

Goonhilly Limited
Directors' Report and
Financial Statements For The Year Ended 31 December 2022

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Goonhilly Limited (Registered number: 07708636)

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For The Year Ended 31 December 2022**

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Goonhilly Limited

**Company Information
For The Year Ended 31 December 2022**

Directors:	E G Andrew J L Sherman
Registered office:	C/O RES Limited Beaufort Court Egg Farm Lane Kings Langley Hertfordshire WD4 8LR
Registered number:	07708636 (England and Wales)
Bankers:	HSBC 3 Rivergate Temple Quay Bristol BS1 6ER

Goonhilly Limited (Registered number: 07708636)

**Directors' Report
For The Year Ended 31 December 2022**

The directors present their report with the financial statements of the Company for the year ended 31 December 2022.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Further information on the basis of preparation of these financial statements and the going concern assumption can be found in note 2.

Principal activity

The principal activity of the Company in the period under review was the operation of the 12MW wind farm at Goonhilly in Cornwall and this is expected to continue to be the principal activity of the Company.

Dividends

The profit during the year ended 31 December 2022 was £2,309,422 (31 December 2021: £1,376,055 profit).

The directors did not pay any interim dividends in the period (31 December 2021: £nil).

The directors have not recommended payment of a final dividend (31 December 2021: £(nil)).

Directors

The directors who have held office during the period from 1 January 2022 to the date of this report are as follows:

R Kraemer - resigned 22 March 2022

J Jones - resigned 22 March 2022

E G Andrew - appointed 22 March 2022

J L Sherman - appointed 22 March 2022

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

On behalf of the board:

DocuSigned by:

081AA66CFBAE483.....
E G Andrew - Director

Date: 6/26/2023

Goonhilly Limited (Registered number: 07708636)**Statement of Comprehensive Income
For The Year Ended 31 December 2022**

	Notes	2022 £	2021 £
Turnover	3	4,330,178	3,764,500
Cost of sales		(1,360,628)	(1,560,772)
Gross profit		2,969,550	2,203,728
Administrative expenses		(10,518)	(43,475)
Operating profit	5	2,959,032	2,160,253
Interest payable and similar expenses		(96,837)	(230,567)
Profit before taxation		2,862,195	1,929,686
Tax on profit		(552,773)	(553,631)
Profit for the financial year		2,309,422	1,376,055
Other comprehensive income		-	-
Total comprehensive income for the year		2,309,422	1,376,055

The notes on pages 7 to 17 form part of these financial statements

Goonhilly Limited (Registered number: 07708636)**Balance Sheet
31 December 2022**

	Notes	2022 £	2021 £
Fixed assets			
Tangible fixed assets	6	5,898,977	6,626,470
Current assets			
Debtors	7	2,334,803	1,235,385
Cash at bank		233,865	187,152
		<u>2,568,668</u>	<u>1,422,537</u>
Creditors			
Amounts falling due within one year	8	(1,564,305)	(3,435,670)
Net current assets/(liabilities)		<u>1,004,363</u>	<u>(2,013,133)</u>
Total assets less current liabilities		6,903,340	4,613,337
Provisions for liabilities	10	(949,820)	(969,239)
Net assets		<u>5,953,520</u>	<u>3,644,098</u>
Capital and reserves			
Called up share capital		1,000	1,000
Retained earnings		5,952,520	3,643,098
		<u>5,953,520</u>	<u>3,644,098</u>

The Company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2022.

The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Company.

The notes on pages 7 to 17 form part of these financial statements

Goonhilly Limited (Registered number: 07708636)

Balance Sheet - continued
31 December 2022

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 and authorised for issue on 6/26/2023..... and were signed on its behalf by:

DocuSigned by:

.....081AA65CFB4E483.....
E G Andrew - Director

The notes on pages 7 to 17 form part of these financial statements

Goonhilly Limited (Registered number: 07708636)

**Statement of Changes in Equity
For The Year Ended 31 December 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	1,000	2,267,043	2,268,043
Changes in equity			
Total comprehensive income	-	1,376,055	1,376,055
Balance at 31 December 2021	1,000	3,643,098	3,644,098
Changes in equity			
Total comprehensive income	-	2,309,422	2,309,422
Balance at 31 December 2022	1,000	5,952,520	5,953,520

The notes on pages 7 to 17 form part of these financial statements

Goonhilly Limited (Registered number: 07708636)

**Notes to the Financial Statements
For The Year Ended 31 December 2022**

1. General information

Goonhilly 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

The financial statements have been prepared in accordance with the applicable United Kingdom accounting standards, including Financial Reporting Standard 102 section 1 A small entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The particular accounting policies adopted are described below and have been applied consistently throughout the current and prior financial period.

Section 1 A for small companies has been applied on the basis that the entity meets the criteria set out within the Companies Act. The directors believe the entity is part of an eligible group on the basis that the ultimate controlling party is not listed on any market.

The Company has taken advantage of the exemptions available to small entities under section 1A in relation to presentation of a cash flow statement and disclosures of net finance charge, current taxation, financial instruments, share capital and reserves.

The Company is consolidated in the financial statements of its indirect parent company, Equitix Knight Finco Limited, registered in England and Wales and the financial statements are available from the registered office at C/O RES Limited, Beaufort Court, Egg Farm Lane, Kings Langley, Hertfordshire, England, WD4 8LR.

The financial statements are prepared under the historical cost convention, except for the modification to a fair value basis for certain assets and liabilities.

Goonhilly Limited (Registered number: 07708636)

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2022**

Going concern

The financial statements have been prepared on the basis the Company is a going concern, which the directors consider appropriate.

The directors have separately reviewed integrated forecasts for the Company, for the foreseeable future being at least 12 months from the date of approval of the annual report, which indicate that the Company will be able to meet its cash flow demands and liabilities as they fall due from cash flows from operations and existing working capital. In arriving at their conclusion, the directors have assessed the impact of the potential risk of the recent energy market disruption that has led to very high energy prices as a result of geo-political uncertainty and gas shortages stemming from Russia's invasion of Ukraine. It was noted that whilst any power price variability is not welcomed, although favourably in this instance, the uncertainty it brings is balanced out by the Company's other main source of revenue, the revenues associated with the buyout revenues on renewables Obligation Certificates (ROCs), which has fixed prices per MWh and therefore adds a degree of certainty to a portion of future revenues which heavily contributes to the going concern assumption.

The directors will continue to closely monitor the situation and to take appropriate action if deemed necessary. The directors have written confirmation that Equitix Knight Finco Limited will continue to financially support the Company during the 12 months following the date the financial statements are signed.

Goonhilly Limited (Registered number: 07708636)

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2022**

2. Accounting policies - continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Deferred taxation

Deferred tax assets are only recognised when management deem that it is highly probable that there will be sufficient taxable profits in future periods which can utilise the deferred tax asset.

Operating lease commitments

The classification of leases as operating or finance leases requires the Company to determine, based on evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires recognition on the balance sheet.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows

Decommissioning provision

Liabilities for decommissioning costs are recognised when the Company has an obligation to decommission and restore the land, with which the project has been built upon, to its original state. The obligation is assessed annually for changes in estimated costs which are then discounted to their net present value. If the net present value is deemed to be immaterial then no provision is recognised.

Goonhilly Limited (Registered number: 07708636)

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2022**

2. Accounting policies - continued

Turnover

Turnover represents the value of power generated during the year, excluding value added tax, in the UK.

Turnover recognition

Turnover is recognised when the significant risks and rewards are considered to have transferred to the buyer and is recorded at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before turnover is recognised:

a) Generation and embedded benefits turnover

Turnover from the sale of electricity represents the invoice value, pre sales tax, of electricity provided to third parties and is recognised when electricity is generated. Embedded benefits are paid to generating plant located on the distribution network to reflect the lower cost of transporting electricity to the end user and are recorded at the invoice value.

b) TRIADS turnover

Turnover from the sale of TRIADS (bonus for generating at peak demand times during the winter months) represents the invoice value, before sales tax, of TRIADS provided to third parties and is recognised when eligible electricity is generated.

c) ROCs turnover

Renewable Obligation Certificates (ROCs) are issued to qualifying renewable generators under the terms of the generating station's OFGEM Renewable Obligation registration. These certificates may be traded separately from the electricity to which they relate. The ROCs are recorded as accrued income at fair value and recognised in turnover when the electricity to which they relate is generated. Any impairment of ROCs due to reduction in the market price is recorded in profit and loss.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at the following annual rates in order to write off each asset over its estimated useful life.

Wind farm plant & machinery - Straight line over 20 years

Plant and machinery is stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met, but excludes the costs of day-to-day servicing which is expensed as incurred.

Goonhilly Limited (Registered number: 07708636)

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2022**

2. Accounting policies - continued

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

Goonhilly Limited (Registered number: 07708636)

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2022**

**2. Accounting policies - continued
Financial instruments - continued**

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

Goonhilly Limited (Registered number: 07708636)

Notes to the Financial Statements - continued
For The Year Ended 31 December 2022

2. Accounting policies - continued

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

Current tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the Income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if the Company has a legally enforceable right to set off current tax assets against current tax liabilities.

Goonhilly Limited (Registered number: 07708636)

**Notes to the Financial Statements - continued
For The Year Ended 31 December 2022**

2. Accounting policies - continued

Cash

Cash at bank and in hand on the balance sheet comprise cash in hand and deposits held at call with banks.

Accrued income

Accrued income represents accruals for electricity generation and ROC income not yet billed.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the year in which the dividends are approved by the Company's shareholders.

Decommissioning provision

Liabilities for decommissioning costs are recognised when the Company has an obligation to decommission and restore the land, with which the project has been built upon, to its original state. The obligation is assessed annually for changes in estimated costs which are then discounted to their net present value. If the net present value is deemed to be immaterial then no provision is recognised.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated plant and machinery and depreciated accordingly. Changes in these estimates and changes to the discount rates are dealt with prospectively and reflected as an adjustment to the provision with a corresponding decommissioning asset included within plant and machinery. Unwinding of the discount on the provision is included in the income statement within interest expense.

Operating leases

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Company.

4. Employees and directors

There were no staff costs for the year ended 31 December 2022 nor for the year ended 31 December 2021.

The average number of employees during the year was NIL (2021 - NIL).

Services are provided to the Company through a third party asset management agreement.

No Directors received any remuneration from the Company during the period (31 December 2021: Nil).

Goonhilly Limited (Registered number: 07708636)**Notes to the Financial Statements - continued
For The Year Ended 31 December 2022****5. Operating profit**

The operating profit is stated after charging:

	2022 £	2021 £
Other operating leases	198,474	191,374
Depreciation - owned assets	<u>727,493</u>	<u>727,489</u>

6. Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2022 and 31 December 2022	<u>13,856,715</u>
Depreciation	
At 1 January 2022	7,230,245
Charge for year	<u>727,493</u>
At 31 December 2022	<u>7,957,738</u>
Net book value	
At 31 December 2022	<u>5,898,977</u>
At 31 December 2021	<u>6,626,470</u>

7. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	248,474	-
Corporation Tax	1,011,799	171,404
VAT	14,593	14,054
Accrued income	933,718	930,770
Prepayments	126,219	119,157
	<u>2,334,803</u>	<u>1,235,385</u>

8. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	40,176	29,380
Amounts owed to group undertakings	1,399,858	3,284,262
Accruals and deferred income	124,271	122,028
	<u>1,564,305</u>	<u>3,435,670</u>

Goonhilly Limited (Registered number: 07708636)**Notes to the Financial Statements - continued
For The Year Ended 31 December 2022****8. Creditors: amounts falling due within one year - continued**

All loans are repayable on demand. Amounts owed to the Company by its subsidiaries are broken down in the table below. The interest bearing loans accrue interest at 6.3% per annum, the charge for the year amounted to £92,166 (31 December 2021: £362,266)

		2022	2021
Group Company	Nature	£	£
Knight Renewable UK Limited	Group relief	45,015	39,707
Ramsey II Limited	Group relief	140,794	140,794
St Breock Limited	Group relief	33,600	33,600
Equitix Knight Finco Limited	Group relief	363,597	358,836
Tranche 5 Limited	Group relief	105,169	105,169
Tranche 5 Limited	Interest bearing loan (IBL)	338,023	2,263,107
Tranche 5 Limited	Interest free loan (IFL)	-	161,576
Equitix Capital Eurobond 5 Limited	Group Relief	320,386	-
Equitix (ABCD) Limited	Group Relief	53,274	-
		<u>1,399,858</u>	<u>3,284,262</u>

9. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	164,130	146,165
Between one and five years	656,519	584,659
In more than five years	1,641,298	1,607,812
	<u>2,461,947</u>	<u>2,338,636</u>

10. Provisions for liabilities

	2022	2021
	£	£
Deferred tax		
Accelerated capital allowances	688,458	712,296
Decommissioning provision	261,362	256,943
	<u>949,820</u>	<u>969,239</u>

Goonhilly Limited (Registered number: 07708636)**Notes to the Financial Statements - continued
For The Year Ended 31 December 2022****10. Provisions for liabilities - continued**

	Deferred tax £	Decommissi oning provision £
Balance at 1 January 2022	712,296	256,943
Unwinding of discounted amount	-	4,419
Credit to Income Statement during year	(23,838)	-
Balance at 31 December 2022	<u>688,458</u>	<u>261,362</u>

11. Off-balance sheet arrangements

The Company enters into operating lease arrangements for the land on which the wind farm is located. The Company lease rental expense is disclosed in note 5 and the operating lease commitments under these arrangements are disclosed in note 9. There are no other material off balance-sheet arrangements.

12. Related party disclosures

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

13. Ultimate controlling party

The Company is a wholly owned subsidiary of Tranche 5 Limited, a company registered in England and Wales which has taken an exemption from preparing consolidated financial statements. The smallest and largest member of the Group which prepares consolidated financial statements is Equitix Knight Finco Limited and the financial statements are available from the registered office given on page 1.

The ultimate parent undertaking and controlling party is Equitix Fund V LP which is a limited partnership and does not prepare consolidated financial statements.