

Harelaw Holdings Limited

Directors' Report and Financial Statements

Year Ended

31 December 2019

Company Number 10132410



Harelaw Holdings Limited

Company Information

Directors	Alan Baker Jonathan Poley
Registered number	10132410
Registered office	1st Floor, 17 Slingsby Place London WC2E 9AB
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

Harelaw Holdings Limited

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Harelaw Holdings Limited

Directors' Report For the Year Ended 31 December 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company during the year is an intermediate holding company.

Harelaw Holdings Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The Company is dependent upon an interest-bearing loan from its parent, and ultimately related party lending from Forsa Energy Limited, until revenues from primary business activities are sufficient to satisfy its obligations and fully finance its business activities and development programs. The Company believes that it has the necessary capital resources at the balance sheet date to continue as a going concern when taking into account the ability to obtain additional financing to continue to fund future business activities until the Company can fund this through internally generated cash flow.

The Directors confirm that they have complied with the requirements of Companies Act 2006. Based on the assessment they have made of the Group's financial situation, they have concluded they have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the accounts.

The Directors have considered the impact which the current economic downturn, triggered by Covid-19, could have on the ability of the Company to continue as a going concern. The consolidated Group for which the Company is part of has been able to ensure the integrity of the operational projects is maintained and development of the portfolio is continued with minimal disruption. In the directors' view, power generation will remain essential to the UK's infrastructure. A letter of support has been provided by the parent company which confirms any loans due on demand will not be recalled unless the company is able to pay

Even during a stress test, the Company would have sufficient cash available through the related party lending to continue as a going concern and pay all its commitments as they fall due for 12 months from signing these financial statements.

As such, the Directors have adopted the going concern basis in preparing the Annual Report and financial statements.

Results and dividends

The loss for the year, after taxation, amounted to £19,116 (2018 - loss £180,268).

Harelaw Holdings Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Directors

The Directors who served during the year, and up to the date of signing were:

Alan Baker (appointed 8 August 2019)
Timothy James Senior (resigned 16 August 2019)
Jonathan Poley

Qualifying third party indemnity provisions

The Company has arranged qualifying third party indemnity for all of its directors.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

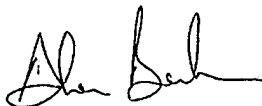
Auditors

BDO LLP were appointed as auditors in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Alan Baker
Director

Date: 14.08.2020

Harelaw Holdings Limited

Independent Auditor's report to Harelaw Holdings Limited

Opinion

We have audited the financial statements of Harelaw Holdings Limited (the 'Company') for the year ended 31 December 2019 which comprise of the Income Statement and Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Harelaw Holdings Limited

Independent Auditor's report to Harelaw Holdings Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Harelaw Holdings Limited

Independent Auditor's report to Harelaw Holdings Limited (continued)

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Marc Reinecke (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

55 Baker Street
London
W1U 7EU
Date: 14.8.20

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Harelaw Holdings Limited

Income Statement and Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Administrative expenses		(9,360)	(6,527)
Other operating charges		-	(142,874)
Operating loss		(9,360)	(149,401)
Interest receivable and similar income	5	43,105	4,209
Interest payable and expenses	6	(52,861)	(35,076)
Loss before tax		(19,116)	(180,268)
Loss for the financial year		(19,116)	(180,268)

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 10 to 18 form part of these financial statements.

Harelaw Holdings Limited

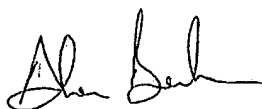
Registered number: 10132410

Statement of Financial Position As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investments		2	2
		<u>2</u>	<u>2</u>
Current assets			
Debtors: amounts falling due within one year	10	1,028,708	111,425
Cash at bank and in hand		1,943	284,227
		<u>1,030,651</u>	<u>395,652</u>
Creditors: amounts falling due within one year	11	(1,230,085)	(575,970)
Net current liabilities		<u>(199,434)</u>	<u>(180,318)</u>
Total assets less current liabilities		<u>(199,432)</u>	<u>(180,316)</u>
Net liabilities		<u>(199,432)</u>	<u>(180,316)</u>
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account		(199,433)	(180,317)
		<u>(199,432)</u>	<u>(180,316)</u>

The Company's financial statements have been prepared in accordance with the 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 by:



Alan Baker
Director

Date: 14.08.2020

The notes on pages 10 to 18 form part of these financial statements.

Harelaw Holdings Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2017	1	(49)	(48)
Comprehensive income for the period			
Loss for the period	-	(180,268)	(180,268)
At 1 January 2019	1	(180,317)	(180,316)
Comprehensive income for the year			
Loss for the year	-	(19,116)	(19,116)
At 31 December 2019	1	(199,433)	(199,432)

The notes on pages 10 to 18 form part of these financial statements.

Harelaw Holdings Limited

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

1. Accounting policies

1.1 Basis of preparation of financial statements

The Company financial statements are prepared for Harelaw Holdings Limited for the year ended 31 December 2019. The financial statements are presented in Pound Sterling, the presentation and functional currency of the Company with figures rounded to the nearest pound. The Company is limited by shares and is incorporated in the United Kingdom.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. There are no material departures from these standards.

The Company has taken advantage of the exemption available under Section 400 of the Companies Act 2006 from preparing group financial statements on the basis that the Company and its subsidiary undertakings are included within the consolidated financial statements of Forsa Energy 2 Holdings Limited.

1.2 Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The Company is dependent upon an interest-bearing loan from its parent, and ultimately related party lending from Forsa Energy Limited, until revenues from primary business activities are sufficient to satisfy its obligations and fully finance its business activities and development programs. The Company believes that it has the necessary capital resources at the balance sheet date to continue as a going concern when taking into account the ability to obtain additional financing to continue to fund future business activities until the Company can fund this through internally generated cash flow.

The Directors confirm that they have complied with the requirements of Companies Act 2006. Based on the assessment they have made of the Group's financial situation, they have concluded they have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the accounts.

The Directors have considered the impact which the current economic downturn, triggered by Covid-19, could have on the ability of the Company to continue as a going concern. The consolidated Group for which the Company is part of has been able to ensure the integrity of the operational projects is maintained and development of the portfolio is continued with minimal disruption. In the directors' view, power generation will remain essential to the UK's infrastructure. A letter of support has been provided by the parent company which confirms any loans due on demand will not be recalled unless the company is able to pay.

Even during a stress test, the Company would have sufficient cash available through the related party lending to continue as a going concern and pay all its commitments as they fall due for 12 months from signing these financial statements.

As such, the Directors have adopted the going concern basis in preparing the Annual Report and financial statements.

Harelaw Holdings Limited

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

1. Accounting policies (continued)

1.3 Exemptions under FRS102

In preparing the separate financial statements of the Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the Company; and,
- Transactions with group undertakings where 100% of the voting rights are controlled within the group.

Refer to Note 16 for more information on where to obtain a copy of the Group accounts.

1.4 Interest income

Interest income relates to loans from other group entities and is recognised in the income statement as it accrues.

1.5 Interest payable

Interest income and expenditure relates to cash at bank and loans from other group entities. Interest costs in relation to loans from other group entities are recognised in the income statement as they accrue.

1.6 Loans

Loans with other group entities are considered "basic" financial instruments as defined under FRS 102 par 11.5 and 11.8 and are recognised at amortised cost.

1.7 Valuation of investments

Fixed asset investments in subsidiaries and joint ventures are held at cost. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Harelaw Holdings Limited

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

1. Accounting policies (continued)

1.8 Projects in development

Costs which are directly attributable to the development of potential gas peaking power plant sites, and which have a reasonable expectation of obtaining the consents required for constructing a gas peaking power plant, and to the extent that those costs do not exceed expected recoverable amounts, are treated as work in progress and not expensed. The main aspects to address during the initial development stage of a gas peaking power plant are planning consent and early grid and gas connection analyses (including feasibility and applications). Once a site has achieved planning consent, the preconstruction stage begins and consists of the selection of appropriate gas engines, the completion of designs for the layout of the site (both civil and electrical), the grid and gas connections. All contracts required for the supply of electricity are also completed. At the same time, negotiations take place with lenders to arrange financing of the gas peaking power plant.

By the end of these phases, the gas peaking power plant will reach financial close and construction can begin, with the assets then classified as assets in construction.

Development costs are capitalised using management's assessment of the likelihood of a successful outcome from each project. Should the gas peaking power plant not reach financial close any capitalised development costs would be expensed.

1.9 Current and deferred taxation

Tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income or 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.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for in respect of all timing differences that have originated but not reversed by balance sheet date.

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. Current and deferred tax balances are not discounted.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the difference 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.

1.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Harelaw Holdings Limited

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

1. Accounting policies (continued)

1.11 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.

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

In preparing these financial statements, the Directors have made the following judgements:

There are not considered to be any indicators of impairment of the Company's tangible assets, including investments. Factors taken into consideration in reaching such a decision include economic viability and expected future financial performance of the asset.

Going concern – refer to note 1.2.

3. Employees

The Company had no employees during the year. No remuneration or pension was paid to the Directors for their services to the Company during the year. The Directors of the Company receive remuneration from a separate limited Company.

4. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	2,530	2,100

5. Interest receivable

	2019 £	2018 £
Other interest receivable	-	1,712
Loan to group undertakings	43,105	2,497
	43,105	4,209

Harelaw Holdings Limited

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

6. Interest payable and similar expenses

	2019 £	2018 £
Loans from group undertakings	<u>52,861</u>	<u>35,076</u>

7. Taxation

No liability on UK corporation tax arose on ordinary activities for the year ended 31 December 2019, nor for the period ended 31 December 2018.

Factors affecting tax charge for the year/period

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(19,116)</u>	<u>(180,268)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<u>(3,632)</u>	<u>(34,251)</u>
Effects of:		
Deferred tax not recognised	<u>3,632</u>	<u>34,251</u>
Total tax charge for the year/period	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

As at the year end, the enacted corporation tax rate to apply from 1 April 2020 was 17%, so that rate has been applied to the unrecognised deferred tax asset of £9,607. On 17 March 2020, the change to 17% was reversed, such that the 19% was substantively enacted to continue to apply from 1 April 2020.

Deferred tax

The Company has an unrecognised deferred tax asset of £9,607 in respect of tax losses carried forward. This asset has not been recognised as there is insufficient certainty as to its recoverability against future trading profits."

Harelaw Holdings Limited

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

8. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	2
At 31 December 2019	<u>2</u>
Net book value	
At 31 December 2019	<u>2</u>
At 31 December 2018	<u>2</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Class of shares	Holding
Harelaw Generations Limited	Ordinary	100%

9. Projects in development

	2019 £	2018 £
Opening balance	-	205,273
(Disposal)/additions during the period	-	(205,273)
	<u>-</u>	<u>-</u>

Harelaw Holdings Limited

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

10. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	1,028,471	103,296
Other debtors	237	8,129
	<u>1,028,708</u>	<u>111,425</u>

Amounts owed by group undertakings of £1,028,471 (2018: £103,296) relates to a 9% interest-bearing loan that is unsecured and repayable on demand.

11. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	1,424	-
Amounts owed to group undertakings	1,222,879	570,653
Other creditors	2	2
Accruals and deferred income	5,780	5,315
	<u>1,230,085</u>	<u>575,970</u>

Amounts owed to group undertakings of £1,222,879 (2018: £570,653) relates to a 9% interest-bearing loan that is unsecured and repayable on demand.

Harelaw Holdings Limited

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

12. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,943	284,227
Financial assets that are debt instruments measured at amortised cost	1,028,471	111,205
	<u>1,030,414</u>	<u>395,432</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(1,230,085)	(575,970)

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise amounts due from group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

13. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1 Ordinary share of £1.00	<u>1</u>	<u>1</u>

14. Related party transactions

The Company has taken exemption under FRS 102 section 33.1A from disclosing transactions with group companies, on the grounds that each company party to the transactions is wholly owned within the group.

15. Subsequent events

The impact of Covid-19 is regarded as a non-adjusting event under section 32 of FRS 102 and it does not have any impact on the valuation of the Company's assets and liabilities at the year end or post year end.

Harelaw Holdings Limited

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

16. Controlling party

The Company's immediate parent undertaking is Forsa Energy Gas Acquisitions Holdco 2 Limited. The largest and smallest group of which the Company is a member for which group financial statements are prepared is Forsa Energy 2 Holdings Limited. Copies of the financial statements of Forsa Energy 2 Holdings Limited can be obtained from the Company's registered office First Floor, 17 Slingsby Place, London, WC2E 9AB.

The Company's ultimate parent undertaking and controlling party at the balance sheet date was R/C Europe Wind IP, LP a limited partnership established in the Cayman Islands.