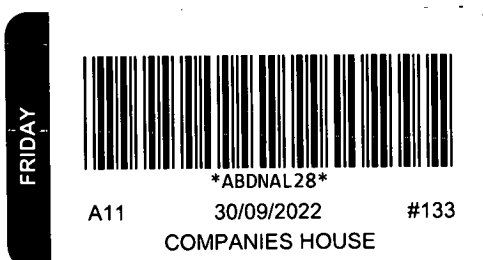


REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
ISLAY SM LIMITED



ISLAY SM LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Page
Company Information	1
Report of the Directors	2
Income Statement	3
Balance Sheet	4
Notes to the Financial Statements	6

ISLAY SM LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors: Pinecroft Corporate Services Limited
Mrs A Rajdev

Registered office: C/O Foresight Group
The Shard
32 London Bridge Street
London
SE1 9SG

Registered number: 10074602 (England and Wales)

ISLAY SM LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

Principal activity

The Company owns a subsidiary, Islay Spain Solar S.L., which plans owns a solar power plant in Spain named Torrijos Norte. This solar power plant became operational in January 2020 and has been earning revenues from electricity production since then.

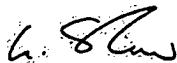
DIRECTORS

The directors during the year under review were:

Pinecroft Corporate Services Limited
Mrs A Rajdev

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:



.....
Pinecroft Corporate Services Limited - Director

Date: 28 September 2022
.....

ISLAY SM LIMITED**INCOME STATEMENT**
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 £
Turnover		-	-
Administrative expenses		(111,906)	(112,571)
		(111,906)	(112,571)
Realised foreign exchange (loss)/gain		(35,745)	10,518
Operating loss	4	(147,651)	(102,053)
Interest receivable and similar income		229,096	237,980
		81,445	135,927
Unrealised gain/(loss) on revaluation of investments		372,631	(155,976)
		454,076	(20,049)
Interest payable and similar expenses		(79,794)	(70,061)
Profit/(loss) before taxation		374,282	(90,110)
Tax on profit/(loss)		-	-
Profit/(loss) for the financial year		374,282	(90,110)

The notes form part of these financial statements

ISLAY SM LIMITED (REGISTERED NUMBER: 10074602)

BALANCE SHEET
31 DECEMBER 2021

	Notes	31.12.21 £	31.12.20 £
Fixed assets			
Tangible assets	5	3,150	3,150
Investments	6	<u>4,442,344</u>	<u>4,070,284</u>
		<u>4,445,494</u>	<u>4,073,434</u>
 Current assets			
Debtors	7	505,159	312,480
Cash at bank		<u>248,518</u>	<u>252,863</u>
		753,677	565,343
Creditors			
Amounts falling due within one year	8	<u>(342,137)</u>	<u>(226,818)</u>
Net current assets		<u>411,540</u>	<u>338,525</u>
Total assets less current liabilities		4,857,034	4,411,959
 Creditors			
Amounts falling due after more than one year	9	<u>(1,082,124)</u>	<u>(1,011,331)</u>
Net assets		<u>3,774,910</u>	<u>3,400,628</u>
 Capital and reserves			
Called up share capital	10	42,764	42,764
Share premium	11	4,209,188	4,209,188
Retained earnings	11	<u>(477,042)</u>	<u>(851,324)</u>
Shareholders' funds		<u>3,774,910</u>	<u>3,400,628</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and;
- 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.

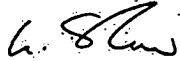
The notes form part of these financial statements

ISLAY SM LIMITED (REGISTERED NUMBER: 10074602)

BALANCE SHEET - continued
31 DECEMBER 2021

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^{28 September 2022}..... and were signed on its behalf by:



.....
Pinecroft Corporate Services Limited - Director

The notes form part of these financial statements

ISLAY SM LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2021**

1. Statutory information

Islay SM 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 as modified by the revaluation of certain assets.

Tangible fixed assets

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

Investments in subsidiaries

During the current accounting period, the tangible fixed assets were fully operational and therefore have been valued using a discounted cash flow model adjusted for free cash. The valuation methodology includes applying blended AFRY/Baringa power price forecasts for the assets which provide a bespoke asset level forecast of the revenue stack. We then model this revenue stack against expected operational and financing costs to derive the free cash flow available to equity which is then discounted to the present value. Free working capital is then added to give the final valuation.

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.

Going concern

The Company was in a net current asset position as at 31 December 2021 of £411,540 (31 December 2020: £338,525). As such, the Directors expect the Company to be able to continue operations for at least 12 months from the date of signing of these unaudited financial statements.

3. Employees and directors

The average number of employees during the year was NIL (2020 - NIL).

ISLAY SM LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021****4. Operating loss**

The operating loss is stated after charging:

31.12.21	31.12.20
£	£
Director fees	
<u>5,000</u>	<u>5,000</u>

5. Tangible fixed assets

Plant and
machinery
etc
£

Cost

At 1 January 2021
and 31 December 2021

3,150

Net book value

At 31 December 2021

3,150

At 31 December 2020

3,150

6. Fixed asset investments

31.12.21	31.12.20
£	£
Shares in group undertakings	2,643
Loans to group undertakings	4,067,641
<u>4,383,258</u>	<u>4,067,641</u>
<u>4,442,344</u>	<u>4,070,284</u>

Additional information is as follows:

Shares in
group
undertakings
£

Cost or valuation

At 1 January 2021
Revaluations

2,643
56,443

At 31 December 2021

59,086

Net book value

At 31 December 2021

59,086

At 31 December 2020

2,643

ISLAY SM LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

6. Fixed asset investments - continued

Cost or valuation at 31 December 2021 is represented by:

	Equity investments
	£
Valuation in 2020	2,643
Valuation in 2021	<u>56,443</u>
	<u>59,086</u>

The fixed asset investment balance reported, of £59,086, differs from the actual equity investment made down to the Company's subsidiary (£2,643), due to the discounted cashflow valuation (DCF valuation) approach used, the Company's has decided to implement an unrealised revaluation adjustment to recognize the valuation uplift.

	Loans to subsidiaries
	£
At 1 January 2021	4,067,641
Other movement	<u>315,617</u>
At 31 December 2021	<u>4,383,258</u>

Due to the aforementioned DCF valuation approach and the Company's decision to reflect this through necessary revaluation adjustments, the loan amount reported has been restored to its net book value. This balance in the amount of £4,383,258 is equivalent to the shareholder loan drawn by the Company's subsidiary (31 December 2020: £4,383,258)

7. Debtors: amounts falling due within one year

	31.12.21	31.12.20
	£	£
Interest Receivable	<u>505,159</u>	<u>312,480</u>

8. Creditors: amounts falling due within one year

	31.12.21	31.12.20
	£	£
Trade creditors	186,354	80,715
Interest Payable	17,983	9,553
Accruals	1,250	-
Loan from Third Party	<u>136,550</u>	<u>136,550</u>
	<u>342,137</u>	<u>226,818</u>

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

	31.12.21	31.12.20
	£	£
Other creditors	<u>1,082,124</u>	<u>1,011,331</u>

ISLAY SM LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021****10. Called up share capital****Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	31.12.21 £	31.12.20 £
4,276,277	Ordinary shares	0.01	<u>42,764</u>	<u>42,764</u>

The share capital and share premium was raised via retail investment and no individual investor owns more than 10% of the share capital.

11. Reserves

	Retained earnings £	Share premium £	Totals £
At 1 January 2021	(851,324)	4,209,188	3,357,864
Profit for the year	<u>374,282</u>		<u>374,282</u>
At 31 December 2021	<u>(477,042)</u>	<u>4,209,188</u>	<u>3,732,146</u>

12. Related party disclosures

As at 31 December 2021, the Company had shareholder loans to its subsidiary, Islay Spain Solar S.L, in the amount of €4,041,868 (31 December 2020: €4,041,868). These loans currently bear interest at a rate of 6.5% per annum. At the end of 2021, there was £505,159 of interest outstanding (31 December 2020: 312,480), accrued from the aforementioned shareholder loan. As at 31 December 2021, the Company also had sent cash contributions to its subsidiary, Islay Spain Solar S.L, in the amount of €913,132 (31 December 2020: €913,132), bearing interest at 0%.

During November 2019, the Company received a loan from Blackmead Infrastructure Limited in the amount of £945,000. Upon the second anniversary of the loan, all outstanding interest was compounded, resulting in a principal balance of £1,082,124 as at 31 December 2021 (31 December 2020: £1,011,331). This loan currently bears interest at a rate of 7% per annum and as at 31 December 2021 has accrued £7,265 (31 December 2020: £6,343), all of which remains outstanding at the end of the period.

The Company received another loan from Blackmead Infrastructure Limited in the amount £136,550 in July 2020. This loan currently bears interest at a rate of 5.5% per annum and as at 31 December 2021, the loan had accrued £10,718 (31 December 2020: £3,210), all of which was outstanding at year end.

Foresight Group LLP is considered to be a related party by virtue of the fact that the directors of Foresight Group LLP, Gary Fraser and David Hughes, are also directors of Pinecroft Corporate Services Limited, which is in turn a director of the Company. Foresight Group LLP invoiced the Company £106,889 during the course of the year, of which £186,354 (31 December 2020: £79,465) was outstanding at the year end.