

Registered number: SC245115

GREENPOWER (CARRAIG GHEAL) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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GREENPOWER (CARRAIG GHEAL) LIMITED

COMPANY INFORMATION

Directors	R J Forrest S Blackett (appointed 4 March 2020) L W Vanstone (appointed 4 March 2020) T A Jennings (appointed 4 March 2020) L M Sunner (appointed 4 March 2020)
Company secretary	External Officer Limited
Registered number	SC245115
Registered office	The E-Centre Cooperage Way Alloa Clackmannanshire FK10 3LP
Independent auditor	French Duncan LLP Statutory Auditors & Chartered Accountants Macfarlane Gray House Castle Craig Business Park Springbank Road Stirling FK7 7WT
Bankers	Banco De Sabadell The Leadenhall Building 122 Leadenhall Street London EC3V 4AB
Solicitors	Pinsent Masons LLP 141 Bothwell Street Glasgow G2 7EQ

GREENPOWER (CARRAIG GHEAL) LIMITED

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GREENPOWER (CARRAIG GHEAL) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

Business review

Carraig Gheal Wind Farm is situated in Argyll & Bute in the West of Scotland, near Oban and consists of 20 turbines with a total aggregated power generation capacity of 46MW, sufficient to supply, on an annual average basis, the electrical energy requirements of 32,000 homes. The company has entered into a long term electricity supply agreement for the sale of all energy produced by the wind farm with one of Europe's largest energy companies.

During the year some 141,844 MWh (2019: 133,894 MWh) were generated giving revenue of £13.6m (2019: £12.2m). The sales price achieved during the year was £95.93 per MWh (2019: £91.19 per MWh) which increased from the previous year mainly due to higher wholesale power prices. Revenue is mainly generated from wholesale electricity sales and renewable obligation certificates. Depreciation charged was £4.5m (2019: £4.5m) for the year with other operating costs (including grid connection, land and administrative costs) being £4.1m (2019: £3.8m).

There was strong EBITDA generation in the year, excluding one off items, at £9.7m (2019: £8.8m).

Cash generation was strong in the year with net cash generated from operating activities of £7.8m (2019: £8.7m).

The company plans to continue operating Carraig Gheal Wind Farm for the foreseeable future.

During the year there was a change in ultimate ownership whereby the company is now 90% owned by Railtrust Holdings Limited. As part of this transaction the company repaid the senior debt facilities and replaced these with long term shareholder loans.

The company has no material operational risk to the current Covid-19 situation and this has not had any material impact on operational performance of the wind farm. However the Covid-19 position has had a negative impact on short term wholesale power prices which will reduce revenue, these are expected to recover in future periods. Given the new funding structure in place via long term shareholder loans there is no financing risk from this lower revenue position.

No dividend is proposed at this time.

Key performance indicators

The key performance indicators reviewed by the directors are MWh generated, wholesale electricity prices, operating profit, EBITDA, and cash generation, which are discussed in the business review.

GREENPOWER (CARRAIG GHEAL) LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Principal risks and uncertainties

The key risks and uncertainties facing the business are:-

Price Risk - the company is exposed to fluctuations in the wholesale power price, given that this affects approximately 50% of the company's revenue. The company looks to mitigate the impact of wholesale power price changes but can only do so, under the long term power purchase agreement in place, for a limited future period.

Regulatory Risk - the company is exposed to regulatory risk and changes in government policies on the renewable industry. Any such changes should be limited to prospective agreements and therefore the company's main existing support mechanism (renewable obligation certificates) should remain unaffected given this is an established contract.

Weather Risk - the company is exposed to weather risk given the underlying business is dependent on wind speeds being sufficient to generate the expected returns. If wind speeds fall significantly below expectations this would have a negative impact on turnover and cashflow as well as consideration of potential impairment of the tangible assets. Whilst there are some insurance policies that protect against weather risk these are not common place in the renewable industry and the company have been advised such insurance would be expensive to procure.

This report was approved by the board on 10/12/2020



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R J Forrest
Director

GREENPOWER (CARRAIG GHEAL) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 judgments 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 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 in the year under review was that of the generation and sale of electricity in the UK from onshore wind.

Results and dividends

The loss for the year, after taxation, amounted to £2,875,219 (2019 - profit £860,604).

Directors

The directors who served during the year were:

R J Forrest
J A Morgan (resigned 4 March 2020)
A G Waddington (resigned 25 October 2019)
L J Falero (resigned 25 October 2019)
S Blackett (appointed 4 March 2020)
L W Vanstone (appointed 4 March 2020)
T A Jennings (appointed 4 March 2020)
L M Sunner (appointed 4 March 2020)

GREENPOWER (CARRAIG GHEAL) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Going concern

The company is financed through long term shareholder loans and equity. Having regards to forecasts and budgets the directors are satisfied that the company has adequate facilities in place to enable it to meet its liabilities as and when they fall due for payment for the foreseeable future. Accordingly the directors are satisfied that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

Future developments

Future developments are fully addressed in the Strategic Report.

Disclosure of information to auditor


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 auditor is 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 auditor is aware of that information.

Auditor

The auditor, French Duncan LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *10th December 2020* and signed on its behalf.


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R J Forrest
Director

GREENPOWER (CARRAIG GHEAL) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENPOWER (CARRAIG GHEAL) LIMITED

Opinion

We have audited the financial statements of GreenPower (Carraig Gheal) Limited (the 'company') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 March 2020 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 United Kingdom, including the Financial Reporting Council'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.

GREENPOWER (CARRAIG GHEAL) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENPOWER (CARRAIG GHEAL) LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. 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.

Opinion 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Strategic Report or 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.

GREENPOWER (CARRAIG GHEAL) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENPOWER (CARRAIG GHEAL) LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

Auditor's responsibilities for the audit of the financial statements

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.

Use of our report

This report is made solely to the company's members 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 for our audit work, for this report, or for the opinions we have formed.

French Duncan LLP

Thomas Bates (Senior Statutory Auditor)

for and on behalf of
French Duncan LLP

Statutory Auditors & Chartered Accountants

Macfarlane Gray House
Castlecraig Business Park
Springbank Road
Stirling
FK7 7WT

Date: *11th December 2020*

GREENPOWER (CARRAIG GHEAL) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Turnover	4	13,607,274	12,210,680
Cost of sales		(7,185,196)	(6,641,198)
Gross profit		6,422,078	5,569,482
Administrative expenses		(1,466,964)	(1,640,707)
Other operating income	5	240,227	50,000
Operating profit	6	5,195,341	3,978,775
Interest receivable and similar income	8	22,541	12,526
Interest payable and similar charges	9	(4,282,321)	(3,130,697)
Realised loss on settlement of derivatives		(3,810,780)	-
(Loss)/profit before tax		(2,875,219)	860,604
(Loss)/profit for the financial year		(2,875,219)	860,604
Other comprehensive income for the year			
Effective portion of changes in fair value of cash flow hedges		(1,771,495)	(1,738,153)
Tax impact of changes in fair value and settlement of cash flow hedges		301,153	295,486
Reclassification of cash flow hedge previously recognised in reserves		3,810,780	-
Deferred tax in respect of loss on realisation of cash flow hedges previously recognised in reserves		(647,831)	-
Other comprehensive income for the year		1,692,607	(1,442,667)
Total comprehensive income for the year		(1,182,612)	(582,063)

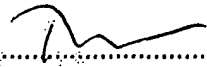
The notes on pages 14 to 27 form part of these financial statements.

GREENPOWER (CARRAIG GHEAL) LIMITED
REGISTERED NUMBER: SC245115

BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	60,325,297	64,637,744
Current assets			
Debtors: amounts falling due after more than one year	12	267,812	280,718
Debtors: amounts falling due within one year	12	5,978,267	5,070,981
Cash at bank and in hand	13	8,035,997	5,119,588
		<u>14,282,076</u>	<u>10,471,287</u>
Creditors: amounts falling due within one year	14	(10,752,553)	(10,382,089)
Net current assets		<u>3,529,523</u>	<u>89,198</u>
Total assets less current liabilities		<u>63,854,820</u>	<u>64,726,942</u>
Creditors: amounts falling due after more than one year	15	(70,800,337)	(70,794,540)
Provisions for liabilities			
Decommissioning provision	18	(2,689,313)	(2,384,620)
Net liabilities		<u>(9,634,830)</u>	<u>(8,452,218)</u>
Capital and reserves			
Called up share capital	19	6,357,666	6,357,666
Other reserves	20	-	(1,692,607)
Profit and loss account	20	(15,992,496)	(13,117,277)
		<u>(9,634,830)</u>	<u>(8,452,218)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10th December 2020.


 R J Forrest
 Director

The notes on pages 14 to 27 form part of these financial statements.

GREENPOWER (CARRAIG GHEAL) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	6,357,666	(1,692,607)	(13,117,277)	(8,452,218)
Comprehensive income for the year				
Loss for the year	-	-	(2,875,219)	(2,875,219)
Deferred tax in respect of loss on realisation of cash flow hedges previously recognised in reserves	-	(647,831)	-	(647,831)
Changes in fair value of cash flow hedge	-	(1,771,495)	-	(1,771,495)
Deferred tax on movement in fair value of cash flow hedge	-	301,153	-	301,153
Loss on realisation of cash flow hedge previously recognised in reserves	-	3,810,780	-	3,810,780
Total comprehensive income for the year	-	1,692,607	(2,875,219)	(1,182,612)
At 31 March 2020	6,357,666	-	(15,992,496)	(9,634,830)

The notes on pages 14 to 27 form part of these financial statements.

GREENPOWER (CARRAIG GHEAL) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2018	6,357,666	(249,940)	(13,977,881)	(7,870,155)
Comprehensive income for the year				
Profit for the year	-	-	860,604	860,604
Changes in fair value of cash flow hedge	-	(1,738,153)	-	(1,738,153)
Deferred tax on movement in fair value of cash flow hedge	-	295,486	-	295,486
Other comprehensive income for the year	-	(1,442,667)	-	(1,442,667)
Total comprehensive income for the year	-	(1,442,667)	860,604	(582,063)
At 31 March 2019	6,357,666	(1,692,607)	(13,117,277)	(8,452,218)

The notes on pages 14 to 27 form part of these financial statements.

GREENPOWER (CARRAIG GHEAL) LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £	2019 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(2,875,219)	860,604
Adjustments for:		
Depreciation of tangible assets	4,472,158	4,454,375
Government grants	(50,000)	(50,000)
Interest paid	4,282,321	3,130,697
Interest received	(22,541)	(12,526)
(Increase) in debtors	(1,241,058)	(126,371)
(Decrease)/increase in creditors	(572,625)	447,205
Realised loss on settlement of derivatives	3,810,780	-
Net cash generated from operating activities	7,803,816	8,703,984
Cash flows from investing activities		
Purchase of tangible fixed assets	(159,711)	(1,198,390)
Interest received	22,541	12,526
Net cash from investing activities	(137,170)	(1,185,864)
Cash flows from financing activities		
Repayment of loans	(72,050,979)	(3,806,955)
New loans from group companies	79,358,875	-
Bank interest paid	(2,184,990)	(2,055,264)
Realised loss on settlement of derivatives	(3,810,780)	-
Repayment of other loan interest	(6,062,363)	-
Net cash used in financing activities	(4,750,237)	(5,862,219)
Net increase in cash and cash equivalents	2,916,409	1,655,901
Cash and cash equivalents at beginning of year	5,119,588	3,463,687
Cash and cash equivalents at the end of year	8,035,997	5,119,588
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,035,997	5,119,588
	8,035,997	5,119,588

The notes on pages 14 to 27 form part of these financial statements.

GREENPOWER (CARRAIG GHEAL) LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2020**

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	5,119,588	2,916,409	8,035,997
Debt due after 1 year	(68,088,617)	(2,095,082)	(70,183,699)
Debt due within 1 year	(8,946,977)	(496,289)	(9,443,266)
	<u>(71,916,006)</u>	<u>325,038</u>	<u>(71,590,968)</u>

During the year the bank loans were replaced with shareholder loans, see details in note 16.

The notes on pages 14 to 27 form part of these financial statements.

GREENPOWER (CARRAIG GHEAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

The company is a private company limited by shares and is incorporated in Scotland. The registered office is The E-Centre, Cooperage Way, Alloa, FK10 3LP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The company's functional currency is GBP.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The company is financed through long term shareholder loans and equity. Having regard to forecasts and budgets the directors are satisfied that the company has adequate facilities in place to enable it to meet its liabilities as and when they fall due for payment for the foreseeable future. Accordingly the directors are satisfied that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Renewable Obligation Certificate (ROC)

The company recognises income from the redistribution of the ROC Buyout Fund to eligible generators of renewable energy. The transaction price allocated is estimated on the basis of market data. Further details are provided in note 4.

2.4 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

GREENPOWER (CARRAIG GHEAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.5 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

2.6 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.7 Finance costs

Interest payable and similar charges, which include interest payable and the unwinding of the discount on provisions, are recognised in the statement of comprehensive income as they accrue using the effective interest method.

Finance costs (interest, commitment and letter of credit fees) which were incurred during the construction of the wind farm asset are capitalised and then depreciated over the life of the wind farm.

2.8 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

GREENPOWER (CARRAIG GHEAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.10 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- 5% of cost
Plant and equipment	- 5% of cost
Other Windfarm assets	- 5% of cost
Decommissioning asset	- 5% of cost
Computer equipment	- 25% of cost

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.11 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.

2.12 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.13 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.

GREENPOWER (CARRAIG GHEAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.14 Decommissioning costs

Under the planning consent for the wind farm the company has to meet certain conditions, one of which is to decommission the site at the end of the consented period. The amount recognised is the estimated future cost of decommissioning, discounted back to a net present value which is reassessed on an annual basis. Any effect in the timing or value of decommissioning costs estimated are dealt with by adjusting the provision with a corresponding adjustment to the decommissioning asset which is included in the wind farm cost. The annual cost of unwinding the discount on the decommissioning provision is recognised in the statement of comprehensive income each year as an interest cost.

2.15 Financial instruments

The company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

Derivative financial instruments

Where a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in the statement of comprehensive income.

GREENPOWER (CARRAIG GHEAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

The preparation of 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 and estimates have had the most significant effects on amounts recognised in the financial statements.

Property, plant and equipment

The estimates and assumptions made to determine asset lives require judgements to be made as regards useful lives and residual values. The useful lives and residual values of the company's financial assets are determined by the management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets. Historically changes in useful lives have not resulted in material changes to the company's depreciation charge.

Provisions

Provisions are recognised where the company has an obligation as a result of a past event, that can be measured reliably and where the outcome is less than probable, but more than remote, no provision is recorded but a contingent liability is disclosed in the financial statements if material. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability.

Lease arrangements

The company enters into lease arrangements for the use of land. The classification of such leases as operating or finance leases requires the company to determine, based on evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Renewable Obligation Certificate (ROC)

The company estimated the value of its entitlement to the ROC (Renewable Obligation Certificate) Buyout Fund in relation to the 19/20 year. In estimating the value of its entitlement, the company has estimated the value of Ofgem Buyout Funds for the appropriate years and the number of ROCs that will be presented for the respective years.

4. Turnover

The whole of the turnover is attributable to the generation and sale of electricity from onshore wind.

All turnover arose within the United Kingdom.

In the prior year the company changed its policy in respect of ROC recycle income to accrue amounts in respect of the amount which will be received post balance sheet relating to the year under review. Included within turnover in respect of ROC recycle income of £1,219,563 £1,125,157 is a payment in respect of monies due in respect of the year ended 31 March 2020 of £663,425 (2019 : £383,523).

GREENPOWER (CARRAIG GHEAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

5. Other operating income

	2020 £	2019 £
Government grant amortised	50,000	50,000
Insurance claims receivable in respect of loss of earnings claim	190,227	-
	<u>240,227</u>	<u>50,000</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	4,472,158	4,454,375
Fees payable to the company's auditor for the audit of the company's annual financial statements	10,750	9,785
Other operating lease rentals	375,635	361,679
Exceptional one off items	<u>61,449</u>	<u>362,566</u>

7. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 - *£NIL*).

8. Interest receivable

	2020 £	2019 £
Bank interest receivable	<u>22,541</u>	<u>12,526</u>

GREENPOWER (CARRAIG GHEAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

9. Interest payable and similar charges

	2020 £	2019 £
Bank loan interest	1,801,235	2,033,588
Other loan interest payable	27,652	70,024
Loans from immediate holding company	658,046	599,053
Amortisation of loan issue costs	1,490,695	269,914
Unwinding of discount	304,693	158,118
	<u>4,282,321</u>	<u>3,130,697</u>

The loan issue costs have been fully amortised following the repayment of bank term loans during the year.

10. Taxation

	2020 £	2019 £
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	<u>(2,875,220)</u>	<u>860,605</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(546,292)	163,515
Effects of:		
Fixed asset differences	410,433	(328,399)
Expenses not deductible for tax purposes	128,816	120,527
Other timing differences leading to an increase/(decrease) in taxation	16,543	68,833
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(9,500)	-
Impact of change in tax rates on deferred tax liability	-	(24,476)
Total tax charge for the year	<u>-</u>	<u>-</u>

GREENPOWER (CARRAIG GHEAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. Tangible fixed assets

	Leasehold property £	Plant and equipment £	Other Windfarm assets £	Decommissioning cost £	Total £
Cost					
At 1 April 2019	864,184	44,577,848	42,296,207	1,545,187	89,283,426
Additions	-	-	159,711	-	159,711
At 31 March 2020	864,184	44,577,848	42,455,918	1,545,187	89,443,137
Depreciation					
At 1 April 2019	235,674	12,643,291	11,322,040	444,677	24,645,682
Charge for the year on owned assets	43,209	2,222,893	2,128,796	77,260	4,472,158
At 31 March 2020	278,883	14,866,184	13,450,836	521,937	29,117,840
Net book value					
At 31 March 2020	585,301	29,711,664	29,005,082	1,023,250	60,325,297
At 31 March 2019	628,510	31,934,557	30,974,167	1,100,510	64,637,744

Interest totaling £7,359,781 (2019 - £7,359,781) is included in the production cost of the assets.

GREENPOWER (CARRAIG GHEAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

12. Debtors

	2020 £	2019 £
Due after more than one year		
Prepayments and accrued income	267,812	280,718
	<u>267,812</u>	<u>280,718</u>
	2020 £	2019 £
Due within one year		
Trade debtors	1,259,423	1,208,202
Other debtors	49,166	24,482
Prepayments and accrued income	4,669,678	3,491,619
Deferred taxation	-	346,678
	<u>5,978,267</u>	<u>5,070,981</u>

13. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>8,035,997</u>	<u>5,119,588</u>

Included within the cash balance is £600,482 (2019 - £600,369) which is held in an escrow account for final decommissioning liabilities. This balance has restricted access with such funds being held specifically for the purposes of meeting future decommissioning costs.

GREENPOWER (CARRAIG GHEAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

14. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	-	2,498,436
Trade creditors	251,398	272,197
Amounts due to immediate holding company	9,141,324	5,961,566
Accruals and deferred income	1,359,831	1,649,890
	<u>10,752,553</u>	<u>10,382,089</u>

Bank loans were secured by a Bond & Floating charge over the assets of the company and standard securities over the company's interest in the various leases in connection with the Carraig Gheal Wind Farm.

See note 16 for details of repayment terms and interest rates in relation to amounts owed to immediate holding company.

15. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans	-	61,721,235
Other loans	-	350,120
Amounts due to immediate holding company	70,183,669	-
Accruals and deferred income	616,668	6,683,900
Interest and inflation rate derivative used for hedging	-	2,039,285
	<u>70,800,337</u>	<u>70,794,540</u>

Bank loans were secured by a Bond & Floating charge over the assets of the company and standard securities over the company's interest in the various leases in connection with the Carraig Gheal Wind Farm.

See note 16 for details of repayment terms and interest rates in relation to amounts owed to immediate holding company.

Interest and inflation rate derivative

The fair value in the prior year of the interest and inflation rate derivatives used for hedging was determined based on valuations provided by the counterparty. These facilities were terminated on 4 March 2020.

GREENPOWER (CARRAIG GHEAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

16. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	-	2,498,436
Amounts due to immediate holding company	9,141,324	5,961,566
Amounts falling due 1-2 years		
Bank loans	-	2,856,141
Amounts due to immediate holding company	3,125,085	-
Amounts falling due 2-5 years		
Bank loans	-	10,112,752
Other loans	-	350,120
Amounts due to immediate holding company	10,382,233	-
Amounts falling due after more than 5 years		
Bank loans	-	48,752,342
Amounts due to immediate holding company	56,676,351	-
	<u>79,324,993</u>	<u>70,531,357</u>

In March 2020 the Company achieved Financial Close on replacing the previous banking debt with new shareholder facilities of a total value of £79m made up of six loans included within amounts owed to immediate holding company. All loans have bi-annual principal and interest payment profiles. These loans include a preference loan, two interest bearing loans, two non interest bearing loans and an intra-group senior loan.

The preference loans and two interest bearing loans have a final instalment of 31 December 2037 and interest of 5.5% per annum.

The two non interest bearing loans have a final instalment of 30 June 2020 and do not accrue interest.

The intra-group senior loan has a final instalment of 31 December 2032 and interest of 3% per annum.

The associated interest rate and inflation hedges with the previous facilities were terminated in March 2020, resulting in a cost of £3.8m.

GREENPOWER (CARRAIG GHEAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

17. Deferred taxation

	2020 £	2019 £
At beginning of year	346,678	51,192
Charged to other comprehensive income	(346,678)	295,486
At end of year	-	346,678

The deferred tax asset is made up as follows:

	2020 £	2019 £
Other timing differences	-	346,678

18. Decommissioning provision

	2020 £
At 1 April 2019	2,384,620
Charged to profit or loss	304,693
At 31 March 2020	2,689,313

Under the planning consent for the wind farm the company is obligated to meet certain conditions one of which is to decommission the site at the end of the consented period. A cost assessment of these decommissioning costs was carried out in 2009 taking into consideration current cost, increased for inflation over 25 years, discounted back to present day cost using the interest rate achievable on long-term bond yields.

The charge to profit and loss represents the unwinding of this discount as the decommissioning date moves another year closer. The charge in the current year is £304,693 (2019: £158,118) reflecting changes in the discount rate applied this year.

In estimating the decommissioning provision the company has applied an annual inflation rate of 2.25% (2019: 2.5%) and an annual discount rate of 0.78% (2019: 1.6%).

GREENPOWER (CARRAIG GHEAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

19. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
6,357,666 (2019 - 6,357,666) Ordinary shares of £1.00 each	<u>6,357,666</u>	<u>6,357,666</u>

20. Reserves

Other reserves

Other reserves reflect the fair value of the company's interest rate and inflation rate hedges less the related tax impact. The derivative facility was terminated in the year and the reserve has been removed at the year end.

Profit and loss account

The profit and loss account represents the accumulated profits and losses of the company less distributions made to the shareholders.

21. Contingent liabilities

The company has an ongoing contractual dispute with a supplier. The company has accrued amounts contractually due to date. Should the position not be resolved satisfactorily additional sums may become due. The directors consider the supplier claims to be without merit and that there is no material exposure to such claims.

22. Commitments under operating leases

At 31 March 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	299,761	291,829
Later than 1 year and not later than 5 years	1,318,313	1,199,044
Later than 5 years	7,060,330	7,479,360
	<u>8,678,404</u>	<u>8,970,233</u>

GREENPOWER (CARRAIG GHEAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

23. Related party transactions

The company has taken the exemption in section 33.1A of FRS 102 not to disclose inter group transactions. Inter group balances are disclosed in notes 14 and 15.

During the year management charges totalling £472,879 (2019 - £361,516) were paid to a company with common directorships.

During the year Railtrust Holdings Limited acquired a 90% shareholding of the Carraig Gheal Wind Farm Limited group through an intermediary parent company Railpen Direct Holdco II Limited and as part of the transaction shareholder loans were repaid. These repayments were funded by loans from new and continuing shareholders.

During the year, the company was charged interest amounting to £10,851 (2019 - £35,012) on the loan from Ampere UK Wind on Shore SL. On 25 October 2019 the capital balance of £253,120 and interest accrued balance of £279,436 was transferred to Pacific Shelf 1678 Limited. The balances were repaid on 4 March 2020.

During the year the company was charged interest of £16,801 (2019 - £35,012) on an outstanding balance of £350,120 (2019 - £350,120) due to a director and shareholder. The loan was repaid on 4 March 2020.

Key management personnel

All directors who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. No remuneration was paid in the current or prior year in respect of these individuals.

24. Ultimate parent undertaking and controlling party

The intermediate parent company is Carraig Gheal Wind Farm Limited, a company incorporated in England & Wales and is the smallest group for which consolidated accounts are prepared. Copies of the consolidated group financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Mr RJ Forrest became the ultimate controlling party on 25 October 2019 following the acquisition of a further 40% of the issued share capital of Carraig Gheal Wind Farm Limited by Pacific Shelf 1678 Limited.

The ultimate controlling party became Railtrust Holdings Limited on 4 March 2020 following the acquisition of a 90% shareholding in Carraig Gheal Wind Farm Limited by Railpen Direct Holdco II Limited. Railtrust Holdings Limited is the ultimate parent undertaking of Railpen Direct Holdco II Limited.