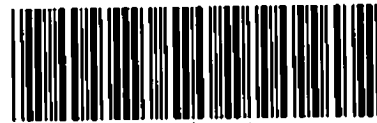


Company Registration Number: NI611766

Errigal Energy Limited
Directors' Report and Unaudited Financial Statements
for the financial period ended 30 June 2021

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Errigal Energy Limited

CONTENTS

	Page
Directors and Other Information	3
Directors' Report	4 - 5
Statement of Directors' Responsibilities	6
Income Statement	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 13
Supplementary Information on Trading Statement	15 - 16

Errigal Energy Limited

DIRECTORS AND OTHER INFORMATION

Directors

Ian Greer (Resigned 29 July 2021)
Barry Corcoran (Resigned 29 July 2021)
Thomas Costello (Resigned 3 June 2020)
Neil Anthony Wood (Appointed 29 July 2021)
Luke James Brandon Roberts (Appointed 29 July 2021)

Company Registration Number

NI611766

Registered Office and Business Address

The Soloist
1 Lanyon Place
Belfast
Antrim
BT1 3LP
Northern Ireland

Bankers

Bank of Ireland UK
Townhall Street
Enniskillen
Co. Fermanagh
BT74 7RD

Errigal Energy Limited

DIRECTORS' REPORT

for the financial period ended 30 June 2021

The directors present their report and the unaudited financial statements for the financial period ended 30 June 2021.

Principal Activity

The principal activity of the company is the operation, management and maintenance of the turbine and the trading of electricity.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the company are detailed below. Other risks may arise which the board is not aware of or which it has deemed to be immaterial.

Funding risk

The company is dependent upon its parent company for funding. The parent company in turn is dependent upon the ability to secure adequate and appropriate sources of finance at an appropriate cost to finance acquisition and construction of projects into the future. This risk is managed through the employment of a finance team with significant experience which proactively manages funding activities.

Currency risk

The company's reporting currency is Sterling. However, the reporting currency of its parent company is Euro and many of the transactions which the company is involved in are carried out in Euro. As a result, it is subject to foreign currency exchange risk arising from exchange rate movements. The policy in the group is to manage this actively through holding bank accounts denominated in both currencies. It is also recognised that electricity sales will be made in Sterling which also acts as a hedge against Euro transactions.

Investment risk

The company ensures that comprehensive due diligence is carried out on a potential investment which is led by appropriate persons within the group and which is supplemented by hiring the required external expertise during the planning and scoping of an investment right through to operations when construction is completed and commissioned. This is overseen by carrying out risk reviews as the process progresses.

Commodity risk

The company along with the group is exposed to commodity price risk as the price of electricity is integral to valuing a wind farm. This risk is addressed at a group level through the negotiation and signing of long term Power Purchase Agreements with electricity supply companies to fix a price for a given term prior to the finalisation of project. The group also takes account of other commodity price risks including oil and steel which can impact on its business.

Regulatory and legislative risk

The company operates in a jurisdiction where wind farms benefit from government support. The business may be adversely impacted by changes in government policy or regulations or by changes in tax law. This risk is managed through regular review of the environment and timely response to issues which may arise. Potential impacts arising from taxation are managed through hiring the relevant external expertise.

Technology risk

The performance of the company's wind turbine is impacted by choice, deployment and development of the technology available. The company must maintain and avoid interruption of its turbine and technology systems and protect data. A detailed and rigorous selection process is employed which helps to mitigate against this risk.

Weather

The performance of the company's wind turbine is impacted by weather conditions and the wind level available in the area in which it is constructed. The company assesses potential wind levels using the appropriate external expertise and ensures that detailed reports are available at the stage of making investment decisions. These wind levels are assessed for the lifetime of the project to ensure the commercial viability of the investment being considered.

Results and Dividends

The loss for the financial period after providing for depreciation and taxation amounted to £(1,270,341) (Dec 19 - £(365,258)).

Errigal Energy Limited DIRECTORS' REPORT

for the financial period ended 30 June 2021

Directors

The directors who served during the financial period are as follows:

Ian Greer (Resigned 29 July 2021)
Barry Corcoran (Resigned 29 July 2021)
Thomas Costello (Resigned 3 June 2020)
Neil Anthony Wood (Appointed 29 July 2021)
Luke James Brandon Roberts (Appointed 29 July 2021)

There were no changes in shareholdings between 30 June 2021 and the date of signing the financial statements.

Political Contributions

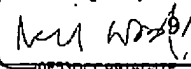
The company did not make any disclosable political donations in the current financial period.

Special provisions relating to small companies

The above report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

DocuSigned by:

 8/1/2022

Neil Anthony Wood

Director

24 August 2022

Errigal Energy Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES AND DECLARATION ON UNAUDITED FINANCIAL STATEMENTS

for the financial period ended 30 June 2021

General responsibilities

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A (Small Entities). 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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.

Directors' declaration on unaudited financial statements

In relation to the financial statements which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and notes:

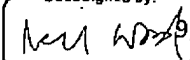
The directors approve these financial statements and confirm that they are responsible for them, including selecting the appropriate accounting policies, applying them consistently and making, on a reasonable and prudent basis, the judgements underlying them. They have been prepared on the going concern basis on the grounds that the company will continue in business.

The directors confirm that they have made available to , all the company's accounting records and provided all the information, books and documents necessary for the compilation of the financial statements.

The directors confirm that to the best of their knowledge and belief, the accounting records reflect all the transactions of the company for the financial period ended 30 June 2021.

On behalf of the board

DocuSigned by:

 24/8/2022

Neil Anthony Wood

Director

24 August 2022

Errigal Energy Limited

INCOME STATEMENT

for the financial period ended 30 June 2021

	Notes	Jun 21 £	Dec 19 £
Revenue		382,451	160,400
Gross profit		382,451	160,400
Administrative expenses		(1,198,178)	(183,232)
Operating loss		(815,727)	(22,832)
Finance costs		(224,621)	(342,426)
Loss before taxation		(1,040,348)	(365,258)
Tax on loss		(229,993)	-
Loss for the financial period		(1,270,341)	(365,258)
Total comprehensive income		(1,270,341)	(365,258)

Errigal Energy Limited

Company Registration Number: NI611766

STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Notes	Jun 21 £	Dec 19 £
Non-Current Assets			
Property, plant and equipment	4	<u>1,740,873</u>	<u>1,886,649</u>
Current Assets			
Receivables	5	136,603	46,898
Cash and cash equivalents		<u>111,482</u>	<u>23,487</u>
		<u>248,085</u>	<u>70,385</u>
Payables: amounts falling due within one year	6	<u>(112,626)</u>	<u>(13,441)</u>
Net Current Assets		<u>135,459</u>	<u>56,944</u>
Total Assets less Current Liabilities		<u>1,876,332</u>	<u>1,943,593</u>
Payables:			
amounts falling due after more than one year	7	(3,619,366)	(2,646,279)
Provisions for liabilities	9	<u>(229,993)</u>	<u>-</u>
Net Liabilities		<u>(1,973,027)</u>	<u>(702,686)</u>
Equity			
Called up share capital		100	100
Retained earnings		<u>(1,973,127)</u>	<u>(702,786)</u>
Equity attributable to owners of the company		<u>(1,973,027)</u>	<u>(702,686)</u>

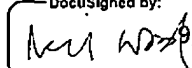
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A (Small Entities).

For the financial period ended 30 June 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The directors confirm that the members have not required the company to obtain an audit of its financial statements for the financial period in question 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 section 386 and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit and loss for the financial period 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.

Approved by the Board and authorised for issue on 24 August 2022 and signed on its behalf by

DocuSigned by:

 24/08/2022
 Neil Anthony Wood
 Director

Errigal Energy Limited
STATEMENT OF CHANGES IN EQUITY
as at 30 June 2021

	Called up share capital £	Retained earnings £	Total £
At 1 January 2019	100	(337,528)	(337,428)
Loss for the financial year	-	(365,258)	(365,258)
At 31 December 2019	100	(702,786)	(702,686)
Loss for the financial period	-	(1,270,341)	(1,270,341)
At 30 June 2021	100	(1,973,127)	(1,973,027)

Errigal Energy Limited

NOTES TO THE FINANCIAL STATEMENTS

for the financial period ended 30 June 2021

1. General Information

Errigal Energy Limited is a company limited by shares incorporated and registered in Northern Ireland. The registered office of the company is The Soloist, 1 Lanyon Place, Belfast, Antrim, BT1 3LP, Northern Ireland which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the Directors' Report. The financial statements have been presented in Pound Sterling (£) which is also the functional currency of the company.

2. Summary of Significant Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the year ended 30 June 2021 have been prepared in accordance with the provisions of FRS 102 Section 1A (Small Entities) and the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Revenue

Turnover comprises the invoice value of goods supplied by the company, exclusive of trade discounts and value added tax.

Impairment review

The viability of any project undertaken is reviewed on an ongoing basis. The carrying amount of the company's assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there is evidence of impairment, the recoverable amount of the asset, (being the higher of the fair value less costs to sell and the value in use of the asset), is estimated to determine the extent of any such impairment.

Finance costs

Finance costs consist of interest payable on borrowings calculated using the effective interest rate method.

Borrowing costs relating to the acquisition or construction of a qualifying asset are capitalised at the appropriate rate by adding them to the costs of qualifying assets being acquired or constructed. Borrowing costs that are not directly attributable to the acquisition or construction of a qualifying asset are recognised in the profit and loss account using the effective interest method.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or at valuation, less accumulated depreciation. Cost includes the asset's purchase price and any other costs 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. Borrowing costs directly attributable to the construction of qualifying assets are capitalised as part of the cost of those assets.

The charge to depreciation is calculated to write off the original cost or valuation of property, plant and equipment, less their estimated residual value, over their expected useful lives as follows:

Plant and machinery	- 5% Straight line
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Depreciation is only charged from the point that the asset is brought into its intended use by the company.

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

Errigal Energy Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial period ended 30 June 2021

Borrowing costs

Borrowing costs relating to the acquisition of assets are capitalised at the appropriate rate by adding them to the cost of assets being acquired. Investment income earned on the temporary investment of specific borrowings pending their expenditure on the assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the same value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Taxation and deferred taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the financial period and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position 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 tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

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

Foreign currencies

The company's financial statements are presented in Sterling which is the company's functional currency. Items included in the financial statements of the company are measured using this functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Income Statement.

3. Period of financial statements

The financial statements are for the 18 month period ended 30 June 2021.

Errigal Energy Limited
NOTES TO THE FINANCIAL STATEMENTS
for the financial period ended 30 June 2021

continued

4. Property, plant and equipment

	Plant and machinery	Total
	£	£
Cost		
At 1 January 2020	2,164,062	2,164,062
Additions	926,218	926,218
Disposals	(1,074,897)	(1,074,897)
	<u>2,015,383</u>	<u>2,015,383</u>
At 30 June 2021		
Depreciation		
At 1 January 2020	277,413	277,413
Charge for the financial period	102,895	102,895
On disposals	(105,798)	(105,798)
	<u>274,510</u>	<u>274,510</u>
At 30 June 2021		
Carrying amount		
At 30 June 2021	<u>1,740,873</u>	<u>1,740,873</u>
At 31 December 2019	<u>1,886,649</u>	<u>1,886,649</u>

5. Receivables

	Jun 21 £	Dec 19 £
Trade receivables	(9,807)	-
Taxation (Note 8)	9,807	3,647
Prepayments and accrued income	136,603	43,251
	<u>136,603</u>	<u>46,898</u>

6. Payables
Amounts falling due within one year

	Jun 21 £	Dec 19 £
Trade payables	101,614	6,247
Accruals	11,012	7,194
	<u>112,626</u>	<u>13,441</u>

7. Payables
Amounts falling due after more than one year

	Jun 21 £	Dec 19 £
Amounts owed to group undertakings	<u>3,619,366</u>	<u>2,646,279</u>

8. Taxation

	Jun 21 £	Dec 19 £
Receivables:		
VAT	<u>9,807</u>	<u>3,647</u>

Errigal Energy Limited
NOTES TO THE FINANCIAL STATEMENTS
for the financial period ended 30 June 2021

continued

9. Provisions for liabilities

The amounts provided for deferred taxation are analysed below:

	Capital allowances	Total	Total
	£	Jun 21 £	Dec 19 £
At financial period start	-	-	-
Charged to profit and loss	229,993	229,993	-
At financial period end	<u>229,993</u>	<u>229,993</u>	<u>-</u>

10. Related party transactions

The company has availed of the exemption under FRS 102 in relation to the disclosure of transactions with group undertakings.

11. Parent company

The company regards Arena Wind Holdings Limited as its parent company.

12. FINANCIAL COMMITMENTS

The company entered into two operating leases as follows:

The first is for a period of 25 years commencing in 2021. The company has a financial commitment totalling €583,539.

The second is for a period of 18 years commencing in 2021. The company has a financial commitment totalling €162,772.