Company Registration No. SC394571 (Scotland)

CELTIC RENEWABLES LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

PAGES FOR FILING WITH REGISTRAR

CELTIC RENEWABLES LIMITED

COMPANY INFORMATION

Directors	Mr M Simmers Mr D Houston Dr D Ward CBE Professor M Tangney
Secretary	MBM Secretarial Services Limited
Company number	SC394571
Registered office	5th Floor 125 Princes Street Edinburgh EH2 4AD
Accountants	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE
Business address	Sighthill Campus Edinburgh Napier University EDINBURGH EH11 4BN

CELTIC RENEWABLES LIMITED

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CELTIC RENEWABLES LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets	3		233,340		233,340
Tangible assets	4		22,669		23,617
			256,009		256,957
Current assets					
Debtors	5	22,775		26,187	
Cash at bank and in hand		500		5,664	
		23,275		31,851	
Creditors: amounts falling due within one year	6	(410,825)		(317,512)	
Net current liabilities			(387,550)		(285,661)
Total assets less current liabilities			(131,541)		(28,704)
Creditors: amounts falling due after more than one year	7		(1,270,000)		(550,000)
Net liabilities			(1,401,541)		(578,704)
Capital and reserves					
Called up share capital	8		128		128
Share premium account			1,236,182		1,236,182
Own shares	9		(10)		(10)
Profit and loss reserves			(2,637,841)		(1,815,004)
Total equity			(1,401,541)		(578,704)

CELTIC RENEWABLES LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 AUGUST 2017

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 August 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements were approved by the board of directors and authorised for issue on 7/5/18 and are signed on its behalf by:

Mr M Simmers
Director

Company Registration No. SC394571

1 Accounting policies

Company information

Celtic Renewables Limited is a private company limited by shares incorporated in Scotland. The registered office is 5th Floor, 125 Princes Street, Edinburgh, EH2 4AD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 August 2017 are the first financial statements of Celtic Renewables Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

During the year the company posted a loss of £827,485 (2016: £829,740). As a result, the company has negative reserves at the year end of £1,406,189 (2016: £578,704). Since the year end, the directors have continued to support the company and are committed to doing so for at least 12 months from the date of signing the financial statements. Furthermore, post year end the company secured additional investment in a form of convertible loans, to help the company for the 12 months from the date of signing these financial statements. Accordingly they continue to adopt the going concern basis of accounting in preparing the financial statements

1.3 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives. Amortisation commences once commercial application and development has been realised. As at 31 August 2017, the patent application and development had not been realised.

1 Accounting policies **(Continued)**

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	25%-100% reducing balance
Computer equipment	3 years straight line

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' 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.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

1.9 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies **(Continued)**

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 7 (2016 - 8).

3 Intangible fixed assets

	Other
	£
Cost	
At 1 September 2016 and 31 August 2017	233,340
Amortisation and impairment	
At 1 September 2016 and 31 August 2017	-
Carrying amount	
At 31 August 2017	233,340
At 31 August 2016	233,340

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 September 2016	54,377
Additions	7,057
At 31 August 2017	61,434
Depreciation and impairment	
At 1 September 2016	30,760
Depreciation charged in the year	8,005
At 31 August 2017	38,765
Carrying amount	
At 31 August 2017	22,669
At 31 August 2016	23,617

5 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Other debtors	22,775	26,187

6 Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans and overdrafts	44,362	-
Trade creditors	98,440	133,862
Other taxation and social security	45,102	81,119
Other creditors	222,921	102,531
	410,825	317,512

The bank loans and overdrafts are secured by fixed charges over the assets of the company.

7 Creditors: amounts falling due after more than one year

	2017	2016
Convertible loans	1,270,000	550,000

The loans are secured by a floating charge over the assets of the company.

8 Called up share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
12,740 Ordinary shares of 1p each	128	128

9 Own shares

Own shares held by the Celtic Renewables Employee Benefit Trust ("EBT") represented 1,000 £0.01 ordinary shares.

The EBT was established to provide a mechanism to hold shares in the company to be used in the future to settle options and other share transactions with employees.

10 Financial commitments, guarantees and contingent liabilities

The company has received grants under agreements which contain provision for repayment up to 5 years after receipt of payment under specific conditions, such as inter alia, insolvency, creditors arrangements, winding up, ownership or control changes.

There were no other contingent liabilities at the year end.

11 Events after the reporting date

Following the year end the company received £450,000 in convertible loans.

In November 2017, the company acquired a subsidiary, Celtic Renewables Grangemouth PLC, of which they are the sole shareholder. 25% of these shares have been paid up with 75% remaining unpaid. During March and April 2018, the subsidiary received funding totalling £5.6 million.

12 Directors' transactions

During the year, D Houston, a director, made a loan of £120,000 to the company. At the year end the balance due by the company was £445,000 (2016: £325,000) together with interest of £61,288 (2016: £13,068) accrued on the loan which has been charged to the Profit and Loss account.