

ABE

Hammars Hill Energy Limited
Financial Statements
for the Year Ended 31 December 2022



Contents of the Financial Statements
for the year ended 31 December 2022

	Page
Company Information	1
Balance Sheet	2
Notes to the Financial Statements	4

Hammars Hill Energy Limited
Company Information
for the year ended 31 December 2022

DIRECTORS:

A B Gray
N C Gray
R Gauld
Miss A S Tait
J D Thouless

SECRETARY:

Miss A S Tait

REGISTERED OFFICE:

Ridgeways
Back Road
Stromness
Orkney
KW16 3DS

REGISTERED NUMBER:

SC301103 (Scotland)

ACCOUNTANTS:

Foubister & Bain
4 Broad Street
Kirkwall
Orkney
KW15 1NX

Hammars Hill Energy Limited (Registered number: SC301103)

Balance Sheet
31 December 2022

2021			Notes	2022	
£	£			£	£
		FIXED ASSETS			
2,994,630		Tangible assets	4		2,764,892
		CURRENT ASSETS			
	783,450	Debtors	5	811,153	
	892,754	Cash at bank		1,329,815	
	<u>1,676,204</u>			<u>2,140,968</u>	
		CREDITORS			
	292,873	Amounts falling due within one year	6	492,192	
	<u>1,383,331</u>	NET CURRENT ASSETS			<u>1,648,776</u>
		TOTAL ASSETS LESS CURRENT LIABILITIES			
4,377,961					4,413,668
		PROVISIONS FOR LIABILITIES			
400,000					381,000
<u>3,977,961</u>		NET ASSETS			<u>4,032,668</u>
		CAPITAL AND RESERVES			
3,876,359		Called up share capital		3,876,359	
101,602		Retained earnings		156,309	
<u>3,977,961</u>		SHAREHOLDERS' FUNDS			<u>4,032,668</u>

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

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

The directors acknowledge their responsibilities for:

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

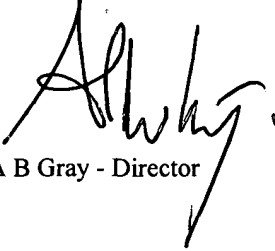
The notes form part of these financial statements

Balance Sheet - continued
31 December 2022

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 5 May 2023 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A B Gray', is written over the printed name.

A B Gray - Director

Notes to the Financial Statements
for the year ended 31 December 2022

1. STATUTORY INFORMATION

Hammars Hill Energy Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in sterling and have been prepared on a going concern basis under historical cost convention.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover relates to the sale of electricity and related income and 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 not recognised until the significant risks and rewards of ownership of the electricity have passed to the buyer and the amount of revenue can be readily ascertained.

Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided at the following annual rates in order to write off the cost of each asset less its estimated residual value over its expected useful life.

Short Leasehold	- 5% on cost - straight line
Equipment	- 5% on cost - straight line

Notes to the Financial Statements - continued
for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Financial Statements - continued
for the year ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to income statement in the period to which they relate.

Operating leases

Costs relating to operating leases incurred prior to commissioning are included in Tangible Fixed Assets. From the date of commissioning, operating leases are charged to the Income Statement as incurred.

Impairment of Assets

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the income statement unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

Directors' remuneration

All payments for services provided by Directors as directors are charged to the Income Statement as Directors' Remuneration. Other services not in connection with the management of the company are charged as appropriate to Tangible Fixed Assets or Income Statement.

Decommissioning costs

Provision for decommissioning is recognised in full when the related facilities are installed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning costs estimates are dealt with prospectively by recording an adjustment to the provision, and the corresponding adjustment to plant and equipment. The unwinding of the discount on the decommissioning is included as a finance cost.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 2 (2021 - 1).

Notes to the Financial Statements - continued
for the year ended 31 December 2022

4. TANGIBLE FIXED ASSETS

	Totals	Land and	Plant and
	£	buildings	machinery
		£	etc
			£
COST			
At 1 January 2022	6,312,915	969,426	5,343,489
Additions	750	-	750
	<hr/>	<hr/>	<hr/>
At 31 December 2022	6,313,665	969,426	5,344,239
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 January 2022	3,318,285	500,002	2,818,283
Charge for year	230,488	35,956	194,532
	<hr/>	<hr/>	<hr/>
At 31 December 2022	3,548,773	535,958	3,012,815
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 December 2022	2,764,892	433,468	2,331,424
	<hr/>	<hr/>	<hr/>
At 31 December 2021	2,994,630	469,424	2,525,206
	<hr/>	<hr/>	<hr/>

Included in the above are historical finance charges, including interest and bank charges, amounting to £50,346 at cost.

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade Debtors	232,983	164,371
Sundry Debtors	501,172	531,942
Prepayments	76,998	87,137
	<hr/>	<hr/>
	811,153	783,450
	<hr/>	<hr/>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade Creditors	7,784	1
Tax	223,656	149,042
VAT	109,140	62,216
Accrued Expenses	151,612	81,614
	<hr/>	<hr/>
	492,192	292,873
	<hr/>	<hr/>

7. CONTINGENT LIABILITIES

The company had contingent liabilities in connection with guarantees and assurances provided in connection with financial and other arrangements associated with the construction and decommissioning of the windfarm on Hammars Hill. These liabilities have not materialised in the construction phase and the decommissioning bond will defray part of the costs related to any final decommissioning of the site.

Notes to the Financial Statements - continued
for the year ended 31 December 2022

8. OTHER FINANCIAL COMMITMENTS

The company has entered into a lease agreement with the landowner R & M Jenkins Limited, on whose land the wind farm is situated, for a period ending no earlier than 30 April 2030.

Annual commitments under the terms of the lease are variable and are calculated as 10% of net turnover per annum but subject to an escalating minimum payment rising annually by £5000 from a base level of £45000 to a maximum of £75000.

Payments under the terms of the lease during the year amounted to £208,417 (2021 - £159,149).

There is also a lease for the switchgear house and wayleave totalling £13,082 per annum.

9. ULTIMATE CONTROLLING PARTY

The company is under the control of the members as a whole, none of whom have ultimate control.