falling due after more than 5 years		
Amounts owed to group undertakings	<u>3,691,942</u>	<u>4,383,574</u>

Coulags Hydro Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Deferred taxation

	2021 £
At beginning of year	40,885
Charged to profit or loss	24,583
At end of year	65,468

The deferred taxation liability is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	157,283	109,674
Losses and other deductions	(91,815)	(68,789)
	65,468	40,885

12. Other provisions

	Restoration provision £
At 1 January 2021	65,770
Unwinding of discount	841
At 31 December 2021	66,611

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

	2021 £	2020 £
Allotted, called up and unpaid		
1 ordinary share of £1	1	1

All ordinary shares are prescribed equal voting and dividends rights.

Coulags Hydro Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

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.

Profit and loss account

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

15. Financial commitments

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Land		
Not later than 1 year	7,868	7,583
Later than 1 year and not later than 5 years	31,470	30,330
Later than 5 years	122,602	125,760
	<u>161,940</u>	<u>163,673</u>

There are operating leases in connection with the rental of the land. These are represented by an annual base rent of £7,868 which is linked to the retail price index and based on the annual gross revenue of Coulags Hydro Ltd. These leases are due to expire in 2042 with the option to extend the lease.

	2021 £	2020 £
Community benefit		
Not later than 1 year	7,500	7,500
Later than 1 year and not later than 5 years	30,000	30,000
Later than 5 years	116,875	124,397
	<u>154,375</u>	<u>161,897</u>

The agreement expires when the company is no longer the owner of the hydro facility plant.

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.

Coulags Hydro Ltd

Notes to the Financial Statements For the Year Ended 31 December 2021

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 2021 was unqualified.

The audit report was signed on 24 September 2022 by Alastair Rae (Senior Statutory Auditor) on behalf of BDO LLP.